

Japan Retail Fund Investment Corporation
21st Semiannual Report

March 1, 2012 – August 31, 2012

JRF strives to achieve stable and even higher distribution levels through a public offering for the second consecutive year.

Japan Retail Fund Investment Corporation (JRF) is a J-REIT specializing in retail properties and sponsored by Mitsubishi Corporation and UBS AG, a global financial institution in Switzerland. Since JRF started its asset management activities in 2002, it has achieved steady growth by pursuing investment in a stringent selection of prime assets. Today, JRF is the third largest listed REIT in Japan in terms of asset size (based on acquisition price).

In September 2012, JRF issued new investment units through a public offering as it did last year, and achieved expansion of asset size and improvement of profitability of its portfolio going forward. JRF is continuing to make sure growth toward achieving stable and even higher distribution levels.

Public Offering Highlights

	Public offering in 2011	As of Feb 29, 2012 (20th period)	As of Aug 31, 2012 (21st period)	Public offering in 2012	After public offering
Increasing total number of properties	12	70 ^(Note 1)	70	7 ^(Note 3)	76
Expanding asset size (total acquisition price)	46.0 bn yen	664.1 bn yen	667.6 ^(Note 2) bn yen	52.1 bn yen	719.7 ^(Note 4) bn yen
Improving average NOI yield (before depreciation)	6.3 %	5.1 %	5.1 %	6.0 %	5.2 %
Improving average NOI yield (after depreciation)	5.2 %	3.5 %	3.5 %	4.4 %	3.6 %

(Note 1) Total number of properties is 70 as Hakata Riverain was sold on February 29, 2012 (20th period).

(Note 2) Acquired a portion of land of Nara Family in June 29, 2012 (21st period)

(Note 3) The seven properties include the additional acquisition of trust co-owner ship interest in mozo wonder city.

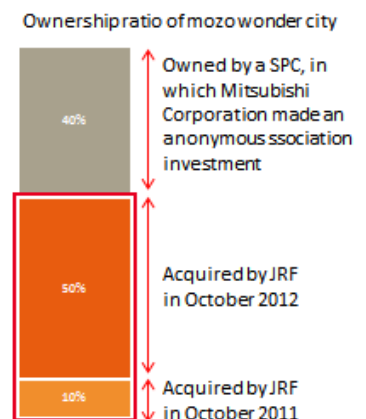
(Note 4) The sum of total acquisition prices as of the end of Aug 2012 (21st period) and acquisition prices of 7 properties which are acquired in 22nd period.

JRF newly acquired seven properties, comprising a wide range of businesses and tenants such as large-scale commercial properties of the largest level in the region, specialty buildings in favorable locations, general amusement facility and a commercial complex with a leading fitness club and restaurants as tenants. These investments contributed to expanding the size of assets as well as diversifying the portfolio.

✧ mozo wonder city – Attained leadership in operation

mozo wonder city was acquired as a property for redevelopment in collaboration with Mitsubishi Corporation. It is Japan's largest shopping center with a total sales floor area of approximately 69,000 m², about 220 tenants and parking space for roughly 5,000 vehicles.

The property was acquired last year to hold 10% of the quasi co-ownership of the beneficiary rights of real estate in trust. This year, JRF acquired an additional 50% stake to hold the majority in ownership and take leadership in operation. Furthermore, JRF secured preferred negotiation rights for pursuing additional



acquisition of the remaining stake (40%) in the property.

- ✧ G-Bldg. Omotesando – Acquired a new building on a prestigious shopping street with luxury brands
JRF acquired a newly constructed (completed in April 2012) specialty store building facing one of Japan's most prestigious shopping streets lined with luxury brands at a price below appraisal value with the support of Mitsubishi Corporation.
Given that the tenant is a flagship store of KIDDY LAND Co., Ltd., a leading seller of character goods, which targets a wide range of age groups including children and adults, stable earnings can be expected over the long term.

Greetings from the Executive Director

I would like to take this opportunity to express my sincere gratitude to all investors for their ongoing support of Japan Retail Fund Investment Corporation (JRF).

In the period ended August 2012, while the basic tone of Japan's macro-economy trended towards a moderate recovery, the situation remains unpredictable. However, consumer sentiment was relatively sound and sales at retail properties generally continued on a path of recovery. The real estate market has continued to show signs of steady recovery from the prior period.

Amid such an environment, JRF continued to maintain stable rental revenues based on its large-scale and well-balanced portfolio, resulting in operating revenue of 23,559 million yen, and net income for the period of 7,220 million yen. As a result, the distribution per unit for the period under review was 3,840 yen, 105 yen higher than the estimated 3,735 yen announced in April this year.

Furthermore, in the period under review JRF made the decision to acquire seven new properties at a total acquisition price of approximately 52 billion yen, with the aim of achieving further stability of the portfolio, and increasing the distribution per unit of investment units. Funding for the acquisition of those properties was raised by issuance of new investment units, for the second year in a row, in October this year, raising approximately 24 billion yen, and new long-term borrowings, which raised 29 billion yen. Following acquisition of those properties, JRF had a total of 76 properties in its portfolio as of October 5, 2012, with the value of assets exceeding 710 billion yen (based on acquisition price). Just as last year, JRF was able to obtain sound results.

JRF will continue to respond appropriately and promptly to changes in the market environment going forward, and while also paying consideration to diversification of risk by leveraging portfolio size, JRF will seek out new growth opportunities and carry out portfolio management with a focus on selective investment in blue-chip assets. At the same time, we will leverage our know-how as a professional group of retail property managers with respect to the portfolio assets, and will increase investor value and stabilize distributions by ongoing implementation of strategies to ensure profitability and stability in the medium to long term.

We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

[Financial Highlights]

	Period ended August, 2011	Period ended February, 2012	Period ended August, 2012
Operating revenue	21.8 billion yen	23.6 billion yen	23.5 billion yen
Net income (Total distributions)	5.5 billion yen (5.5 billion yen)	2.3 billion yen (6.9 billion yen*)	7.2 billion yen (7.2 billion yen)
Net asset value per unit	164,775 yen	156,883 yen	157,050 yen
Distributions per unit	3,259 yen	3,673 yen	3,840 yen

* Includes 4.5 billion yen allocated for distributions by reversal of reserves for dividends.

Report from the Asset Management Company

Firstly, I would like to thank all JRF investors for their continued support. As the representative of the asset management company I have the pleasure of reporting the operating results of the Japan Retail Fund Investment Corporation (JRF) for the current period and future initiatives.

■ JRF completed a public offering in October 2012 for the second consecutive year.

In September 2012, JRF completed its plan to conduct a public offering of investment units for the second consecutive year, and issued new investment units to procure funds worth approximately 24.7 billion yen in October.

JRF purchased seven new properties with a total value of 52.1 billion yen with funds raised through the issuance of new investment units and a new long-term borrowing taken for 29 billion yen. These properties purchased in Tokyo, Yokohama, Osaka, Nagoya and Fukuoka included the acquisition of additional stake in quasi co-ownership of mozo wonder city (Nagoya, Aichi), a large-scale suburban retail property of top class on a national level (became the largest stakeholder (60%) after acquisition); G-Bldg. Omotesando (Shibuya-ku, Tokyo), an urban retail property located in a prime area facing the prestigious street of Omotesando; G-Bldg. Sangenjaya 01 (Setagaya-ku, Tokyo), a complex in front of the station with a large fitness club and restaurants as tenants; and amusement facility Round 1. All seven properties were acquired through direct negotiations with the sellers, avoiding competition, and hence JRF succeeded in making the acquisitions at a total price roughly 5% lower than the total appraisal value. As a result, the average yield on these seven properties exceeds the average for the existing portfolio (NOI yield of 6.0% against the 5.1 % average for the existing portfolio), and the properties contribute to improving the distribution levels.

Anticipated Acquisitions	
Number of anticipated properties	7
Total anticipated acquisition price	¥52,155 million
Average NOI yield (before depreciation)	6.0 %
Average NOI yield (after depreciation)	4.4 %

■ The acquisitions aim to improve distribution levels as well as further diversify and stabilize the portfolio.

JRF celebrated the 10th anniversary of its being listed on the exchange in March 2012, thanks to the support and loyalty of its investors. Since being listed in 2002, JRF has worked to invest effectively in prime retail properties while developing a firm financial base to support investments for securing stable earnings, and REIT achieved steady growth to become one of Japan's leading investment corporations specializing in retail property investments.

The acquisitions in October 2012 were conducted in the aim of achieving further growth by increasing the distribution level per investment unit and promoting greater stabilization of the portfolio. In addition, the acquisitions aimed to bolster the improved long-term stability by taking into account changing consumer trends and pursuing diversified investment in a variety of targets including not only goods retailers but also service-related facilities.

With respect to mozo wonder city, which is one of the major properties purchased, JRF acquired a 10% stake in quasi co-ownership of the property last year. By acquiring an additional 50% stake, JRF gained the right to take leadership in operation. G-Bldg. Omotesando is a newly built property completed in April 2012, which faces the

street of Omotesando where luxury brand shops are lined up. These two properties were acquired by leveraging the relationship JRF holds with Mitsubishi Corporation, one of JRF's sponsors.

Other acquisitions made included a general amusement facility targeting customers of all age groups and which offers future growth potential, a commercial complex with a fitness club and restaurants as tenants conveniently located in front of a station, and a commercial facility in a suburban area with a growing population and with a large consumer electronics chain as the main tenant. By making well-balanced investments in a wide range of properties and businesses, all of which are favorably located, JRF has succeeded in further diversifying the portfolio.

■ JRF widened its investment methods.

These new acquisitions came through as a result of flexible collaboration with the sponsor, Mitsubishi Corporation, as well as of leveraging the network JRF has as one of Japan's top purchasers of retail properties and also taking a CRE strategy*₁ proposal based approach that accommodates the needs of retail facility owners and tenants. JRF acquired three of the seven properties using a bridge structure *₂, which enabled JRF to purchase prime properties at the optimum timing to match the needs of the sellers based on advance preparations and flexible responses. By fully demonstrating such strengths of JRF and executing the external growth strategy *₃ using various investment methods as planned, we are confident that we have been able to open new opportunities before us to achieve further growth.

■ JRF managed to further deepen its financial strategy.

With respect to financial issues, we were successful in gradually decreasing the interest-bearing debt ratio and further improving financial stability as a result of efforts made to strengthen our financial base, including diversifying lenders and converting from short-term loans to long-term borrowings.

Specifically, in May this year, we borrowed a total of 19 billion yen and appropriated the funds along with one billion yen in cash reserves to the redemption of the 5th Unsecured Corporate Bond worth 20 billion yen.

Further, in October this year, JRF raised a total of 29 billion yen by taking in new debt on top of issuing new investment units. We made efforts to lengthen the terms of liabilities and diversify borrowings by taking out long-term debts with an average maturity of 7.4 years and the longest term of 12 years. JRF also made efforts to diversify lenders by approaching three new lenders - The Bank of Yokohama, Ltd., The Daishi Bank, Ltd. and Ashikaga Bank, Ltd. - in addition to existing lenders such as The Bank of Tokyo-Mitsubishi UFJ, Ltd. Going forward, we will continue to formulate and implement steady, agile financial strategies with a focus on exercising conservative control over the interest-bearing debt ratio and stabilizing the mid-and-long term cash flow balance.

■ JRF will take leadership in continuing to strengthen property management operation.

Based on its external growth strategy *₃, JRF carries out appropriate asset management by selling and replacing assets in the aim of enhancing the profitability of the portfolio from a long-term perspective on top of acquiring new properties.

Furthermore, we also strive to enhance the competitiveness of existing properties by implementing revitalization measures based on JRF's extensive know-how about retail property management, such as actively revising tenant mixes and carrying out floor expansions, renovations and renewals, and thereby improving the

quality of existing properties. During this period, JRF implemented the renewal of Kyoto Family (Ukyo-ku, Kyoto), replaced some tenants on the second floor, invited six new tenants, including ones opening stores for the first time in Kyoto, and reopened the property on September 6, 2012.

■ JRF strives to maximize investor value.

Over the past decade since its 2002 listing, JRF has continued to constantly make efforts with a medium-to-long term perspective to steadily solidify its foundation toward growth, and consequently, has managed to increase profitability and diversify the portfolio on expanded asset size and strengthen its financial base.

Going forward, JRF will strive to maximize investor value by realizing stable distribution payments based on skillful management of the entire portfolio while newly acquiring prime properties and simultaneously reinforcing the competitiveness of existing portfolio properties. Thank you for your continued understanding and support.

*1 CRE (Corporate Real Estate) strategy:

The CRE strategy is the concept of managing real estate owned by a company in an appropriate and efficient manner to maximize corporate value from the management strategy perspective.

*2 Bridge structure:

Bridge structure is a structure in which JRF responds flexibly to acquire a property at the optimum timing to match the timing at which the property owner sells the property, and in which a property identified by JRF as an investment target is acquired by a special purpose company while preferential negotiation rights with regard to acquiring the property are secured for JRF over a certain period of time.

*3 External growth strategy:

External growth strategy refers to increasing a portfolio's profitability and enhancing its stability by expanding scale through acquisition of new properties. On the other hand, internal growth strategy means striving to maintain and improve profitability and asset value by implementing measures such as renovating existing properties and replacing tenants.

Mitsubishi Corp. – UBS Realty Inc.

President & CEO

Takuya Kuga

Introducing newly acquired properties:

JRF acquired prime properties, all in investment target areas, and enhanced the diversity of the portfolio.

JRF has set four categories of property acquisition targets (A to D) in order to secure stability and growth of rental revenue, and pursues diversified investment in various business types, including goods retailers as well as service-related facilities. In the new property acquisitions completed this year, JRF made sure to achieve a good balance in purchasing properties across the target areas and took into account consumer trends, yield on the portfolio and other factors, and was thereby successful in investing in prime properties and further diversifying the portfolio.

A Large-scale commercial properties, the largest level in the region

✧ **mozo wonder city (50% trust co-ownership interest in real estate)**

This is a huge shopping center that records annual sales on the level of 50 billion yen and attracts approximately 19 million visitors a year. Located close to a highway interchange, the shopping center welcomes a number of customers from outside the prefecture as well. The facility offers environmental features including wall greening and a high-efficiency air conditioning system.

B Commercial properties near densely-populated areas

✧ **pivo Izumi Chuo**

✧ **Tecc Land Fukuoka Shime Honten**

✧ **Round1 Stadium Sakai Chuo Kanjyo**

C Commercial properties in favorable locations adjacent to major stations

✧ **Round1 Yokohama Station West**

✧ **G-Bldg. Sangenjaya 01**

D Road-side stores and specialty buildings in favorable locations

✧ **G-Bldg. Omotesando**

KIDDY LAND reopened in this rebuilt building on Omotesando, one of the most prestigious shopping streets in Japan lined with a number of luxury brand shops.

It is conveniently located about a two-minute walk from the Meijijingu-mae Station on the Tokyo Metro Lines and is close to GYRE, a flagship property of JRF.

JRF also takes geographic diversification into account.

While JRF's investment target regions are located primarily in the three metropolitan areas of Tokyo, Osaka and Nagoya, JRF also holds properties in other government-designated municipalities to mitigate earthquake risk and regional economic risk. The seven newly purchased properties are located in major cities across the country, i.e. Tokyo, Yokohama, Osaka, Nagoya and Fukuoka, and have contributed to constructing a portfolio that also takes geographic diversification into account.

ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			17 th	18 th	19 th	20 th	21 th
As of /for the six months ended			August 31, 2010	February 28, 2011	August 31, 2011	February 29, 2012	August 31, 2012
Operating revenues	Note 1	(Millions of yen)	23,326	22,925	21,824	23,642	23,559
(Rental revenues)	Note 1	(Millions of yen)	(23,326)	(21,868)	(21,789)	(23,634)	(23,559)
Operating expenses	Note 1	(Millions of yen)	14,428	13,577	13,278	18,304	13,957
(Rental expenses)	Note 1	(Millions of yen)	(11,772)	(11,298)	(11,136)	(12,061)	(11,699)
Operating income		(Millions of yen)	8,898	9,348	8,546	5,338	9,602
Ordinary income		(Millions of yen)	5,893	6,764	6,005	2,827	7,220
Net income	(a)	(Millions of yen)	13,093	6,698	5,502	2,312	7,220
Net assets	(b)	(Millions of yen)	278,844	279,369	278,173	294,972	295,286
(Period-on-period change)		(%)	(+8.9)	(+0.2)	(-0.4)	(+6.0)	(+0.1)
Total assets	(c)	(Millions of yen)	666,843	625,312	621,377	659,346	657,027
(Period-on-period change)		(%)	(+15.2)	(-6.2)	(-0.6)	(+6.1)	(-0.4)
Unitholders' capital		(Millions of yen)	250,764	250,764	250,764	270,752	270,752
(Period-on-period change)		(%)	(0.0)	(0.0)	(0.0)	(+8.0)	(0.0)
Number of units issued and outstanding	(d)	(Units)	1,688,198	1,688,198	1,688,198	1,880,198	1,880,198
Net asset value per unit	(b)/(d)	(Yen)	165,173	165,483	164,775	156,883	157,050
Total distributions	(e)	(Millions of yen)	6,173	6,698	5,501	6,905	7,219
Distribution per unit	(e)/(d)	(Yen)	3,657	3,968	3,259	3,673	3,840
(Profit distribution per unit)		(Yen)	(3,657)	(3,968)	(3,259)	(3,673)	(3,840)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 5	(%)	0.9 (1.9)	1.0 (2.1)	1.0 (1.9)	0.4 (0.9)	1.1 (2.2)
Return on unitholders' equity	Note 5	(%)	4.9 (9.7)	2.4 (4.8)	2.0 (3.9)	0.8 (1.6)	2.4 (4.9)
Ratio of net assets to total assets	(b)/(c)	(%)	41.8	44.7	44.8	44.7	44.9
(Period-on-period change)		(%)	(-2.4)	(+2.9)	(+0.1)	(-0.1)	(+0.2)
Payout ratio	(e)/(a)	(%)	47.2	100.0	100.0	298.6	100.0
Additional information:							
Rental net operating income (NOI)	Note 5	(Millions of yen)	16,964	15,730	15,781	16,954	17,128
Net profit margin	Note 5	(%)	Note 7 25.3	29.2	25.2	Note 8 12.0	30.6
Debt service coverage ratio	Note 5	(Multiple)	Note 7 5.3	6.3	5.8	Note 8 5.0	7.6
Funds from operation (FFO) per unit	Note 5	(Yen)	Note 7 6,846	6,398	6,297	Note 8 6,492	6,642
FFO multiples	Note 5	(Multiple)	Note 7 8.3	10.9	9.2	Note 8 9.3	10.2
Distributable income per unit after adjustment for taxes on property and equipment	Note 6	(Yen)	3,636	3,951	3,259	3,613	3,834
FFO per unit after adjustment for taxes on property and equipment	Note 6	(Yen)	Note 7 6,824	6,381	6,297	Note 8 6,432	6,635

Note 1 Consumption taxes 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 Total distributions for the 20th fiscal period includes an appropriation of reserve for dividends amounting to ¥4,592 million.

Note 4 The Investment Corporation executed a four-for-one unit split effective on March 1, 2010.

Note 5 Figures are calculated as below formulas. Percentages in parentheses are annualized using 184, 181, 184, 182 and 184 days for 17th, 18th, 19th, 20th and 21th fiscal period, respectively.

Ratio of ordinary income to total assets	Ordinary income/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 sales 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 6 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 distributions declared plus retained earnings carried forward shown in the statements of cash distributions. These figures are unaudited.

Note 7 Net income used for calculation of “Net profit margin”, “Debt service coverage ratio” and “FFO multiples” for the 17th fiscal period does not include the gain on negative goodwill.

Note 8 Net income used for calculation of “Net profit margin”, “Debt service coverage ratio” and “FFO multiples” for the 20th fiscal period does not include deferred income taxes.

2. Outline of asset management operation for the 21st fiscal period

(1) Principal Activities

Japan Retail Fund Investment Corporation (JRF) 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 (Securities code: 8953) on March 12, 2002.

Immediately after listing, JRF acquired four properties and began substantially managing those properties. By the end of the 10th fiscal period (February 28, 2007), we had achieved total assets of 400 billion yen, a goal set at the time of listing. Thereafter, we announced our “The Midium-term Business Policy” in April 2008, under which we strove to diversify the portfolio and aimed to focus on portfolio quality. We also made efforts to improve financial stability in response to global financial instability following the bankruptcy of Lehman Brothers.

On March 1, 2010, JRF merged with LaSalle Japan REIT Inc. (“LJR”). JRF sold the 18 offices and residential properties (non-core properties) that it had assumed from LJR for the total sales price of 33.2 billion yen on September 3, 2010, and allocated the sale proceeds toward the repayment of its interest-bearing debt to lower the LTV (Note), which had increased due to the merger.

In the 20th fiscal period, JRF issued new investment units in September 2011 for the first time in five years (192,000 units including the third-party allotment in connection with the over-allotment), acquired 12 new properties for a total acquisition price of 46.0 billion yen, and also transferred “Hakata Riverain/eeny meeny miny mo.”

As a result of the above, the total assets managed by JRF at the end of the 21st fiscal period (August 31, 2012) came to 667.6 billion yen (total acquisition price of 70 properties), and JRF ranked third among all REITs listed in Japan (“J-REIT”) in terms of asset size.

1 LTV refers to the amount of tenant leasehold and security deposits (including those in trust) added to amount of interest-bearing debts, with that corresponding amount divided by the total amount of assets. The same applies hereafter.

(2) Investment environment and results

i. Investment environment

The Japanese economy, while affected by the Great East Japan Earthquake of 2011, large-scale flooding in Thailand, and economic crises in Europe, made the transition to a path of moderate recovery in the first half of 2012, propped up by reconstruction works following the Great East Japan Earthquake. Furthermore, according to the Cabinet Office's Economy Watcher assessment index, the economy bottomed out in the second half of 2008, was in an upward trend until the Great East Japan Earthquake, and from May 2011 onwards it started on a recovery trend again, despite being temporarily impacted by the Great East Japan Earthquake. This indicates that, amid such a backdrop, consumer sentiment is maintaining a stable level.

Although official commercial land prices declined greatly in 2010, in 2011 the margin of decline contracted. Furthermore, following the global financial crisis, real estate transaction prices bottomed out in 2009, and in the latter half of 2011 prices recovered year-over-year, although were still at a low level, and JRF believes that the real estate sales market, including commercial facilities, has subsequently started a moderate recovery. With respect to urban commercial facilities in the Tokyo metropolitan area and suburban commercial facilities in Tokyo's environs, there is already intensifying competition to acquire properties among private placement funds and J-REITS, etc., and cap rate (Note) levels at the time of acquisition are on a declining trend. Competition is also intensifying in regional cities with respect to acquisition of commercial facilities situated in blue-chip locations, although the trend

is not as apparent as it is around Tokyo. As the background of this trend, there are many cases where relatively attractive yields can still be expected for retail facilities compared to other asset classes, and since performance of retailers has been strong on the whole since last year and leasing of vacant spaces in metropolitan areas has progressed, we are in a situation where rental rates can be expected to increase. (Note) The "cap rate" is a synonym for NOI yield, and is calculated by dividing NOI by the acquisition (estimate) price.

With respect to retail sector trends, while substantial growth cannot be expected in the long term due to the progression of the aging and declining population, the Current Survey of Commerce issued by the Ministry of Economy Trade and Industry indicates that retail sales year-on-year have continued a moderate recovery overall, despite temporary falls in March and April 2011 due to the impact the Great East Japan Earthquake. The improvement indicates that there has been a slight recovery in consumer sentiment, as not only was there a recovery of sales of essential products due to reconstruction demand, but also sales of clothing and personal effects have been relatively strong. Due to revision of the taxation system, it is anticipated that the consumption tax rate will be phased in from April 2014, and as has been the case with past tax rate increases, when the increase takes effect it is expected that there will be a temporary buying spree, followed by a reactionary decrease. However, since consumer sentiment has already factored in the tax rate increase to a considerable extent, JRF believes that the impact on consumer trends in the medium to long term may be relatively limited.

ii. Results

Amid such an environment, for the fiscal period ended August 31, 2012 (the 21st fiscal period) the occupancy rate for urban commercial facilities owned by JRF continued to increase from the prior fiscal period, standing at 97.0% at the end of the fiscal period (up 0.1 points from the beginning of the period). Combined with the 99.9% occupancy rate for suburban commercial facilities at the end of the fiscal period, the occupancy rate for the whole portfolio at the end of the fiscal period remained stable, standing at 99.8%.

At suburban commercial facilities owned by JRF, in proportion to performance trends in the retail sector, spending per customer was relatively strong, excluding properties which were occupied by electronics retail stores impacted by the decrease in reaction to the buying rush associated with terrestrial digital products, resulting in average YoY sales around 100%. Among those, sales at large-scale suburban commercial facilities are performing well compared to last year. With respect to the status of sales at urban commercial facilities, there were concerns of dispersion of customers due to a string of new openings of large-scale commercial facilities such as Tokyo Skytree Town, and Shibuya Hikarie, etc. in the first half of 2012, however there has been no significant impact, and JRF believes that there has been increased motivation to draw customers from the suburban areas to urban areas.

(3) Funding

The balance of loans outstanding at the end of the fiscal period under review was 253.7 billion yen due to full term repayments and new loans. Of this, 14.2 billion yen was short-term debt and 239.5 billion yen was long-term debt. The total balance on JRF's second, third, and sixth-series investment corporation bonds were 40.0 billion yen as of the end of the fiscal period under review.

JRF's LTV was 54.3% as of the end of the 20th period, and was 53.9% as of the end of the period under review.

(4) Results and distributions

As a result of the above management actions, for the period under review operating revenue was 23,559 million yen, and operating income was 9,602 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 7,220 million yen, and net income was 7,220 million yen.

With regard to dividends for the fiscal period under review, in accordance with the distribution policy set forth in Article 26, Paragraph 1, Item 2 of the Articles of Incorporation, JRF intends to distribute in excess of 90% of distributable profit under Article 67-15, Paragraph 1 of the Special Taxation Measures Law of Japan. Based on that distribution policy, distributions amounted to 7,219 million yen, which was the sum of unappropriated retained earnings at the end of the period of 7,220 million yen, less fractional distributions per investment unit of less than one yen. As a result, the distribution per investment unit totaled 3,840 yen.

3. Changes in unitholders' capital

The changes in unitholders' capital and number of units issued and outstanding for last five years were as follows:

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 1, 2010	Unit split	1,159,506	1,546,008	-	250,764	Note 1
March 1, 2010	Merger	142,190	1,688,198	-	250,764	Note 2
September 14, 2011	Public offering	187,500	1,875,698	19,520	270,284	Note 3
October 12, 2011	Allocation of investment units to a third party	4,500	1,880,198	468	270,752	Note 4

Note 1 The Investment Corporation executed a four-for-one unit split.

Note 2 The Investment Corporation merged with LaSalle Japan REIT Inc. ("LJR"). The merger was an absorption-type in accordance with Article 147 of the Act on Investment Trusts with the Investment Corporation as the surviving corporation and LJR was dissolved.

Note 3 New investment units were issued at a price of ¥107,640 per unit (subscription price of ¥104,107 per unit) through a public offering in order to raise funds for acquiring new real property and refund short-term and long-term debts.

Note 4 New investment units were issued at a price of ¥104,107 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 and long-term debts.

Fluctuation in market price of the investment securities:

The market price of the investment securities on Tokyo Stock Exchange REIT Market fluctuated during each fiscal period as follows:

(Yen)					
Fiscal period	17 th	18 th	19 th	20 th	21 th
As of /for the six months ended	August 31, 2010	February 28, 2011	August 31, 2011	February 29, 2012	August 31, 2012
Highest price	130,400	160,500	141,600	128,700	139,700
Lowest price	103,400	109,600	105,800	107,500	117,200
Closing price at end of period	112,600	140,400	115,100	121,700	133,800

4. Distributions

In accordance with the distribution policy in the Investment Corporation's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended August 31, 2012 was ¥7,219 million, consisted of substantially all of retained earnings at the end of the period of ¥7,220 million except for fractional distribution per unit less than one yen. As a result, distribution per unit amounted to ¥3,840 for the six months ended August 31, 2012.

Retained earnings (including reserve for dividends) shown in below table will be distributed mainly when; (a) a net of gain or loss on sales of property due to strategic replacement of investment assets in same fiscal period and loss 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	17 th	18 th	19 th	20 th	21 th
As of /for the six months ended	August 31, 2010	February 28, 2011	August 31, 2011	February 29, 2012	August 31, 2012
Net income (Thousands of yen)	13,093,657	6,698,123	5,502,565	2,312,915	7,220,140
Retained earnings (including reserve for dividends) (Thousands of yen)	6,919,986	6,919,340	6,920,069	2,327,017	2,327,197
Total distributions (Thousands of yen)	6,173,740	6,698,769	5,501,837	6,905,967	7,219,960
(Distribution per unit) (Yen)	(3,657)	(3,968)	(3,259)	(3,673)	(3,840)
Profit distributions (Thousands of yen)	6,173,740	6,698,769	5,501,837	6,905,967	7,219,960
(Profit distribution per unit) (Yen)	(3,657)	(3,968)	(3,259)	(3,673)	(3,840)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Management circumstances

With regard to the Japanese economy, real GDP was revised down in the first half of 2012 with signs of restrained production activities in the manufacturing industry, including period-on-period slowdown in the growth of exports, which are viewed as driving the economy, and continued period-on-period declines in the Industrial Production Index. Going forward real GDP growth rates are expected to start leveling off from the latter half of 2012 into the first half of 2013, due in part to sluggish personal consumption, which had been driving the economy up until the first quarter. However, JRF believes that growth in the medium term will be sustained in view of the relatively stable consumer sentiment, and anticipated recovery in the industrial sector, against a backdrop of continued public works spending, centered on disaster reconstruction.

With respect to the Bank of Japan's monetary policy, against the backdrop of such an environment BOJ decided in mid September 2012 to carry out additional monetary easing by increasing the amount of funds for asset buying, etc., and also extended the schedule to complete its buy-up of assets by six months. Those actions helped to ease concerns of a sharp appreciation of the yen, and decreased downside risk for Japan's economy. In light of those circumstances, we expect that there won't be any significant changes to monetary policy in the immediate future, and moderate conditions will continue with respect to financial institutions' stance on lending.

(2) Management policy and issues to be addressed

Under the circumstances described above, JRF will strive to improve the quality and profitability of its portfolio in the medium to long term and will work to diversify risks by taking advantage of its operation scale by grasping the steady growth opportunities of its managed assets and by carefully investing in selective prime assets. In addition, in order to enhance the quality of its owned assets, JRF will carry out a proactive action plan that takes advantage of its SC management capabilities. In doing so, JRF will realize both an increase of investor value and the stabilization of distribution payment.

1) External growth strategy

Going forward, JRF aims to strengthen the quality of its portfolio, enhance its profitability, and increase distributions by constantly seeking to capture opportunities to expand its asset scale.

With regard to investment targets, JRF will carefully select prime real estate in the four categories of local top-class large scale commercial facilities, commercial facilities near densely-populated areas, commercial facilities in prime locations near major train stations, and street stores with prime locations/specialty store buildings. JRF will also use its expertise to invest in a diverse array of product sales, restaurants, services, and entertainment areas with a view to maximizing investment opportunities. As to investment techniques, JRF, as one of the largest domestic buyers of commercial facilities, will be making use of its deal sources, the largest and most diverse in Japan, and using bridge structures, etc. to establish a system to secure the preferential negotiation rights of prime properties in a timely manner.

2) Internal growth strategy

Through further enhancing SC management and the operating structure supporting it, JRF aims to improve the quality of its portfolio going forward. SC management will realize renovation and expansion-based strategic action plans with the goal of maintaining and improving the competitiveness of JRF's commercial facilities, and will also enact forward-looking measures to deal with problems and risks through the continued monitoring of store and tenant business conditions, the discovery of issues such as problem spots and room for increased value, and the repetition of the cycle of discovering and implementing solutions. In addition, JRF will establish a flexible and comprehensive operational structure that organically links the three functions that support SC management: general operation management, leasing, and engineering.

3) Financial strategy

JRF will strive to undertake conservative leverage control while continuing to lengthen its long-term debt to further enhance its financial base going forward.

In preparation for the future interest rate hike risk, JRF will build a stable debt structure from a long-term perspective through negotiations with various financial institutions and comparison of financing conditions, for the

ultimate purpose of achieving the stable financial base necessary for the growth of the portfolio.

JRF newly acquired a total of seven real estate properties and real estate trust beneficiary rights (total acquisition price of 52.1 billion yen) on October 2 and October 5, 2012. To acquire the new assets JRF issued new investment units (please see the press release of September 11, 2012 titled "JRF to Issue New Investment Units and Conduct Secondary Offering of Investment Units") and carried out new debt financing of 29.0 billion yen. The new debt financing includes long-term borrowings with a maximum term of 12 years, thereby increasing the ratio of long-term liabilities as well as extending the average debt maturity, and enabled JRF to further strengthen financial stability. Through the refinancing of existing loans (one of the loans was repaid before the repayment date) JRF was able to extend the terms of existing loans, equalize repayment amounts and diversify repayment dates.

Going forward JRF will continue to extend debt maturities, and focus on financing with fixed interest rates in order to further strengthen financial stability.

6. Subsequent events

Issuance of new investment units

The Board of Directors of the Investment Corporation, at its meeting held on September 11, 2012 and September 24, 2012, resolved to issue new investment units as follows:

(a) Issuance of new investment units through public offering

Investment units shall be offered through a public offering in Japan ("Domestic Public Offering") and in overseas markets, consisting mainly of the U.S. and European markets (provided, however, that offering in the U.S. market shall be restricted to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933) (referred to as "Overseas Offering" and collectively with the Domestic Public Offering, the "Offerings").

(i) Number of new investment units to be offered:

194,500 investment units, out of which 95,000 new units to be offered through the Domestic Public Offering and 99,500 new units to be offered through the Overseas Offering consisting of 95,000 new units to be underwritten and purchased by overseas underwriters and an option to purchase up to an aggregate of 4,500 additional new units granted to the overseas underwriters.

(ii) Issue price (Offer price): ¥128,310 per unit

(iii) Total issue price (Total offer price): ¥24,956,295,000

(iv) Issue value (Amount to be paid in): ¥124,230 per unit

(v) Total issue value (Total amount to be paid in): ¥24,162,735,000

(vi) Payment date: October 1, 2012

(vii) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on September 1, 2012 and ending on February 28, 2013.

(b) Issuance of new investment units through third-party allotment

(i) Number of new investment units: 4,500 investment units

(ii) Issue value (Amount to be paid in): ¥124,230 per unit

(iii) Total issue value (Total amount to be paid in): ¥559,035,000

(iv) Payment date: Scheduled on October 31, 2012

(v) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on September 1, 2012 and ending on February 28, 2013.

(iv) Allottee: SMBC Nikko Securities Inc.

(c) Use of proceeds

The Investment Corporation will use the net proceeds from the Offerings partially for acquisition of additional specified assets. The proceeds from the issuance of new investment units through the third-party allotment will be used partially for miscellaneous expenses relating to the acquisition of the specified assets. Remaining proceeds, if any, will be appropriated to the investment units issuance cost through the Offerings and the third-party allotment, or repayment of existing borrowings.

As a result of the Offerings, unitholders' capital increased to ¥294,915,685,160 and number of investment units issued and outstanding increased to 2,074,698 units on October 1, 2012.

The issuance of new investment units through the third-party allotment scheduled on October 31, 2012 is depending on a result of the overallotment secondary offering relating to the Domestic Public Offering.

Outline of the Investment Corporation

1. Investment unit

Fiscal period	17 th	18 th	19 th	20 th	21 th
As of	August 31, 2010	February 28, 2011	August 31, 2011	February 29, 2012	August 31, 2012
Number of units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of units issued and outstanding (Units)	1,688,198	1,688,198	1,688,198	1,880,198	1,880,198
Number of unitholders (People)	17,079	17,695	18,003	19,549	19,077

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

2. Unitholders

Major unitholders as of August 31, 2012 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	361,821	19.24
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	125,877	6.69
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	111,769	5.94
Nomura Bank Luxembourg S.A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	76,742	4.08
Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	58,953	3.13
The Government of Singapore Investment Corporation Pte Ltd.	168 ROBINSON ROAD #37-01 CAPITAL TOWER SINGAPORE 068912	51,001	2.71
The Bank of New York Treaty JASDEQ Account	AVENUE DES ARTS, 35 KUNSTLAAN, 1040 BRUSSELS, BELGIUM	38,692	2.05
Mitsubishi Corporation	3-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	35,900	1.90
State Street Bank and Trust Company	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	27,239	1.44
Deutsche Securities Inc.	Sanno Park Tower, 11-1, Nagata-cho 2-chome, Chiyoda-ku, Tokyo	25,867	1.37
Total		913,861	48.60

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

3. Officers

(1) Directors and independent auditor

Post	Name	Major additional post	Compensation or fee for the six months ended August 31, 2012 (Note 2) (Thousands of yen)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata	-	16,500

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 independent auditor's fee indicates estimated fee on an accrual basis.

(2) Changes in officers

None

(3) Policy for dismissal of independent auditor

The Board of Directors shall decide taking various factors into consideration.

4. Name of asset manager and other administrator

Classification	Name
Asset manager	Mitsubishi Corp. - UBS Realty Inc.
Custodian	Mitsubishi UFJ Trust and Banking Corporation
Agency for unit investment securities transference and special account administrator	Mitsubishi UFJ Trust and Banking Corporation
Special account administrator	Sumitomo Mitsui Trust Bank, Limited (Note 1)
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

Note 1 The Chuo Mitsui Trust and Banking Company, Limited was merged into Sumitomo Mitsui Trust Bank, Limited on April 1, 2012.

Condition of investment assets

1. Composition of assets

Classification of assets	Region	As of February 29, 2012		As of August 31, 2012	
		Total of net book value (Millions of yen)	Composition ratio (%)	Total of net book value (Millions of yen)	Composition ratio (%)
Real property	Tokyo metropolitan area	17,860	2.7	17,843	2.7
	Osaka and Nagoya metropolitan areas	4,965	0.8	4,965	0.8
	Sub-total	22,826	3.5	22,809	3.5
Trust beneficial interest in real property	Tokyo metropolitan area	299,660	45.4	297,973	45.3
	Osaka and Nagoya metropolitan areas	225,265	34.2	227,047	34.6
	Other metropolitan areas	86,396	13.1	85,492	13.0
	Sub-total	611,323	92.7	610,513	92.9
Bank deposits and other assets		25,196	3.8	23,704	3.6
Total assets		659,346	100.0	657,027	100.0

2. Major property

The principal properties (top ten properties in net book value) as of August 31, 2012 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)	48,887	109,365.50	109,365.50	100.0	5.9	Retail facilities
Nara Family (trust beneficial interest)	33,884	84,981.97	84,812.89	99.8	8.5	Retail facilities
AEON MALL Yachiyo Midorigaoka (trust beneficial interest)	29,192	132,294.48	132,294.48	100.0	2.9	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	29,107	137,466.97	137,466.97	100.0	4.0	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	27,173	138,538.63	138,538.63	100.0	3.8	Retail facilities
GYRE (trust beneficial interest)	22,409	4,855.97	4,614.93	95.0	2.5	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,584	157,904.26	157,904.26	100.0	2.5	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,541	18,848.20	18,848.20	100.0	1.6	Retail facilities
Ario Otori (trust beneficial interest)	17,659	95,135.36	95,135.36	100.0	2.4	Retail facilities
AEON MALL Sapporo Hassamu (trust beneficial interest)	17,456	102,169.00	102,169.00	100.0	2.5	Retail facilities
Total	263,898	981,560.34	981,150.22	100.0	36.6	

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 August 31, 2012 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	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi etc.	Trust beneficial interest	46,248.96	10,500	9,314
Ito-Yokado Kawasaki (Note 4)	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa etc.	Trust beneficial interest	65,313.47	13,330	14,272
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	13,300	12,918
Narupark (Note 5)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.58	5,260	8,123
G-Bldg. Minami Aoyama 02	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	5,340	5,282
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	84,981.97	36,600	33,884
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba, etc.	Trust beneficial interest	42,865.74	12,200	9,938
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba etc.	Trust beneficial interest	21,308.78	1,880	1,439
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	6,690	6,284
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	12,400	11,343
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,270	1,241
G-Bldg. Jingumae 05	32-5, Jingumae 2-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,479.10	3,680	2,725
AEON MALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi etc.	Trust beneficial interest	129,124.73	10,400	7,461
AEON MALL Kashiihama	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	13,300	12,200
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,540	7,297
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,855.97	22,600	22,409
G-Bldg. Jingumae 04	1-17, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	540.78	1,220	873
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,880	4,819
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo etc.	Trust beneficial interest	20,983.43	11,900	11,504
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	12,700	11,362
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,340	967
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,300	15,764
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,980	5,248
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,110	5,636
AEON Takatsuki	47-2, Haginoshō 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,570	10,565
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,817.65	3,140	2,556
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,660	3,593
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,400	10,579
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	3,710	4,051
AEON Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	10,800	12,602
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,620.63	5,450	6,014

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)
Higashi-Totsuka Aurora City	537-1, Shinanochō, Totsuka-ku, Yokohama-shi, Kanagawa etc.	Trust beneficial interest	109,365.50	40,100	48,887
AEON Omiya	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	6,160	5,885
AEON TOWN Ogaki	233-1, Aza-nakashima, Mitsuzukacho, Ogaki-shi, Gifu etc.	Trust beneficial interest	57,500.35	3,900	4,087
Kawaramachi OPA	385 Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,700	18,541
AEON Ueda	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	8,170	8,558
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,700	27,173
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	17,800	19,584
Ito-Yokado Yotsukaido	5 Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,000	13,289
Oyama Yuen Harvest Walk (Note 5)	1457 Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	57,524.87	6,680	9,014
AEON MALL Yachiyo Midorigaoka	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	21,900	29,192
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,460	2,374
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	16,800	17,456
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka etc.	Trust beneficial interest	95,135.36	15,400	17,659
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,650	3,416
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,670	2,321
G DINING SAPPORO (Note 5)	3-3, Minami 3jo Nishi 3-chome, Chuo-ku, Sapporo-shi, Hokkaido etc.	Trust beneficial interest	4,079.80	2,150	2,947
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	5,010	6,479
La Porte Aoyama (Note 5)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,122.44	9,140	9,311
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,500	29,107
AEON MALL Kobe Kita	2-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,031.55	16,000	14,689
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	6,770	6,660
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)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka etc.	Real property	4,344.18	1,740	1,717
LIFE Kishibe (Land with leasehold interest)	2205-15, Haracho 4-chome, Suita-shi, Osaka etc.	Real property	5,516.61	2,010	1,942
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,630	5,573
G-Bldg. Minami-Ikebukuro 01 (Note 5)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,061.47	7,410	6,027
G-Bldg. Shinsaibashi 01	5-3, Shinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	1,740	1,603
Kishiwada CanCan Bayside Mall	2-1, Minatomidori machi, Kishiwada-shi, Osaka etc.	Trust beneficial interest	38,315.07	7,830	7,003
Makuhari Plaza (Note 6)	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,542.93	6,160	5,688
MrMax Nagasaki	26-1 Iwami machi, Nagasaki-shi, Nagasaki etc.	Trust beneficial interest	12,115.09	2,810	2,486
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	4,000	2,816
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	2,630	2,401
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	2,600	2,452

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)
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo etc.	Trust beneficial interest	904.04	2,090	1,842
G-Bldg. Shinsaibashi 02 (Note 7)	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	–	4,650	4,406
Round1 Stadium Sennichimae (Land with leasehold interest) (Note 4)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka etc.	Trust beneficial interest	1,711.63	8,280	8,091
Izumisano Shofudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,780	2,657
Tecc Land Neyagawa (Land with leasehold interest)	327-1, Taiseicho, Neyagawa-shi, Osaka etc.	Trust beneficial interest	11,430.04	1,580	1,154
mozo wonder city (Note 6) (Note 8)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi etc.	Trust beneficial interest	86,722.83	5,490	5,232
Total			2,936,032.24	621,840	633,322

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 (CBRE 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 the properties were changed as follows:

Old name	New name
ESPA Kawasaki	Ito-Yokado Kawasaki
【Tentative】 Round1 Namba Sennichimae (Land with leasehold interest)	Round1 Stadium Sennichimae (Land with leasehold interest)

Note 5 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.

Note 6 These properties are leased partially 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.

Note 7 “Leasable area” of the property is not disclosed because the consent from the tenant has not been obtained.

Note 8 Although the Investment Corporation owns 10% of the share of quasi-co-ownership in respect of mozo wonder city, the “Leasable area” above shows the total area of the property.

Operating results of each retail facility for the six months ended February 29, 2012 and August 31, 2012 were as follows:

Name of property	For the six months ended							
	February 29, 2012				August 31, 2012			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
AEON Sendai Nakayama	2	100.0	429	1.8	2	100.0	432	1.8
Ito-Yokado Kawasaki	5	100.0	495	2.1	5	100.0	491	2.1
8953 Osaka Shinsaibashi Building	1	100.0	389	1.6	1	100.0	398	1.7
Hakata Riverain (Note 3)	–	–	356	1.5	–	–	–	–
Narupark (Note 4)	48	100.0	363	1.5	47	99.0	356	1.5
G-Bldg. Minami Aoyama 02	3	90.4	161	0.7	3	90.4	80	0.3
Nara Family	118	99.4	2,017	8.5	122	99.8	1,997	8.5
Abiko Shopping Plaza	55	99.9	714	3.0	56	100.0	670	2.8
Ito-Yokado Yabashira	1	100.0	78	0.3	1	100.0	78	0.3
Ito-Yokado Kamifukuoka Higashi	1	100.0	256	1.1	1	100.0	256	1.1
Ito-Yokado Nishikicho	1	100.0	444	1.9	1	100.0	444	1.9
G-Bldg. Daikanyama 01	2	100.0	40	0.2	2	100.0	40	0.2
G-Bldg. Jingumae 05	5	100.0	92	0.4	3	100.0	99	0.4
AEON MALL Higashiura	1	100.0	480	2.0	1	100.0	480	2.0
AEON MALL Kashiihama	1	100.0	477	2.0	1	100.0	477	2.0
AEON MALL Sapporo Naebo	1	100.0	377	1.6	1	100.0	375	1.6

Name of property	For the six months ended							
	February 29, 2012				August 31, 2012			
	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental and other operating revenues	Ratio of rental revenue to total rental revenues (Note 2)	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental and other operating revenues	Ratio of rental revenue to total rental revenues (Note 2)
		(%)	(Millions of yen)	(%)		(%)	(Millions of yen)	(%)
GYRE	20	95.6	569	2.4	20	95.0	576	2.5
G-Bldg. Jingumae 04	2	100.0	32	0.1	2	100.0	32	0.1
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	1.7
AEON Itabashi Shopping Center	1	100.0	588	2.5	1	100.0	658	2.8
G-Bldg. Kita Aoyama 01	3	100.0	34	0.1	3	100.0	35	0.2
AEON MALL Yamato	1	100.0	537	2.3	1	100.0	536	2.3
SEIYU Hibarigaoka	1	100.0	261	1.1	1	100.0	261	1.1
AEON Tobata Shopping Center	1	100.0	315	1.3	1	100.0	315	1.3
AEON Takatsuki	1	100.0	414	1.8	1	100.0	414	1.8
G-Bldg. Jiyugaoka 01	10	100.0	87	0.4	10	100.0	89	0.4
AEON Yagoto	2	100.0	148	0.6	2	100.0	148	0.6
AEON Naha Shopping Center	1	100.0	398	1.7	1	100.0	398	1.7
Cheers Ginza	10	100.0	108	0.5	10	100.0	107	0.5
AEON Nishi-Otsu	1	100.0	375	1.6	1	100.0	375	1.6
Kyoto Family	65	99.9	614	2.6	65	89.8	598	2.5
Higashi-Totsuka Aurora City	4	100.0	1,387	5.9	4	100.0	1,390	5.9
AEON Omiya	1	100.0	192	0.8	1	100.0	192	0.8
AEON TOWN Ogaki	1	100.0	329	1.4	1	100.0	321	1.4
Kawaramachi OPA	1	100.0	363	1.5	1	100.0	365	1.6
AEON Ueda	1	100.0	297	1.3	1	100.0	297	1.3
AEON MALL Tsurumi Ryokuchi	1	100.0	896	3.8	1	100.0	896	3.8
AEON MALL Itami	1	100.0	582	2.5	1	100.0	582	2.5
Ito-Yokado Yotsukaido	1	100.0	290	1.2	1	100.0	290	1.2
Oyama Yuen Harvest Walk (Note 4)	67	99.5	566	2.4	72	99.7	561	2.4
AEON MALL Yachiyo Midorigaoka	1	100.0	686	2.9	1	100.0	690	2.9
G-Bldg. Jingumae 06	4	100.0	61	0.3	4	100.0	62	0.3
AEON MALL Sapporo Hassamu	1	100.0	577	2.4	1	100.0	577	2.5
Ario Otori	1	100.0	547	2.3	1	100.0	573	2.4
G-Bldg. Jingumae01	2	100.0	76	0.3	2	100.0	70	0.3
G-Bldg. Jingumae02	3	100.0	30	0.1	3	100.0	31	0.1
G DINING SAPPORO (Note 4)	16	68.7	77	0.3	17	71.8	71	0.3
G-Bldg. Minami Aoyama 01	2	100.0	23	0.1	2	69.3	27	0.1
La Porte Aoyama (Note 4)	18	83.4	255	1.1	19	85.5	260	1.1
AEON MALL Musashi Murayama	1	100.0	949	4.0	1	100.0	943	4.0
AEON MALL Kobe Kita	1	100.0	578	2.5	1	100.0	582	2.5
G-Bldg. Shinjuku 01	1	100.0	160	0.7	1	100.0	160	0.7
LIFE Taiheiji (Land with leasehold interest)	1	100.0	48	0.2	1	100.0	48	0.2

Name of property	For the six months ended							
	February 29, 2012				August 31, 2012			
	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental and other operating revenues	Ratio of rental revenue to total rental revenues (Note 2)	Number of tenants (Note 1)	Occupancy ratio (Note 2)	Rental and other operating revenues	Ratio of rental revenue to total rental revenues (Note 2)
		(%)	(Millions of yen)	(%)		(%)	(Millions of yen)	(%)
LIFE Shimodera (Land with leasehold interest)	1	100.0	56	0.2	1	100.0	56	0.2
LIFE Kishibe (Land with leasehold interest)	1	100.0	68	0.3	1	100.0	68	0.3
G-Bldg. Jingumae 03	4	72.1	29	0.1	5	79.5	49	0.2
G-Bldg. Minami-Ikebukuro 01 (Note 4)	8	100.0	263	1.1	8	100.0	265	1.1
G-Bldg. Shinsaibashi 01	2	100.0	61	0.3	2	100.0	61	0.3
Kishiwada CanCan Bayside Mall	113	98.5	694	2.9	115	99.6	786	3.3
Makuhari Plaza (Note 5)	6	100.0	179	0.8	6	100.0	201	0.9
MrMax Nagasaki (Note 6)	2	100.0	–	–	2	100.0	–	–
Urban Terrace Jingumae	2	100.0	85	0.4	2	100.0	100	0.4
Round1 Stadium Itabashi	1	100.0	81	0.3	1	100.0	95	0.4
Round1 Machida	1	100.0	77	0.3	1	100.0	90	0.4
Arkangel Daikanyama (Land with leasehold interest) (Note 6)	1	100.0	–	–	1	100.0	–	–
G-Bldg. Shinsaibashi 02 (Note 6)	1	100.0	–	–	1	100.0	–	–
Round1 Stadium Sennichimae (Land with leasehold interest)	1	100.0	154	0.7	1	100.0	220	0.9
Izumisano Shofudai (Land with leasehold interest) (Note 6)	2	100.0	–	–	2	100.0	–	–
Tecc Land Neyagawa (Land with leasehold interest) (Note 6)	1	100.0	–	–	1	100.0	–	–
mozo wonder city (Note 5)	224	99.7	273	1.2	223	99.6	331	1.4
Total	868	99.8	23,634	100.0	879	99.8	23,559	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 The property was sold on February 29, 2012.

Note 4 “Number of tenants” and “Occupancy ratio” for a pass-through master leased property are presented on an end-tenant basis.

Note 5 “Number of tenants” and “Occupancy ratio” for the properties which are leased partially in the form of a pass-through master lease are presented on an end-tenant basis.

Note 6 Rental revenue of the property is not disclosed because the consent from the tenant has not been obtained.

4. Details of specified transaction

The details of specified transaction as of August 31, 2012 were as follows:

Classification	Transaction	Notional amounts (Millions of yen)		Fair value (Note 1) (Millions of yen)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	25,000	25,000	(836)
Total		25,000	25,000	(836)

Note 1 The fair value is evaluated at the amount calculated by the counter party to the interest rate swaps contracts based on the prevailing market interest rates and other assumptions.

Note 2 As the Investment Corporation applies the special treatment provided under the Accounting Standard Board of Japan Statement No.10, “Accounting Standard for Financial Instruments” revised on March 10, 2008 for the interest rate swaps which qualify for hedge accounting and meet specific criteria, the fair value of the derivative is not required to be evaluated in the balance sheets.

5. Other assets

Real property and trust beneficial interests in real property are included the above table in “3. Details of property”.

There was no other significant specified asset as of August 31, 2012.

Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of August 31, 2012 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 August 31, 2012	Total of advanced payment
Kyoto Family	Kyoto-shi, Kyoto	Renewal construction for replacing tenants	June 2012 to September 2012	117	–	–
Nara Family	Nara-shi, Nara	Repair of central court	September 2012	51	–	–
Kishiwada CanCan Bayside Mall	Kishiwada-shi, Osaka	Construction for air conditioner and saving-energy at west building	September 2012 to January 2013	50	–	–
Kyoto Family	Kyoto-shi, Kyoto	Installing IP terminals of sales and point management system	January 2013	50	–	–
AEON Takatsuki	Takatsuki-shi, Osaka	Repair of outer wall	September 2012 to November 2012	46	–	–
Kyoto Family	Kyoto-shi, Kyoto	Renewal of air conditioner	February 2013	46	–	–

2. Capital expenditures for the six months ended August 31, 2012

Maintenance expenditures on property for the six months ended August 31, 2012 were totaling to ¥1,095 million consisting of ¥934 million of capital expenditures stated as below and ¥160 million of repair and maintenance expenses charged to income.

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures (Millions of yen)
Narupark	Nagoya-shi, Aichi	Reinforcement work	March 2012 to August 2012	114
AEON MALL Yachiyo Midorigaoka	Yachiyo-shi, Chiba	Construction for activating plan	September 2011 to April 2012	49
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal construction for replacing tenants	March 2012	40
Kyoto Family	Kyoto-shi, Kyoto	Improvement construction for water supply system of rest room	May 2012 to July 2012	35
Higashi-Totsuka Aurora City	Yokohama-shi, Kanagawa	Repair of outer wall	March 2012 to May 2012	35
Others	–	–	–	657
Total				934

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	17 th	18 th	19 th	20 th	21 th
As of /for the six months ended	August 31, 2010	February 28, 2011	August 31, 2011	February 29, 2012	August 31, 2012
Reserved funds at beginning of period	2	256	2	-	-
Increase	(Note 3) 724	-	11	-	-
Decrease	(Note 2) 470	(Note 4) 254	(Note 2) 13	-	-
Reserved funds at end of period	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 for efficient usage.

Note 3 The amount includes funds acquired by merger.

Note 4 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	20 th fiscal period	21 th fiscal period
	For the six months ended February 29, 2012	For the six months ended August 31, 2012
Asset management fees	1,984,681	1,990,789
Custodian fees	23,992	25,169
General administration fees	103,775	107,507
Compensation for Directors	4,300	5,940
Other operating expenses	126,636	127,718
Total	2,243,385	2,257,125

2. Borrowings

Borrowings as of August 31, 2012 were as follows:

	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2012 (Millions of yen)	August 31, 2012 (Millions of yen)					
Short-term	The Bank of Fukuoka, Ltd.	September 16, 2011	3,000	3,000	0.7	September 14, 2012	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	September 30, 2011	2,000	–	0.7	May 22, 2012	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 8, 2012	4,438	4,438	0.5	February 8, 2013	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,767	3,767					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,993	2,993					
	Sub-total		16,200	14,200					
Long-term	Aozora Bank, Ltd. (Note 3)	August 29, 2008	7,400	7,400	1.0	August 29, 2013	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2008	3,000	3,000	1.0	September 30, 2013	Lump sum	Note 9	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	November 4, 2008	34,310	34,310	1.1	March 1, 2015	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	March 30, 2009	4,450	4,350	1.3	March 30, 2014	Note 6	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	13,550	13,250	1.8	July 30, 2016	Note 7	Note 9	Unsecured and unguaranteed
	Development Bank of Japan Inc	July 30, 2009	18,066	17,666	2.2	July 30, 2018	Note 8	Note 9	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	1.2	September 30, 2014	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,714	2,714					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,143	2,143					
	Mizuho Corporate Bank, Ltd.	February 7, 2011	5,000	5,000	0.8	February 5, 2016	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Shinkumi Federation Bank		3,000	3,000					
	The Hiroshima Bank Ltd.		1,500	1,500					
	The Senshu Ikeda Bank, Ltd.		1,000	1,000					
	The Minato Bank, Ltd.		500	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	5,550	5,550	0.7	September 28, 2018	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,710	4,710					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		3,740	3,740					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	7,930	7,930	1.5 (Note 4)	March 29, 2019	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		6,730	6,730					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		5,340	5,340					
	Sumitomo Mitsui Banking Corporation	March 31, 2011	5,000	5,000	0.9	March 30, 2018	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	1,982	1,982	0.9	September 22, 2021	Lump sum (Note 5)	Note 10	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,682	1,682					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		1,335	1,335					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,965	3,965	0.9	March 22, 2021	Lump sum (Note 5)	Note 10	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,670	2,670					
	The Bank of Fukuoka, Ltd.	September 22, 2011	2,000	2,000	0.6	September 22, 2016	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed

	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2012 (Millions of yen)	August 31, 2012 (Millions of yen)					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,875	3,875	0.8	September 18, 2020	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	3,487					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,712	2,712					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	5,000	5,000	0.8	March 19, 2020	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,500	4,500					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		3,500	3,500					
	Sumitomo Mitsui Banking Corporation	September 30, 2011	2,000	2,000	1.0	September 30, 2020	Lump sum (Note 5)	Note 10	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	September 30, 2011	3,500	3,500	0.8	March 30, 2018	Lump sum (Note 5)	Note 10	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	2,500	2,500	0.8	September 28, 2018	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	4,000	4,000	0.8	September 28, 2018	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Resona Bank, Limited.	September 30, 2011	2,500	2,500	0.6	September 30, 2016	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2011	1,000	1,000	0.6	September 30, 2016	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	3,172	3,172	0.7	December 20, 2019	Lump sum (Note 5)	Note 11	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,692	2,692					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,136	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	2,775	2,775	0.7	June 21, 2019	Lump sum (Note 5)	Note 11	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,355	2,355					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		1,869	1,869					
	The Chugoku Bank, LTD.	December 21, 2011	3,000	3,000	0.8 (Note 4)	December 21, 2016	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Resona Bank, Limited.	December 21, 2011	2,000	2,000	0.8 (Note 4)	December 21, 2016	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	-	2,180	0.9	May 20, 2022	Lump sum (Note 5)	Note 11	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,850					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		-	1,470					
	Shinsei Bank, Limited	May 22, 2012	-	3,500	0.9	May 20, 2022	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	-	3,570	0.6	November 22, 2017	Lump sum (Note 5)	Note 11	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	3,030					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		-	2,400					
	The Joyo Bank, Ltd.	May 22, 2012	-	1,000	0.6	November 22, 2017	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	May 22, 2012	-	2,000	0.6	November 22, 2017	Lump sum (Note 5)	Note 9	Unsecured and unguaranteed
	Sub-total		219,351	239,551					
	Total		235,551	253,751					

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

Note 2 The Sumitomo Trust and Banking Co., Ltd changed to Sumitomo Mitsui Trust Bank, Limited due to merger on April 1, 2012.

Note 3 The balance as of August 31, 2012 is included in current portion of long-term borrowings in the balance sheets.

Note 4 The borrowings are hedged by interest rate swaps and the average interest rates of the borrowings are calculated adjusting the effect of the interest rate swaps.

Note 5 The Investment Corporation may repay all or part of principal of the borrowings on interest payment date.

Note 6 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥5,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is June 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of August 31, 2012, 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 August 31, 2012, 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 August 31, 2012, includes ¥800 million of current portion of long-term borrowings.

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

Note 10 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.

Note 11 The funds were appropriated to repayments of corporate bonds.

3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
		February 29, 2012 (Millions of yen)	August 31, 2012 (Millions of yen)					
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
Fifth series unsecured investment corporation bonds	May 23, 2007	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		60,000	40,000					

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)

Name of real property, etc.	Acquisition		Disposal			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposal	Disposal amount	Net book value	Gain (loss) on disposal
Nara Family	June 29, 2012	3,500	–	–	–	–
Total	–	3,500	–	–	–	–

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

2. Transactions of other assets

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

3. Research for specified assets value, etc.

(1) Property

(i) Appraisal value

(Millions of yen)

Acquisition/Disposal	Name of property	Date of acquisition/disposal	Acquisition cost/Disposal amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	Nara Family	June 29, 2012	3,500	3,110	Japan Real Estate Institute	January 1, 2012

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

(2) Other transaction

None

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	999,419	Mitsubishi UFJ Lease & Finance Company Limited	758	0.1
Utilities	933,859	Japan Facility Solutions, Inc.	10,710	1.1
Other rental expenses	405,722	Mitsubishi Shoji & Sun Co., Ltd.	535	0.1
		Mitsubishi Corporation	436	0.1
Other operating expenses	127,718	Mitsubishi Corporation	191	0.1

Note 1 "Interested parties" means the interested parties related with the asset management company of the Investment Corporation as prescribed under Article 123 of the Enforcement Ordinances of the Act on 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 Act.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying balance sheets, statements of income and retained earnings, statements of changes in net assets, statements of cash flows and notes to financial statements.

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 increased (Units)	Number of units decreased (Units)	Number of units held (Units)
March 1, 2010 (Note 1)	2,400	-	3,200
Accumulated number	2,400	-	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 12 th fiscal period (September 1, 2007 to February 29, 2008)	800	512,000	0.2%
The 13 th fiscal period (March 1, 2008 to August 31, 2008)	800	364,000	0.2%
The 14 th fiscal period (September 1, 2008 to February 28, 2009)	800	256,800	0.2%
The 15 th fiscal period (March 1, 2009 to August 31, 2009)	800	396,800	0.2%
The 16 th fiscal period (September 1, 2009 to February 28, 2010)	800	337,280	0.2%
The 17 th fiscal period (March 1, 2010 to August 31, 2010)	(Note 2) 3,200	360,320	0.2%
The 18 th fiscal period (September 1, 2010 to February 28, 2011)	3,200	449,280	0.2%
The 19 th fiscal period (March 1, 2011 to August 31, 2011)	3,200	368,320	0.2%
The 20 th fiscal period (September 1, 2011 to February 29, 2012)	3,200	389,440	0.2%
The 21 st fiscal period (March 1, 2012 to August 31, 2012)	3,200	428,160	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 each fiscal period.

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

2. Notice

None

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.



Report of Independent Auditors

To the Board of Directors of Japan Retail Fund Investment Corporation:

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as at August 31, 2012, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2012, and its financial performance and cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.



Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 25 to the financial statements, which states that the Company issued new investment units.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended August 31, 2012 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Arata

February 15, 2013

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of February 29, 2012 and August 31, 2012

	As of		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4)	¥ 15,810	¥ 16,703	\$ 212,506
Rental receivables	932	943	11,997
Consumption tax refundable	247	—	—
Other current assets	1,223	1,168	14,860
Total current assets	18,213	18,815	239,376
Non-current assets:			
Property and equipment (Note 4, 5, 7 and 10), at cost:			
Land	398,683	404,135	5,141,666
Buildings	265,460	266,308	3,388,142
Building improvements	14,623	14,628	186,106
Machinery and equipment	1,520	1,525	19,402
Furniture and fixtures	3,373	3,420	43,511
	683,662	690,018	8,778,854
Less: Accumulated depreciation	(58,433)	(63,665)	(809,987)
Net property and equipment	625,229	626,352	7,968,854
Other assets:			
Leasehold rights (Note 4, 6 and 7)	8,805	6,864	87,328
Other intangible assets (Note 4, 6 and 7)	115	107	1,361
Lease deposits (Note 4)	3,286	1,404	17,862
Long-term prepaid expenses	3,310	3,228	41,068
Bonds issuance costs	44	37	470
Units issuance costs	138	110	1,399
Other	202	106	1,348
Total other assets	15,903	11,859	150,877
TOTAL ASSETS	¥ 659,346	¥ 657,027	\$ 8,359,122

The accompanying notes are an integral part of these financial statements.

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of February 29, 2012 and August 31, 2012

	As of		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 8).....	¥ 16,200	¥ 14,200	\$ 180,661
Current portion of long-term borrowings (Note 8)	1,600	9,000	114,503
Current portion of long-term bonds issued—unsecured (Note 9).....	20,000	—	—
Current portion of tenant leasehold and security deposits (Note 4 and 10).....	3,432	2,696	34,300
Accounts payable—operating	911	1,016	12,926
Accounts payable—other	30	9	114
Accrued expenses.....	1,711	1,681	21,386
Consumption tax payable.....	—	651	8,282
Rent received in advance	2,088	2,086	26,539
Deposits received	848	972	12,366
Other current liabilities.....	109	138	1,755
Total current liabilities	46,932	32,452	412,875
Non-current liabilities:			
Long-term borrowings (Note 8).....	217,751	230,551	2,933,218
Long-term bonds issued—unsecured (Note 9)	40,000	40,000	508,905
Tenant leasehold and security deposits (Note 4 and 10)	58,831	57,875	736,323
Deferred tax liabilities (Note 15).....	513	513	6,526
Asset retirement obligations (Note 19)	343	346	4,402
Other	—	—	—
Total non-current liabilities	317,440	329,287	4,189,402
TOTAL LIABILITIES	364,373	361,740	4,602,290
Net Assets (Note 11):			
Unitholders' capital,			
8,000,000 units authorized; 1,880,198 units as of February 29, 2012 and			
August 31, 2012 issued and outstanding	270,752	270,752	3,444,681
Capital surplus.....	14,986	14,986	190,661
Reserve for dividends.....	6,918	2,326	29,592
Retained earnings	2,314	7,220	91,857
TOTAL NET ASSETS	294,972	295,286	3,756,819
TOTAL LIABILITIES AND NET ASSETS	¥ 659,346	¥ 657,027	\$ 8,359,122

The accompanying notes are an integral part of these financial statements.

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the six months ended February 29, 2012 and August 31, 2012

	For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Operating revenues			
Rental and other operating revenues (Note 13).....	¥ 23,634	¥ 23,559	\$ 299,732
Dividend income from investments in Tokumei Kumiai	7	—	—
	<u>23,642</u>	<u>23,559</u>	<u>299,732</u>
Operating expenses			
Property-related expenses (Note 13).....	12,061	11,699	148,842
Loss on sales of property (Note 14)	3,999	—	—
Asset management fees.....	1,984	1,990	25,318
Custodian fees	23	25	318
General administration fees.....	103	107	1,361
Other	130	133	1,692
	<u>18,304</u>	<u>13,957</u>	<u>177,569</u>
Operating income	5,338	9,602	122,162
Non-operating revenues			
Non-operating revenues	8	8	101
	<u>8</u>	<u>8</u>	<u>101</u>
Non-operating expenses			
Interest expense.....	1,432	1,423	18,104
Corporate bonds interest	648	470	5,979
Amortization of bonds issuance costs	18	7	89
Amortization of units issuance costs	27	27	343
Loan-related costs	384	456	5,801
Other non-operating expenses.....	7	4	50
	<u>2,519</u>	<u>2,390</u>	<u>30,407</u>
Ordinary income.....	2,827	7,220	91,857
Income before income taxes.....	2,827	7,220	91,857
Income taxes (Note 15):			
Current	—	—	—
Deferred	513	—	—
	<u>514</u>	<u>—</u>	<u>—</u>
Net income	2,312	7,220	91,857
Unappropriated earnings at beginning of period	1	—	—
Retained earnings at end of period (Note 12).....	¥ 2,314	¥ 7,220	\$ 91,857

The accompanying notes are an integral part of these financial statements.

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
For the six months ended February 29, 2012 and August 31, 2012

	Unitholders' equity				Total unitholders' equity	Total net assets
	Unitholders' capital	Capital surplus	Reserve for dividends	Retained earnings		
	(in millions)					
Balance as of August 31, 2011	¥ 250,764	¥ 14,986	¥ 6,918	¥ 5,503	¥ 278,173	¥ 278,173
<u>Changes during the period</u>						
Issuance of new investment units	19,988	—	—	—	19,988	19,988
Cash distribution declared	—	—	—	(5,501)	(5,501)	(5,501)
Net income	—	—	—	2,312	2,312	2,312
<u>Total changes during the period</u>	19,988	—	—	(3,188)	16,799	16,799
Balance as of February 29, 2012	¥ 270,752	¥ 14,986	¥ 6,918	¥ 2,314	¥ 294,972	¥ 294,972
<u>Changes during the period</u>						
Appropriation of reserve for dividends	—	—	(4,592)	4,592	—	—
Cash distribution declared	—	—	—	(6,905)	(6,905)	(6,905)
Net income	—	—	—	7,220	7,220	7,220
<u>Total changes during the period</u>	—	—	(4,592)	4,906	314	314
Balance as of August 31, 2012	¥ 270,752	¥ 14,986	¥ 2,326	¥ 7,220	¥ 295,286	¥ 295,286

	Unitholders' equity				Total unitholders' equity	Total net assets
	Unitholders' capital	Capital surplus	Reserve for dividends	Retained earnings		
	(in thousands)					
Balance as of February 29, 2012	\$ 3,444,681	\$ 190,661	\$ 88,015	\$ 29,440	\$ 3,752,824	\$ 3,752,824
<u>Changes during the period</u>						
Appropriation of reserve for dividends	—	—	(58,422)	58,422	—	—
Cash distribution declared	—	—	—	(87,849)	(87,849)	(87,849)
Net income	—	—	—	91,857	91,857	91,857
<u>Total changes during the period</u>	—	—	(58,422)	62,417	3,994	3,994
Balance as of August 31, 2012	\$ 3,444,681	\$ 190,661	\$ 29,592	\$ 91,857	\$ 3,756,819	\$ 3,756,819

The accompanying notes are an integral part of these financial statements.

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the six months ended February 29, 2012 and August 31, 2012

	For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 2,827	¥ 7,220	\$ 91,857
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	5,380	5,268	67,022
Amortization of bonds issuance costs	18	7	89
Amortization of units issuance costs	27	27	343
Loss on sales of property	3,999	—	—
Loss on disposal of fixed assets.....	126	20	254
Interest income.....	(1)	(1)	(12)
Interest expense.....	2,081	1,894	24,096
Changes in assets and liabilities:			
Increase in Rental receivables	(41)	(10)	(127)
Decrease in Consumption tax refundable	25	247	3,142
(Increase) decrease in Long-term prepaid expenses	(1,207)	82	1,043
(Decrease) increase in Accounts payable—operating	(44)	184	2,340
Increase (decrease) in Accounts payable—other	28	(19)	(241)
Increase in Consumption tax payable.....	—	651	8,282
Increase (decrease) in Rent received in advance.....	190	(1)	(12)
Increase in Deposits received	146	123	1,564
Increase in Accrued expenses	51	14	178
Other, net	(101)	59	750
Sub total	13,509	15,769	200,623
Interest received.....	1	1	12
Interest expenses paid.....	(2,185)	(1,939)	(24,669)
Payments for loss on disaster	(35)	—	—
Income taxes paid	—	—	—
Net cash provided by operating activities.....	11,289	13,830	175,954
Cash Flows from Investing Activities:			
Purchases of property and equipment	(47,835)	(2,559)	(32,557)
Proceeds from sales of property and equipment.....	1,756	—	—
Payments of tenant leasehold and security deposits	(4,203)	(2,127)	(27,061)
Proceeds of tenant leasehold and security deposits	4,395	353	4,491
Purchases of intangible assets	(8)	—	—
Proceeds from sales of intangible assets	4	—	—
Proceeds from sales of securities	854	—	—
Payments of deposits and others	(58)	103	1,310
Net cash used in investing activities	(45,093)	(4,230)	(53,816)
Cash Flows from Financing Activities:			
Repayments of short-term borrowings	(30,375)	(2,000)	(25,445)
Proceeds from long-term borrowings	75,575	21,000	267,175
Repayments of long-term borrowings	(5,000)	(800)	(10,178)
Repayments of corporate bonds.....	(20,000)	(20,000)	(254,452)
Net proceeds from investment units issuance.....	19,822	—	—
Distribution payments	(5,503)	(6,907)	(87,875)
Net cash provided by (used in) financing activities.....	34,519	(8,707)	(110,776)
Net change in cash and cash equivalents	715	892	11,348
Cash and cash equivalents at beginning of period.....	15,095	15,810	201,145
Cash and cash equivalents at end of period.....	¥ 15,810	¥ 16,703	\$ 212,506

The accompanying notes are an integral part of these financial statements.

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended February 29, 2012 and August 31, 2012

Note 1 — Organization

Japan Retail Fund Investment Corporation (the “Company”), a real estate investment corporation, with initial capital of ¥200 million, was incorporated on September 14, 2001, under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”). The sponsors of the Company are Mitsubishi Corporation, UBS Global Asset Management (Japan) Ltd. and Mitsubishi Corp.-UBS Realty Inc. The Company was formed to invest primarily in retail properties in Japan. On March 12, 2002, the Company raised ¥23.46 billion through an initial public offering of 52,000 investment units.

On March 13, 2002, the day after the Company was listed on the J-REIT section of the Tokyo Stock Exchange, four retail properties were acquired, and operations of the Company commenced on this date.

On March 4, 2003, the Company completed its second public offering of 95,000 investment units at a price of ¥521,228 per unit. 67,910 of such units were issued in connection with a Japanese Primary Offering, and the remaining 27,090 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. Net proceeds of approximately ¥47.7 billion from the second offering were used to acquire five retail properties with an aggregate purchase price of ¥67.9 billion.

On March 26, 2003, the Company issued 5,102 units in connection with the underwriter stabilization activities within the Japanese Secondary Offering, generating net proceeds of ¥2.6 billion.

Subsequent to that, the Company acquired one retail property during the six months ended August 31, 2003 in cash and acquired six retail properties during the six months ended February 29, 2004 through bank borrowings from a bank syndicate.

On March 2, 2004, the Company completed its third public offering totaling 67,000 new investment units at a price of ¥654,910 per unit. 44,300 of such units were issued in connection with a Japanese Primary Offering, and the remaining 22,700 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. Net proceeds of approximately ¥42.3 billion from the third offering were used to acquire two retail properties on March 2, 2004 for an aggregate purchase price of ¥23.8 billion and to partially repay the outstanding short-term borrowings incurred in connection with the acquisition of six retail properties during the six months ended February 29, 2004.

Subsequent to the third offering, the Company acquired two retail properties during the six months ended August 31, 2004 in cash and through bank borrowings.

On March 8, 2005, the Company completed its fourth public offering totaling 56,000 new investment units at a price of ¥798,700 per unit. 32,200 of such units were issued in connection with a Japanese Primary Offering, and 23,800 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. On March 29, 2005, the Company issued 4,000 investment units domestically in connection with the exercise of an over-allotment option. Total net proceeds of approximately ¥46 billion from the fourth offering were used to acquire four retail properties and repay a portion of the outstanding short-term borrowings.

Subsequently, the Company acquired four properties in cash and through bank borrowings. The Company acquired eight properties in total during the six months ended August 31, 2005.

On September 14, 2005, the Company completed its fifth public offering totaling 23,000 new investment units at a price of ¥861,300 per unit. 11,600 of such units were issued in connection with a Japanese Primary Offering, and the remaining 11,400 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. Net proceeds of approximately ¥19 billion were used to repay the Company’s outstanding short-term borrowings incurred in connection with the acquisitions of four properties during the preceding fiscal period.

Subsequent to that, the Company acquired two properties in cash and through bank borrowings during the six months ended February 28, 2006. On February 8, 2006, the Company sold the building and the land leasehold rights for a 30-year period of Esquisse Omotesando to a third party developer for ¥2.15 billion. After taking into account the net book value of the building and various costs associated with the disposal, a loss of ¥16 million was incurred by the Company.

The Company acquired three additional properties by utilizing internal cash and bank borrowings during the six months ended August 31, 2006.

On September 21, 2006, the Company completed its sixth public offering totaling 78,000 new investment units at a price of ¥852,600 per unit. 40,000 of such units were issued in connection with a Japanese Primary Offering, and the remaining 38,000 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. On September 27, 2006, the Company issued an additional 6,000 investment units domestically in connection with the exercise of an over-allotment option. Net proceeds of approximately ¥69.2 billion were used to repay the Company’s outstanding short term borrowings incurred in connection with the acquisition of four properties in the preceding fiscal period.

Subsequently, the Company acquired four additional properties in cash and through bank borrowings during the six months ended February 28, 2007 and two additional properties by utilizing internal cash and bank borrowings during the six months ended August 31, 2007. In addition, the Company sold one property and 50% of a trust beneficiary interest during the six months ended August 31, 2007.

The Company acquired four additional properties in cash and through bank borrowings during the six months ended February 29, 2008 and four additional properties by utilizing internal cash and bank borrowings during the six months ended August 31, 2008.

The Company sold one property during the six months ended February 28, 2009 and acquired two additional properties by utilizing internal cash and bank borrowings during the six months ended August 31, 2009.

Effective on March 1, 2010, the Company executed a four-to-one unit split and 1,159,506 investment units were issued in connection with the unit split. Effective on the same day, the Company also merged with LaSalle Japan REIT Inc. ("LJR") and allocated 142,190 investment units at a ratio of 1.18 units (post-unit split) of the Company per one investment unit of LJR. As a result, investment units issued and outstanding were 1,688,198 units as of March 1, 2010. The Company acquired 21 properties by the merger and seven additional properties in cash and through bank borrowings during the six months ended August 31, 2010. In addition, the Company sold one property during the six months ended August 31, 2010.

Subsequently, the Company invested in two properties through Tokumei Kumiai agreements by utilizing internal cash and bank borrowings during the six months ended February 28, 2011, and sold 18 properties (non-core assets acquired by the merger with LJR) to a third party on September 3, 2010.

The Company invested in two additional properties through another Tokumei Kumiai agreement by utilizing internal cash on April 15, 2011.

On September 14, 2011, the Company completed its seventh public offering totaling 187,500 new investment units at a price of ¥107,640 per unit. 94,200 of such units were issued in connection with a Japanese Primary Offering, and the remaining 93,300 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. On October 12, 2011, the Company issued an additional 4,500 investment units domestically in connection with the exercise of an over-allotment option. Subsequently, the Company acquired 12 properties, including properties invested through the Tokumei Kumiai agreements, with an aggregate purchase price of ¥46.0 billion by utilizing the net proceeds of approximately ¥19.9 billion from the seventh offering and through new bank borrowings during the six months ended February 29, 2012. All of the Tokumei Kumiai agreements were terminated by this acquisition. In addition, the Company sold one property during the six months ended February 29, 2012.

As of August 31, 2012, the Company's portfolio consisted of 70 properties.

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

The Company maintains its accounts and records in conformity with accounting principles and practices generally accepted in Japan ("Japanese GAAP"), including provisions set forth in the Investment Trust Act, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan, and other related regulations, which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards or accounting principles generally accepted in the United States of America.

The accompanying financial statements are a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP and filed with the Kanto Local Finance Bureau as required by the Financial Instruments and Exchange Act of Japan. In preparing the accompanying financial statements, relevant notes have been added and certain reclassifications have been made from financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan.

The financial statements are not intended to present the financial position and the results of operations in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

The Company's fiscal period is a six-month period which ends at the end of February and August of each year.

Amounts less than ¥1 million and US\$ 1 thousand have been rounded down. As a result, the total shown in the financial statements and notes thereto do not necessarily agree to the sum of the individual account balances.

The Company does not prepare consolidated financial statements as it has no subsidiaries.

(b) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits, and short-term investments which are highly liquid and readily convertible into cash, have a low risk of price fluctuation, and mature within three months from the date of acquisition.

(c) 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
Furniture and fixtures.....	2-20 years

(d) Other Intangible Assets

Other intangible assets are amortized on a straight-line basis over the period of the estimated useful lives of the assets.

(e) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized on a straight-line basis.

(f) Impairment of Fixed Assets

An assessment for impairment is carried out on an asset or group of assets, such as fixed assets, intangible assets and investments, whenever events or changes in circumstances indicate that the carried amount may not be recoverable.

If the asset or group of assets is deemed to be impaired, an impairment loss is recognized for the difference between the carrying amount and the fair value of the asset or group of assets using the discounted cash flow model.

(g) Accounting Treatment of Trust Beneficiary Interests in Real Estate Trusts

For trust beneficiary interests in real estate trusts, which are commonly utilized to obtain ownership in commercial properties in Japan and through which the Company holds all of its real estate, all assets and liabilities with respect to assets in trust, as well as all income generated and expenses incurred with respect to assets in trust, are recorded in the relevant balance sheet and income statement accounts of the Company in proportion to the percentage interest that such trust beneficiary interest represents.

(h) Accounting Treatment of Investments in Tokumei Kumiai

Investments in Tokumei Kumiai agreements (“TK”) are accounted for using the equity method of accounting. Under the equity method, the initial and additional subsequent investments in a TK are recorded at cost and the carrying value at the balance sheet date is adjusted for the Company’s share of the undistributed earnings or losses and distributions received from the TK entity.

(i) Bonds Issuance Costs

Bonds issuance costs are capitalized and amortized on a straight-line basis over the maturity period of the bonds issued, which range from five to ten years.

(j) Units Issuance Costs

Units issuance costs are capitalized and amortized over three years.

(k) Income Taxes

Deferred tax assets and liabilities are computed based on the temporary differences between the financial statement and income tax basis of assets and liabilities using the applicable statutory tax rate.

(l) Consumption Taxes

Consumption taxes withheld and consumption taxes paid are not included in the statements of income and retained earnings. Consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld are included in current assets and the excess of amounts withheld over payments are included in current liabilities as the case may be.

(m) Taxes on Property and Equipment

Property and equipment are subject to various taxes, such as property taxes and urban planning taxes on an annual basis. An owner of a property is registered in the record maintained by the local government in each jurisdiction, and such taxes are imposed on the owner registered in the record as of January 1st of each year 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 Japanese GAAP. 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 amounted to ¥123 million and ¥7 million (US\$89 thousand) for the six months ended February 29, 2012 and August 31, 2012, respectively.

(n) Revenue Recognition

Revenue from the leasing of retail space includes fixed rental revenues, variable rental revenues, sales-based rental revenues, recoveries of utility charges and other miscellaneous income, which are all recognized in a pattern appropriate for each revenue stream.

(o) Hedge Accounting

In accordance with the Company's risk management policy and its internal rules, the Company uses derivative instruments for the purpose of hedging risks that are prescribed in the Company's articles of incorporation. The Company hedges fluctuations in interest rates of borrowings through the use of interest rate swaps as hedging instruments. Based on the special treatment provided under Japanese GAAP, if interest rate swaps qualify for hedge accounting and meet specific criteria, only the interest received or paid under such swap contracts is recognized and added to or reduced from any interest earned or incurred on the hedged asset or liability as appropriate, and the fair value of the interest rate swaps is not required to be evaluated separately. The assessment of hedge effectiveness is not performed when the interest rate swaps meet the specific criteria required for such special treatment.

(p) Equipment Leases

The Company capitalized all finance leases on its balance sheets and depreciates the leased assets using the straight-line method, assuming no residual value, over the lease term.

Note 3 – U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥78.60 = US\$1, the effective rate of exchange prevailing at August 31, 2012. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended August 31, 2012 is solely for the convenience of readers outside Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 – Trust Beneficiary Interest in Real Estate Trusts

For trust beneficiary interest in real estate trusts, all assets and liabilities with respect to assets in the trusts are recorded in the relevant balance sheet accounts of the Company in proportion to the percentage interest in the trusts.

The assets and liabilities owned in the real estate trusts are summarized as follows:

	As of		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 6,515	¥ 7,694	\$ 97,888
Property and equipment, at cost:			
Land	377,490	382,941	4,872,022
Buildings	263,779	264,615	3,366,603
Building improvements	14,555	14,560	185,241
Machinery and equipment	1,520	1,525	19,402
Furniture and fixtures	3,361	3,408	43,358
	660,707	667,051	8,486,653
Less: Accumulated depreciation	(58,284)	(63,488)	(807,735)
Net property and equipment	602,422	603,562	7,678,905
Other assets:			
Leasehold rights	¥ 8,785	¥ 6,844	\$ 87,073
Other intangible assets	115	107	1,361
Lease deposits	3,286	1,404	17,862

	As of		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	3,428	2,695	34,287
Non-current liabilities:			
Tenant leasehold and security deposits	57,266	56,332	716,692

Note 5 – Schedule of Property and Equipment

(i) Schedule of Property and Equipment as of February 29, 2012 consisted of the following:

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance (in millions)			
Land.....	¥ 365,564	¥ 34,780	¥ 1,660	¥ 398,683	¥ —	¥ —	¥ 398,683
Buildings	258,890	12,243	5,673	265,460	52,633	4,858	212,827
Building improvements.....	13,928	698	3	14,623	3,634	298	10,988
Machinery and equipment	1,485	34	—	1,520	544	44	976
Furniture and fixtures.....	3,468	159	253	3,373	1,620	154	1,753
Total.....	¥ 643,338	¥ 47,915	¥ 7,591	¥ 683,662	¥ 58,433	¥ 5,356	¥ 625,229

(ii) Schedule of Property and Equipment as of August 31, 2012 consisted of the following:

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance (in millions)			
Land.....	¥ 398,683	¥ 5,451	¥ —	¥ 404,135	¥ —	¥ —	¥ 404,135
Buildings	265,460	860	13	266,308	57,380	4,753	208,928
Building improvements.....	14,623	15	10	14,628	3,934	301	10,693
Machinery and equipment	1,520	4	—	1,525	589	44	936
Furniture and fixtures.....	3,373	53	6	3,420	1,761	146	1,659
Total.....	¥ 683,662	¥ 6,385	¥ 30	¥ 690,018	¥ 63,665	¥ 5,245	¥ 626,352

	At cost				Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease	Ending balance (in thousands)			
Land.....	\$ 5,072,302	\$ 69,351	\$ —	\$ 5,141,666	\$ —	\$ —	\$ 5,141,666
Buildings	3,377,353	10,941	165	3,388,142	730,025	60,470	2,658,117
Building improvements.....	186,043	190	127	186,106	50,050	3,829	136,043
Machinery and equipment	19,338	50	—	19,402	7,493	559	11,908
Furniture and fixtures.....	42,913	674	76	43,511	22,404	1,857	21,106
Total.....	\$ 8,697,989	\$ 81,234	\$ 381	\$ 8,778,854	\$ 809,987	\$ 66,730	\$ 7,968,854

Note 6 – Schedule of Intangible Assets

(i) Schedule of Intangible Assets as of February 29, 2012 consisted of the following:

	At cost				Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease	Ending balance (in millions)			
Leasehold rights	¥ 9,041	¥ —	¥ 79	¥ 8,962	¥ 156	¥ 14	¥ 8,805
Other intangible assets	250	8	20	238	123	9	115
Total.....	¥ 9,292	¥ 8	¥ 99	¥ 9,200	¥ 279	¥ 24	¥ 8,920

(ii) Schedule of Intangible Assets as of August 31, 2012 consisted of the following:

	At cost				Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease	Ending balance (in millions)			
Leasehold rights	¥ 8,962	¥ —	¥ 1,926	¥ 7,035	¥ 171	¥ 14	¥ 6,864
Other intangible assets	238	—	—	239	131	8	107
Total.....	¥ 9,200	¥ —	¥ 1,926	¥ 7,274	¥ 302	¥ 22	¥ 6,971

	At cost				Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease	Ending balance (in thousands)			
Leasehold rights	\$ 114,020	\$ —	\$ 24,503	\$ 89,503	\$ 2,175	\$ 178	\$ 87,328
Other intangible assets	3,027	—	—	3,040	1,666	101	1,361
Total.....	\$ 117,048	\$ —	\$ 24,503	\$ 92,544	\$ 3,842	\$ 279	\$ 88,689

Note 7 – Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment properties in the aggregate for the six months ended February 29, 2012 and August 31, 2012.

	As of / For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Net book value⁽ⁱ⁾			
Balance at the beginning of the period	¥ 597,570	¥ 634,149	\$ 8,068,053
Net increase (decrease) during the period ⁽ⁱⁱ⁾	36,579	(826)	(10,508)
Balance at the end of the period	¥ 634,149	¥ 633,322	\$ 8,057,531
Fair value⁽ⁱⁱⁱ⁾	¥ 614,545	¥ 621,840	\$ 7,911,450

Note:

- (i) The net book value includes leasehold rights and other intangible assets.
(ii) Changes in the net book value are mainly due to the following transactions (except for depreciation):

For the six months ended February 29, 2012:		Increase (decrease) in net book value (in millions)	
Acquisitions:			
Kishiwada CanCan Bayside Mall			¥ 7,168
Makuhari Plaza			5,773
MrMax Nagasaki			2,511
Urban Terrace Jingumae			2,829
Round1 Stadium Itabashi			2,434
Round1 Machida			2,479
Arkangel Daikanyama (Land with leasehold interest)			1,842
G-Bldg. Shinsaibashi 02			4,425
Round1 Stadium Sennichimae (Land with leasehold interest)			8,091
Izumisano Shofudai (Land with leasehold interest)			2,657
Tecc Land Neyagawa (Land with leasehold interest)			1,154
mozo wonder city			5,324
A part of Land with leasehold interest in AEON Naha Shopping Center			137
Disposals:			
Hakata Riverain			(5,760)
For the six months ended August 31, 2012:		Increase (decrease) in net book value	
		(in millions)	(in thousands)
Acquisitions:			
A part of Land with leasehold interest in Nara Family		¥ 3,524	\$ 44,834

- (iii) Fair value has been determined based on independent real estate appraisers.

For rental revenues and expenses for the six months ended February 29, 2012 and August 31, 2012, please refer to “Note 13 Breakdown of Rental and Other Operating Revenues and Property-Related Expenses”.

Note 8 – Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of February 29, 2012 and August 31, 2012 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Bank borrowings at end of the period			
Short-term borrowings	¥ 16,200	¥ 14,200	\$ 180,661
Long-term borrowings	219,351	239,551	3,047,722
Total	<u>¥ 235,551</u>	<u>¥ 253,751</u>	<u>\$ 3,228,384</u>
Average interest rates range for the period.....	From 0.5% to 3.0%	From 0.5% to 3.0%	

As of February 29, 2012 and August 31, 2012, the Company entered into credit facilities and committed lines of credit as follows:

	As of		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Credit Facilities			
Total amount of credit facilities	¥ 37,500	¥ 35,500	\$ 451,653
Borrowings drawn down	(16,200)	(14,200)	(180,661)
Unused credit facilities.....	<u>¥ 21,300</u>	<u>¥ 21,300</u>	<u>\$ 270,992</u>
Commitment Lines			
Total amount of committed lines of credit	¥ 50,000	¥ 50,000	\$ 636,132
Borrowings drawn down	—	—	—
Unused committed lines of credit.....	<u>¥ 50,000</u>	<u>¥ 50,000</u>	<u>\$ 636,132</u>

Note 9 – Corporate Bonds

The details of unsecured corporate bonds issued and outstanding as of February 29, 2012 and August 31, 2012 were as follows:

	Balance as of		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Long-term bonds — unsecured			
¥15 billion of 10-year bonds, issued on February 9, 2005, maturing on February 9, 2015 with a coupon of 1.73%	¥ 15,000	¥ 15,000	\$ 190,839
¥10 billion of 10-year bonds, issued on February 22, 2006, maturing on February 22, 2016 with a coupon of 2.02%	10,000	10,000	127,226
¥20 billion of 5-year bonds, issued on May 23, 2007, maturing on May 23, 2012 with a coupon of 1.60%	20,000	—	—
¥15 billion of 10-year bonds, issued on May 23, 2007, maturing on May 23, 2017 with a coupon of 2.17%	15,000	15,000	190,839
Total	<u>¥ 60,000</u>	<u>¥ 40,000</u>	<u>\$ 508,905</u>

Note 10 – Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥233,396 million and ¥237,199 million (US\$3,017,798 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥40,006 million and ¥39,265 million (US\$499,554 thousand) as of February 29, 2012 and August 31, 2012, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure a co-owner's payment of tenant leasehold and security deposits for a total amount of ¥691 million (US\$8,791 thousand) and a former owner's payment of retirement benefit obligation for an amount of ¥350 million (US\$4,452 thousand) as of February 29, 2012 and August 31, 2012.

Note 11 – Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new units is allocated to unitholders' capital within the net assets. The Company is required to maintain net assets of at least ¥50 million (US\$636

thousand) as required by the Investment Trust Act.

The units issued and outstanding were 1,880,198 units as of February 29, 2012 and August 31, 2012.

Note 12 – Appropriation of Retained Earnings

In accordance with the distribution policy in the Company's article of incorporation which stipulates to make distribution in excess of 90% of distributable profit as defined in the Special Taxation Measure Act of Japan for the fiscal period, the Company generally intends to distribute approximately 100% of retained earnings. Also the Company intends to make regular distributions to unitholders with respect to its semi-annual fiscal periods, ending at the end of February and August of each year.

Because the gain on negative goodwill did not qualify as distributable profit as defined in the Special Taxation Measure Act of Japan for the six months ended August 31, 2010, the Company transferred ¥6,918 million from retained earnings to reserve for dividends on October 13, 2010 instead of declaring dividends for that fiscal period.

The following table shows the appropriation of retained earnings for the six months ended February 29, 2012 and August 31, 2012, respectively.

	For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Retained earnings at the end of period	¥ 2,314	¥ 7,220	\$ 91,857
Appropriation of reserve for dividends	4,592	—	—
Cash distribution declared.....	(6,905)	(7,219)	(91,844)
Retained earnings carried forward.....	¥ —	¥ —	\$ —

A dividend in respect of the six months ended August 31, 2012 of ¥3,840 (US\$48) per investment unit, amounting to a total dividend of ¥7,219 million (US\$91,844 thousands) consisted of substantially all retained earnings at the end of the period amounting to ¥7,220 million (US\$91,857 thousand) was proposed and approved at the board of directors meeting on October 15, 2012. These financial statements do not reflect this dividend payable.

Cash distributions per investment unit were ¥3,673 and ¥3,840 (US\$48) for the six months ended February 29, 2012 and August 31, 2012, respectively.

Note 13 – Breakdown of Rental and Other Operating Revenues and Property-Related Expenses

Rental and other operating revenues and property-related expenses for the six months ended February 29, 2012 and August 31, 2012 consist of the following:

	For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Rental and other operating revenues:			
Rental and parking revenue	¥ 21,609	¥ 21,535	\$ 273,982
Common area charges.....	813	851	10,826
Other.....	1,212	1,172	14,910
Total rental and other operating revenues	¥ 23,634	¥ 23,559	\$ 299,732
Property-related expenses:			
Property management fees.....	¥ 436	¥ 410	\$ 5,216
Facility management fees	1,037	999	12,709
Utilities	900	933	11,870
Property-related taxes	2,457	2,425	30,852
Repair and maintenance.....	107	160	2,035
Insurance	54	53	674
Trust fees	103	101	1,284
Rent expense ⁽ⁱ⁾	955	920	11,704
Other.....	501	405	5,152
Depreciation	5,380	5,268	67,022
Loss on disposal of property.....	126	20	254
Total property-related expenses	¥ 12,061	¥ 11,699	\$ 148,842
Operating income from property leasing activities.....	¥ 11,573	¥ 11,859	\$ 150,877

Note:

(i) Rent expense represents payments to the owners of the building and/or land in which the Company has leasehold rights.

Note 14 – Breakdown of Loss on Sales of Property

Breakdown of loss on sales of property for the six months ended February 29, 2012 were as follows:

	For the six months ended February 29, 2012 (in millions)	
Proceeds from sale of land and building	¥	1,800
Cost of land and building sold		(5,760)
Other selling expenses		(39)
Loss on sale of property	¥	(3,999)

Note 15 – Income Taxes

The Company is subject to corporate income taxes in Japan at a statutory rate of approximately 40%. The Company may deduct from its taxable income the amounts distributed to its unitholders, provided the requirements are met under the Special Taxation Measure Act of Japan. Under this act, the Company must meet a number of tax requirements, including a requirement to distribute in excess of 90% of distributable profit for the fiscal period in order to be able to deduct such amounts. If the Company does not satisfy all of the requirements, the entire taxable income of the Company will be subject to regular corporate income taxes in Japan.

The Company has a policy of making distributions in excess of 90% of its distributable profit for the fiscal period to qualify for conditions set forth in the Special Taxation Measure Act of Japan to achieve a deduction of distributions for income tax purpose and distributed approximately 100% or more of distributable profit. Hence, the Company has treated the distributions as a tax allowable deduction as defined in the Special Taxation Measure Act of Japan.

Deferred tax assets or liabilities are recognized where assets or liabilities have different accounting and tax bases. The tax rate used for the calculation of deferred tax is the rate applicable to the period in which the temporary differences are expected to be reversed. Since we would generally not expect to incur income tax payable in the future, in principle we provide valuation allowance in full for future deductible temporary differences that would give rise to deferred tax assets. Deferred tax liabilities are recognized except for cases where it is highly likely that the Company will not be subject to income tax in the future.

Reconciliation of the Company's effective tax rates and statutory tax rates are as follows:

	For the six months ended	
	February 29, 2012	August 31, 2012
	(Rate)	
Statutory tax rate	39.33%	39.33%
Deductible cash distributions	(38.90)	(39.31)
Change in valuation difference on assets acquired by the merger (not offset by other tax deductible items)	18.18 ⁽ⁱ⁾	—
Change in valuation allowance (for deferred tax assets)	(0.63)	(0.10)
Other	0.22	0.09
Effective tax rate	18.20%	0.01%

Note:

- (i) The change arose from a deferred tax liability of ¥513 million for the period ended February 29, 2012 because the Company's position of not being subject to any income tax in the future may be unsustainable. This is due to the reduced level in the reserve for dividends from which the Company can make tax-deductible distributions, as a result of its appropriation amounting to ¥4,592 million for the period ended February 29, 2012 as described in Note 12.

Deferred tax assets and liabilities consist of the followings:

	February 29, 2012	As of August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Deferred tax assets:			
Current:			
Tax loss carryforwards	¥ 3,541	¥ 3,294	\$ 41,908
Other	—	1	12
Sub total	3,542	3,296	41,933
Valuation allowance.....	(3,542)	(3,296)	(41,933)
Total	—	—	—
Non-current:			
Amortization of leasehold rights	87	94	1,195
Asset retirement obligations.....	117	118	1,501
Valuation difference on assets acquired by the merger	6,171	6,149	78,231
Other	6	9	114
Sub total	6,382	6,371	81,055
Valuation allowance.....	(6,382)	(6,371)	(81,055)
Total	—	—	—
Total deferred tax assets.....	—	—	—
Net deferred tax assets.....	¥ —	¥ —	\$ —
Deferred tax liabilities:			
Non-current:			
Valuation difference on assets acquired by the merger (not offset by other tax deductible items)	¥ 513 ⁽ⁱ⁾	¥ 513	\$ 6,526
Total deferred tax liabilities	513	513	6,526
Net deferred tax liabilities.....	¥ 513	¥ 513	\$ 6,526

Note:

- (i) The Company recorded a deferred tax liability of ¥513 million for the period ended February 29, 2012 because the Company's position of not being subject to any income tax in the future may be unsustainable. This is due to the reduced level in the reserve for dividends from which the Company can make tax-deductible distributions, as a result of its appropriation amounting to ¥4,592 million for the period ended February 29, 2012 as described in Note 12.

On December 2, 2011, the Japanese government announced two tax acts (Act No.114 of 2011 and Act No.117 of 2011) which result in changes of the statutory tax rate over the forthcoming years. As a consequence of the effects of these acts, the statutory tax rate will change from 42.05% to 39.43% for the six months ending February 28, 2013 to August 31, 2015 and to 37.11% from the six months ending February 29, 2016. The deferred tax liabilities are measured at the statutory tax rates that are expected to apply to the period as described above, when the taxable differences are expected to be reversed. As a result of this change of the statutory tax rate, deferred tax liabilities as of February 29, 2012 and income taxes for the six months then ended decreased by ¥120 million.

Note 16 – Leases

(a) Lease Rental Revenues

The Company leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of February 29, 2012 and August 31, 2012 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	February 29, 2012	As of August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Due within one year	¥ 31,723	¥ 30,707	\$ 390,674
Due after one year	127,184	116,136	1,477,557
Total.....	¥ 158,907	¥ 146,843	\$ 1,868,231

(b) Lease Commitments

As described in Note 2 (p), Finance lease transactions entered into on or after March 1, 2008, that do not transfer ownership of the leased property to the lessee, are capitalized and depreciated on a straight-line basis, assuming no residual value, over the lease term. Such capitalized leased properties are copying machines.

Note 17 – Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

The Company raises funds through borrowings, issuance of corporate bonds, or issuance of investment units, for the purpose of the acquisition of real estate properties, payment of expenditures on property maintenance and/or repayment of existing debt. Surplus funds are managed carefully by investing in financial instruments that meet the Company's investment policy in terms of liquidity and safety in light of the current financial market condition. Derivative instruments are used only for hedging purposes and not for speculative purposes.

(ii) Nature and extent of risks arising from financial instruments and risk management

The funds raised through borrowings or issuance of corporate bonds are mainly used to acquire real estate properties or properties in trust, and for the repayment of existing borrowings or corporate bonds. Tenant leasehold and security deposits are deposits from tenants.

Although borrowings with floating interest rate are subject to fluctuations in market interest rates, the Company manages to keep an appropriate level of liabilities ratio in order to manage its exposure to the potential rise in the market interest rates. In addition, a certain portion of long-term borrowings with floating interest rates is hedged by derivatives (interest rate swaps) as hedging instruments. The assessment of hedge effectiveness is not performed when the interest rate swaps meet specific criteria required for the special treatment provided under Japanese GAAP. In accordance with the Company's risk management policy and its internal rules, the Company uses derivative instruments for the purpose of hedging risks that are prescribed in the Company's articles of incorporation.

Liquidity risks relating to borrowings, corporate bonds and tenant leasehold and security deposits are managed by preparing monthly plans for funds, keeping high liquidity and making credit facility agreements and commitment line agreements with banks.

(iii) Supplemental information on fair value of financial instruments

The fair value of financial instruments is based on quoted market prices if available. When quoted market prices are not available, fair value is estimated using valuation techniques which contain various assumptions. If other valuation models or assumptions were used, the estimated value may differ.

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of February 29, 2012 and August 31, 2012.

	As of								
	February 29, 2012			August 31, 2012			August 31, 2012		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands)		
Assets:									
(1) Cash and cash equivalents	¥ 15,810	¥ 15,810	¥ —	¥ 16,703	¥ 16,703	¥ —	\$ 212,506	\$ 212,506	\$ —
Total assets	¥ 15,810	¥ 15,810	¥ —	¥ 16,703	¥ 16,703	¥ —	\$ 212,506	\$ 212,506	\$ —
Liabilities:									
(1) Short-term borrowings.....	¥ 16,200	¥ 16,200	¥ —	¥ 14,200	¥ 14,200	¥ —	\$ 180,661	\$ 180,661	\$ —
(2) Current portion of long-term borrowings.....	1,600	1,615	(15)	9,000	9,015	(15)	114,503	114,694	(190)
(3) Current portion of long-term bonds issued	20,000	20,046	(46)	—	—	—	—	—	—
(4) Current portion of tenant leasehold and security deposits	3,385	3,387	(1)	2,649	2,653	(4)	33,702	33,753	(50)
(5) Long-term borrowings	217,751	219,921	(2,170)	230,551	233,257	(2,706)	2,933,218	2,967,646	(34,427)
(6) Long-term bonds issued.....	40,000	41,455	(1,455)	40,000	41,443	(1,443)	508,905	527,264	(18,358)
(7) Tenant leasehold and security deposits	16,138	16,507	(368)	15,394	15,889	(494)	195,852	202,150	(6,284)
Total liabilities	¥ 315,075	¥ 319,133	¥ (4,058)	¥ 311,794	¥ 316,459	¥ (4,664)	\$ 3,966,844	\$ 4,026,195	\$ (59,338)
Derivative instruments	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	\$ —	\$ —	\$ —

Note (i): The methods and assumption used to estimate fair value are as follows:

Assets

(1) Cash and cash equivalents

The carrying amounts of cash and cash equivalents are deemed to approximate their fair value.

Liabilities

(1) Short-term borrowings

Because of their short maturities, the carrying amounts of short-term borrowing approximate their fair values.

(2) Current portion of long-term borrowings and (5) Long-term borrowings

Long-term borrowings with floating interest rates are stated at their carrying amounts as their carrying amounts approximate their fair values. When long-term borrowings with floating interest rates are hedged by interest rate swaps which qualify for hedge accounting and meet special criteria, the fair value of the hedged long-term borrowings is determined based on the present value of contractual cash flows in conjunction with the hedging interest rate swaps discounted at current market interest rates which would be applicable to new borrowings under the same conditions and terms. Fair value of long-term borrowings with fixed interest rates, the fair value is determined based on the present value of contractual cash flows discounted at current market interest rates which would be applicable to new borrowings under the same conditions and terms.

- (3) Current portion of long-term bonds issued and (6) Long-term bonds issued
The fair value is the quoted price provided by financial market information provider.

- (4) Current portion of tenant leasehold and security deposits and (7) Tenant leasehold and security deposits
The fair value is determined based on the present value of contractual cash flows discounted at current interest rates which would be applicable to contracts with similar terms and credit risk.

Derivative instruments

Based on the special treatment provided under Japanese GAAP for the qualifying interest rate swaps as described in "Note 2 Summary of Significant Accounting Policies (o) Hedge Accounting", the fair value of the interest rate swaps as the hedging instrument is not measured separately from that of the long-term borrowings as the hedged item. Please refer to "Note 18 Derivatives" for disclosure of the fair value of the interest rate swaps that is based on the amount calculated by the counterparty to the swap contracts.

Note (ii): Financial instruments for which fair value is difficult to determine are as follows:

	As of		August 31, 2012 (in thousands)
	February 29, 2012 (in millions)	August 31, 2012 (in millions)	
Current portion of tenant leasehold and security deposits	¥ 46	¥ 46	\$ 585
Tenant leasehold and security deposits	42,693	42,480	540,458
Total liabilities	¥ 42,740	¥ 42,527	\$ 541,055

Tenant leasehold and security deposits are not publicly traded, and it is difficult to determine their fair value based on estimated future cash flows because the repayment dates of those deposits are not certain. Therefore, these financial instruments are not included in the above quantitative information.

Note (iii): Cash flows schedule of financial assets after the balance sheet date

As of February 29, 2012:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in millions)			
Cash and cash equivalents	¥ 15,810	¥ —	¥ —	¥ —	¥ —	¥ —
Total	¥ 15,810	¥ —	¥ —	¥ —	¥ —	¥ —
As of August 31, 2012:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in millions)			
Cash and cash equivalents	¥ 16,703	¥ —	¥ —	¥ —	¥ —	¥ —
Total	¥ 16,703	¥ —	¥ —	¥ —	¥ —	¥ —
As of August 31, 2012:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in thousands)			
Cash and cash equivalents	\$ 212,506	\$ —	\$ —	\$ —	\$ —	\$ —
Total	\$ 212,506	\$ —	\$ —	\$ —	\$ —	\$ —

Note (iv): Cash flows schedule of interest-bearing financial liabilities after the balance sheet date

As of February 29, 2012:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in millions)			
Short-term borrowings	¥ 16,200	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of long-term borrowings	1,600	—	—	—	—	—
Current portion of long-term bonds issued	20,000	—	—	—	—	—
Current portion of tenant leasehold and security deposits	1,594	—	—	—	—	—
Long-term borrowings	—	12,000	13,450	46,710	22,450	123,141
Long-term bonds issued	—	—	15,000	10,000	—	15,000
Tenant leasehold and security deposits	—	1,594	1,305	1,548	1,531	7,401
Total	¥ 39,394	¥ 13,594	¥ 29,755	¥ 58,258	¥ 23,981	¥ 145,542
As of August 31, 2012:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in millions)			
Short-term borrowings	¥ 14,200	¥ —	¥ —	¥ —	¥ —	¥ —
Current portion of long-term borrowings	9,000	—	—	—	—	—
Current portion of tenant leasehold and security deposits	1,594	—	—	—	—	—
Long-term borrowings	—	8,550	43,710	23,250	11,300	143,741
Long-term bonds issued	—	—	15,000	10,000	15,000	—
Tenant leasehold and security deposits	—	1,521	1,354	1,548	1,531	6,947
Total	¥ 24,794	¥ 10,071	¥ 60,064	¥ 34,798	¥ 27,831	¥ 150,688
As of August 31, 2012:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in thousands)			
Short-term borrowings	\$ 180,661	\$ —	\$ —	\$ —	\$ —	\$ —
Current portion of long-term borrowings	114,503	—	—	—	—	—
Current portion of tenant leasehold and security deposits	20,279	—	—	—	—	—
Long-term borrowings	—	108,778	556,106	295,801	143,765	1,828,765
Long-term bonds issued	—	—	190,839	127,226	190,839	—
Tenant leasehold and security deposits	—	19,351	17,226	19,694	19,478	88,384
Total	\$ 315,445	\$ 128,129	\$ 764,173	\$ 442,722	\$ 354,083	\$ 1,917,150

Note 18 – Derivatives

Information on derivative transactions undertaken by the Company as of February 29, 2012 and August 31, 2012 was as follows. Derivative instruments are used for hedging purposes only and are subject to hedge accounting where specific criteria are met.

As of February 29, 2012:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)	
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 25,000	¥ 25,000	¥ (496)
Total			¥ 25,000	¥ 25,000	¥ (496)

As of August 31, 2012:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)		Total	Over 1 year (in thousands)	
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 25,000	¥ 25,000	¥ (836)	\$ 318,066	\$ 318,066	\$ (10,636)
Total			¥ 25,000	¥ 25,000	¥ (836)	\$ 318,066	\$ 318,066	\$ (10,636)

Notes:

- (i) As disclosed in "Note 2 Summary of Significant Accounting Policies (o) Hedge Accounting", the Company applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, is determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term borrowings as the hedged item is calculated together as one and disclosed as such under Note (i) in "Note 17 Financial Instruments (b) Quantitative information for financial instruments".
- (ii) The notional amounts relating to derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- (iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts based on the prevailing market interest rates and other assumptions.

Note 19 – Asset Retirement Obligations

The Company has an obligation under a fixed-term leasehold agreement to restore the leased land where AEON TOWN Ogaki is located upon the termination of the agreement. The estimated useful life of the property is 29 years which is the same as the term of the agreement. The asset retirement obligation of the restoration is recognized as a liability for an amount representing the present value of estimated future cash flow discounted at 1.789%.

Movements of asset retirement obligations for the six months ended February 29, 2012 and August 31, 2012 were as follows:

	For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
	(in millions)		(in thousands)
Balance at the beginning of the period	¥ 340	¥ 343	\$ 4,363
Adjustment for passage of time	3	3	38
Balance at the end of the period	¥ 343	¥ 346	\$ 4,402

Note 20 – Contingent Liabilities

On November 1, 2011, Tokyu Hands Inc., a tenant of 8953 Osaka Shinsaibashi Building (held by the Company in form of trust beneficiary interest in real estate trust), brought a case at Osaka District Court against the Company through a trustee of the property, to demand reduction of the rent and parking fee for the period from December 27, 2009 to December 26, 2010 by 20 %, and for a period after December 27, 2010 by 30% compared to the amounts as stated on the current lease contract.

If their claim by Tokyu Hands Inc. were allowed, the Company would be obliged to pay the rent and parking fee reduction totaling of ¥585 million (US\$7,442 thousand) (calculated up to August 31, 2012) and interest on the obligation.

The Company is not able to estimate the outcome of this case at this point.

Note 21 – Related-Party Transactions

(a) Real Estate Acquisition

The Company acquired certain properties from Kamiotai SC2 LLC for ¥5,250 million during the six months ended February 29, 2012. For the six months ended August 31, 2012, there were no acquisition transactions with related parties.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥1,984 million and ¥1,990 million (US\$25,318 thousand) were paid by the Company for the six months ended February 29, 2012 and August 31, 2012, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥368 million were paid by the Company for the six months ended February 29, 2012. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥103 million and ¥107 million

(US\$1,361 thousand) for general administration fees, ¥58 million and ¥54 million (US\$687 thousand) for custodian fees, and ¥130 million and ¥151 million (US\$1,921 thousand) for interest expense for the six months ended February 29, 2012 and August 31, 2012, respectively.

In addition, the Company made short-term borrowings of ¥7,860 million from Mitsubishi UFJ Trust and Banking Corporation for the six months ended February 29, 2012. Also, the Company made long-term borrowings from Mitsubishi UFJ Trust and Banking Corporation that amounted to ¥18,082 million and ¥4,880 million (US\$62,086 thousand) for the six months ended February 29, 2012 and August 31, 2012, respectively. The Company repaid ¥16,453 million of short-term borrowings for the six months ended February 29, 2012.

The ending balances of accrued general administration fees, accounts payable for custodian fees, accrued interest expense, short-term borrowings and long-term borrowings as of August 31, 2012 were ¥36 million (US\$458 thousand), ¥9 million (US\$114 thousand), ¥51 million (US\$648 thousand), ¥3,767 million (US\$47,926 thousand) and ¥37,116 million (US\$472,213 thousand), respectively.

Note 22 – Per Unit Information

The following table shows the net asset value per unit as of February 29, 2012 and August 31, 2012 and net income per unit for the six months then ended.

Net income per unit is calculated by dividing the net income attributable to unitholders by the weighted average number of units outstanding during the six months period. The Company has no dilutive potential units.

	As of / For the six months ended		
	February 29, 2012	August 31, 2012	August 31, 2012
The net asset value per unit.....	¥ 156,883	¥ 157,050	\$ 1,998
Net income per unit.....	¥ 1,239	¥ 3,840	\$ 48
Weighted average number of units	1,865,791	1,880,198	

Note 23 – Segment Information

Segment information for the six months ended February 29, 2012 and August 31, 2012 is as follows:

(a) Operating Segment Information

Disclosure is omitted as the Company is comprised of a single reportable segment engaged in the property rental business.

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

Disclosure is not required as revenues from external customers for the single segment is in excess of 90% of total revenues.

(ii) Information about Geographic Areas

Revenues from Oversea Customers:

Disclosure is not required as revenues from external customers attributed to Japan are in excess of 90% of total revenues.

Tangible Fixed Assets:

Disclosure is not required as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets.

(c) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	February 29, 2012	August 31, 2012	August 31, 2012	
	(in millions)		(in thousands)	
AEON Retail Co., Ltd	¥ 4,613	¥ 4,700	\$ 59,796	Property rental business
AEON Mall Co., Ltd.	4,023	4,019	51,132	Property rental business
Ito-Yokado Co., Ltd.	2,573	2,558	32,544	Property rental business

Note 24 — Property Information

(a) Details of the Company's property portfolio as of August 31, 2012 are as follows:

Name of Property	Location of Property	Leasable Area (㎡)	Net Book Value ⁽ⁱ⁾		Appraisal Value ⁽ⁱⁱ⁾		Rental Income as Percentage of Total Revenue (%)
			(in millions)	(in thousands)	(in millions)	(in thousands)	
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	46,248.96	¥ 9,314	\$ 118,498	¥ 10,500	\$ 133,587	1.8
Ito-Yokado Kawasaki ⁽ⁱⁱⁱ⁾	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	65,313.47	14,272	181,577	13,330	169,592	2.1
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	13,666.96	12,918	164,351	13,300	169,211	1.7
Narupark	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	15,227.58	8,123	103,346	5,260	66,921	1.5
G-Bldg. Minami Aoyama 02 ...	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	1,529.15	5,282	67,201	5,340	67,938	0.3
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	84,981.97	33,884	431,094	36,600	465,648	8.5
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	42,865.74	9,938	126,437	12,200	155,216	2.8
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	21,308.78	1,439	18,307	1,880	23,918	0.3
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	28,316.18	6,284	79,949	6,690	85,114	1.1
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	73,438.52	11,343	144,312	12,400	157,760	1.9
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	599.79	1,241	15,788	1,270	16,157	0.2
G-Bldg. Jingumae 05	32-5, Jingumae 2-chome, Shibuya-ku, Tokyo	1,479.10	2,725	34,669	3,680	46,819	0.4
AEON MALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi, etc.	129,124.73	7,461	94,923	10,400	132,315	2.0
AEON MALL Kashihama	12-1, Kashihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	109,616.72	12,200	155,216	13,300	169,211	2.0
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	74,625.52	7,297	92,837	8,540	108,651	1.6
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	4,855.97	22,409	285,101	22,600	287,531	2.5
G-Bldg. Jingumae 04	1-17, Jingumae 5-chome, Shibuya-ku, Tokyo	540.78	873	11,106	1,220	15,521	0.1
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	16,549.50	4,819	61,310	4,880	62,086	0.8
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	20,983.43	11,504	146,361	11,900	151,399	1.7
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	72,748.34	11,362	144,554	12,700	161,577	2.8
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	492.69	967	12,302	1,340	17,048	0.2
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	85,226.68	15,764	200,559	17,300	220,101	2.3
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	19,070.88	5,248	66,768	6,980	88,804	1.1
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	93,258.23	5,636	71,704	6,110	77,735	1.3
AEON Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	77,267.23	10,565	134,414	9,570	121,755	1.8
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	1,817.65	2,556	32,519	3,140	39,949	0.4
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	63,778.44	3,593	45,712	3,660	46,564	0.6
AEON Naha Shopping Center ..	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	79,090.48	10,579	134,592	10,400	132,315	1.7

Name of Property	Location of Property	Leasable Area (㎡)	Net Book Value ⁽⁹⁾		Appraisal Value ⁽¹⁰⁾		Rental Income as Percentage of Total Revenue (%)
			(in millions)	(in thousands)	(in millions)	(in thousands)	
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	1,686.58	4,051	51,539	3,710	47,201	0.5
AEON Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	62,717.26	12,602	160,330	10,800	137,404	1.6
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	19,620.63	6,014	76,513	5,450	69,338	2.5
Higashi-Totsuka Aurora City ...	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	109,365.50	48,887	621,972	40,100	510,178	5.9
AEON Omiya.....	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	75,344.90	5,885	74,872	6,160	78,371	0.8
AEON TOWN Ogaki	233-1, Aza-nakashima, Mitsuzukacho, Ogaki-shi, Gifu, etc.	57,500.35	4,087	51,997	3,900	49,618	1.4
Kawaramachi OPA.....	385 Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	18,848.20	18,541	235,890	15,700	199,745	1.6
AEON Ueda	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	61,349.07	8,558	108,880	8,170	103,944	1.3
AEON MALL Tsurumi Ryokuchi.....	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	138,538.63	27,173	345,712	25,700	326,972	3.8
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	157,904.26	19,584	249,160	17,800	226,463	2.5
Ito-Yokado Yotsukaido.....	5 Chuo, Yotsukaido-shi, Chiba	59,207.19	13,289	169,071	10,000	127,226	1.2
Oyama Yuen Harvest Walk.....	1457 Oaza-Kizawa, Oyama-shi, Tochigi	57,524.87	9,014	114,681	6,680	84,987	2.4
AEON MALL Yachiyo Midorigaoka.....	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	132,294.48	29,192	371,399	21,900	278,625	2.9
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	670.43	2,374	30,203	2,460	31,297	0.3
AEON MALL Sapporo Hassamu.....	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	102,169.00	17,456	222,086	16,800	213,740	2.5
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	95,135.36	17,659	224,669	15,400	195,928	2.4
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	555.75	3,416	43,460	3,650	46,437	0.3
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	426.29	2,321	29,529	1,670	21,246	0.1
G DINING SAPPORO.....	3-3, Minami 3jo Nishi 3-chome, Chuo-ku, Sapporo-shi, Hokkaido, etc.	4,079.80	2,947	37,493	2,150	27,353	0.3
G-Bldg. Minami Aoyama 01 ...	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	922.30	6,479	82,430	5,010	63,740	0.1
La Porte Aoyama.....	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	4,122.44	9,311	118,460	9,140	116,284	1.1
AEON MALL Musashi Murayama.....	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	137,466.97	29,107	370,318	30,500	388,040	4.0
AEON MALL Kobe Kita.....	2-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	128,031.55	14,689	186,882	16,000	203,562	2.5
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	1,093.67	6,660	84,732	6,770	86,132	0.7
LIFE Taiheiji (Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	3,898.01	1,304	16,590	1,300	16,539	0.2
LIFE Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	4,344.18	1,717	21,844	1,740	22,137	0.2
LIFE Kishibe (Land with leasehold interest)	2205-15, Haracho 4-chome, Suita-shi, Osaka, etc.	5,516.61	1,942	24,707	2,010	25,572	0.3
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	1,676.87	5,573	70,903	4,630	58,905	0.2
G-Bldg. Minami-Ikebukuro 01	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	5,061.47	6,027	76,679	7,410	94,274	1.1
G-Bldg. Shinsaibashi 01	5-3, Shinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	886.46	1,603	20,394	1,740	22,137	0.3

Name of Property	Location of Property	Leasable Area (㎡)	Net Book Value ⁽ⁱ⁾		Appraisal Value ⁽ⁱⁱ⁾		Rental Income as Percentage of Total Revenue (%)
			(in millions)	(in thousands)	(in millions)	(in thousands)	
Kishiwada CanCan Bayside Mall	2-1, Minatomidori machi, Kishiwada-shi, Osaka, etc.	38,315.07	7,003	89,096	7,830	99,618	3.3
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	24,542.93	5,688	72,366	6,160	78,371	0.9
MrMax Nagasaki	26-1 Iwami machi, Nagasaki-shi, Nagasaki, etc.	12,115.09	2,486	31,628	2,810	35,750	—
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	1,719.19	2,816	35,826	4,000	50,890	0.4
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	14,828.74	2,401	30,547	2,630	33,460	0.4
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	6,801.89	2,452	31,195	2,600	33,078	0.4
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	904.04	1,842	23,435	2,090	26,590	—
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	— ^(v)	4,406	56,055	4,650	59,160	—
Round1 Stadium Sennichimae (Land with leasehold interest) ⁽ⁱⁱⁱ⁾	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	1,711.63	8,091	102,938	8,280	105,343	0.9
Izumisano Shoufudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	44,009.52	2,657	33,804	2,780	35,368	—
Tecc Land Neyagawa (Land with leasehold interest)	327-1, Taiseicho, Neyagawa-shi, Osaka, etc.	11,430.04	1,154	14,681	1,580	20,101	—
mozo wonder city	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	86,722.83	5,232	66,564	5,490	69,847	1.4
Total		2,936,032.24	¥633,322	\$ 8,057,531	¥621,840	\$ 7,911,450	100.0

Notes:

- (i) Net book value represents total of net property and equipment, leasehold rights and other intangible assets.
- (ii) Each property was appraised by either Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, Tanizawa Sōgō Appraisal Co., Ltd., or CBRE K.K., independent appraisal firms, in accordance with the guidelines issued by the Japanese Association of Real Estate Appraisal. All appraisal data is unaudited.
- (iii) The names of these properties were changed as follows:
- | Old name | New name |
|---|---|
| ESPA Kawasaki | Ito-Yokado Kawasaki |
| 【Tentative】 Round1 Namba Sennichimae (Land with leasehold interest) | Round1 Stadium Sennichimae (Land with leasehold interest) |
- (iv) The Company's property portfolio as of August 31, 2012 is comprised entirely of retail properties.
- (v) Leasable area of G-Bldg. Shinsaibashi 02 is not disclosed because the consent from the tenant has not been obtained.

(b) Details on the financial results of each property for the six months ended August 31, 2012 are as follows:

Name of property	AEON Sendai Nakayama	Ito-Yokado Kawasaki	8953 Osaka Shinsaihashi Building	Narupark	G-Bldg. Minami Aoyama 02	Nara Family	Abiko Shopping Plaza (in millions)	Ito-Yokado Yabashira	Ito-Yokado Kamifukuoka Higashi	Ito-Yokado Nishikicho	G-Bldg. Daikanyama 01	G-Bldg. Jingumae 05	AEON MALL Higashiura
Rental and other operating revenue	¥ 432	¥ 491	¥ 398	¥ 356	¥ 80	¥ 1,997	¥ 670	¥ 78	¥ 256	¥ 444	¥ 40	¥ 99	¥ 480
Property-related expenses													
Property management fees	1	3	1	10	1	132	36	1	2	2	-	1	1
Facility management fees	-	3	-	45	1	164	105	-	-	-	-	2	-
Utilities	-	-	-	75	6	244	97	-	-	-	2	3	-
Property-related taxes	36	78	30	34	8	83	32	14	38	54	2	3	51
Repair and maintenance	5	4	1	2	-	38	3	1	1	3	-	-	2
Insurance	-	1	-	-	-	2	1	-	-	1	-	-	1
Trust fees	1	4	2	1	1	9	-	1	-	-	-	1	2
Rent expense	-	-	-	-	-	170	-	-	1	-	-	-	97
Other	-	-	4	18	-	110	38	-	-	-	-	1	-
Depreciation	82	102	78	91	9	261	99	16	47	116	3	8	160
Loss on disposal of property	-	-	-	-	-	16	-	-	-	-	-	-	-
Total property-related expenses	127	197	118	281	29	1,233	414	34	93	179	10	22	318
Operating income from property leasing activities	¥ 304	¥ 293	¥ 280	¥ 74	¥ 51	¥ 764	¥ 255	¥ 44	¥ 162	¥ 265	¥ 29	¥ 77	¥ 161
Property-level net operating income	¥ 386	¥ 395	¥ 358	¥ 166	¥ 60	¥ 1,026	¥ 355	¥ 60	¥ 210	¥ 381	¥ 33	¥ 85	¥ 322

Name of property	AEON MALL Kashiwara	AEON MALL Sapporo Naebo	GYRE	G-Bldg. Jingumae 04	Ito-Yokado Tsunashima	Bic Camera Tachikawa	AEON Itabashi Shopping Center (in millions)	G-Bldg. Kita Aoyama 01	AEON MALL Yamato	SEIYU Hibarigaoka	AEON Tobata Shopping Center	AEON Takatsuki	G-Bldg. Jiyugaoka 01
Rental and other operating revenue	¥ 477	¥ 375	¥ 576	¥ 32	¥ 180	¥ 389	¥ 658	¥ 35	¥ 536	¥ 261	¥ 315	¥ 414	¥ 89
Property-related expenses													
Property management fees	2	2	12	-	1	1	2	-	2	1	2	1	1
Facility management fees	-	-	29	-	-	30	-	-	-	-	-	-	2
Utilities	-	-	52	2	-	-	-	1	-	-	-	-	5
Property-related taxes	53	52	52	1	17	40	40	1	51	14	56	52	5
Repair and maintenance	4	-	-	-	-	1	-	-	7	-	1	3	-
Insurance	1	-	-	-	-	-	-	-	1	-	1	-	-
Trust fees	3	1	3	-	2	-	2	-	2	2	3	1	1
Rent expense	-	18	-	-	-	-	263	-	-	-	-	-	-
Other	-	-	20	-	-	10	-	-	-	-	-	-	-
Depreciation	89	124	94	2	23	63	106	3	117	47	72	70	14
Loss on disposal of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Total property-related expenses	156	201	266	8	45	149	415	9	181	66	137	131	31
Operating income from property leasing activities	¥ 321	¥ 173	¥ 310	¥ 24	¥ 135	¥ 240	¥ 243	¥ 25	¥ 354	¥ 195	¥ 177	¥ 282	¥ 57
Property-level net operating income	¥ 411	¥ 298	¥ 404	¥ 26	¥ 158	¥ 304	¥ 349	¥ 29	¥ 471	¥ 242	¥ 250	¥ 353	¥ 71

Name of property	AEON Yagoto	AEON Naha Shopping Center	Cheers Ginza	AEON Nishi-Otsu	Kyoto Family	Higashi- Totsuka Aurora City	AEON Omiya (in millions)	AEON TOWN Ogaki	Kawaramachi OPA	AEON Ueda	AEON MALL Tsurumi Ryokuchi	AEON MALL Itami	Ito-Yokado Yotsukaide
Rental and other operating revenue	¥ 148	¥ 398	¥ 107	¥ 375	¥ 598	¥ 1,390	¥ 192	¥ 321	¥ 365	¥ 297	¥ 896	¥ 582	¥ 290
Property-related expenses													
Property management fees	1	1	1	1	38	2	1	1	1	1	1	1	1
Facility management fees	1	-	3	-	103	110	-	-	2	-	-	-	-
Utilities	-	-	21	-	87	27	-	-	-	-	-	-	-
Property-related taxes	14	29	6	26	27	151	50	26	40	36	151	96	39
Repair and maintenance	1	-	-	-	23	8	-	-	1	-	1	1	2
Insurance	-	1	-	1	-	3	1	-	-	-	2	1	-
Trust fees	1	3	-	2	4	3	1	1	2	2	5	3	1
Rent expense	-	24	1	3	93	-	-	87	-	-	26	8	-
Other	2	1	-	-	26	32	1	1	7	-	1	-	-
Depreciation	29	95	16	89	83	365	53	115	55	112	326	173	87
Loss on disposal of property	-	-	-	-	1	-	-	-	-	-	-	-	-
Total property-related expenses	53	158	53	125	491	704	109	235	112	154	516	286	133
Operating income from property leasing activities	¥ 94	¥ 239	¥ 54	¥ 250	¥ 107	¥ 685	¥ 83	¥ 86	¥ 253	¥ 142	¥ 380	¥ 296	¥ 156
Property-level net operating income	¥ 124	¥ 335	¥ 71	¥ 339	¥ 191	¥ 1,051	¥ 136	¥ 201	¥ 309	¥ 254	¥ 706	¥ 469	¥ 243

Name of property	Oyama Yuen Harvest Walk	AEON MALL Yachiyo Midorigaoka	G-Bldg. Jingumae 06	AEON MALL Sapporo Hassamu	Ario Otori	G-Bldg. Jingumae 01	G-Bldg. Jingumae 02 (in millions)	G DINING SAPPORO	G-Bldg. Minami Aoyama 01	La Porte Aoyama	AEON MALL Musashi Murayama	AEON MALL Kobe Kita	G-Bldg. Shinjuku 01
Rental and other operating revenue	¥ 561	¥ 690	¥ 62	¥ 577	¥ 573	¥ 70	¥ 31	¥ 71	¥ 27	¥ 260	¥ 943	¥ 582	¥ 160
Property-related expenses													
Property management fees	-	1	-	1	1	-	-	-	-	5	-	1	-
Facility management fees	160	-	-	-	-	-	-	9	1	14	-	4	-
Utilities	-	-	3	-	-	-	1	16	1	29	-	-	-
Property-related taxes	35	90	2	89	98	1	1	7	4	28	140	109	5
Repair and maintenance	-	-	-	-	5	-	-	-	-	3	-	4	-
Insurance	1	1	-	1	2	-	-	-	-	-	2	2	-
Trust fees	2	2	-	1	2	-	1	1	-	1	1	1	1
Rent expense	100	-	-	3	-	-	-	-	-	-	-	4	-
Other	-	2	-	-	-	-	-	1	-	1	-	-	-
Depreciation	173	212	3	193	254	2	3	50	7	27	300	192	9
Loss on disposal of property	-	-	-	-	-	-	-	1	-	-	-	-	-
Total property-related expenses	474	312	11	291	364	5	9	88	16	112	446	319	17
Operating income(loss) from property leasing activities	¥ 86	¥ 378	¥ 51	¥ 285	¥ 209	¥ 64	¥ 22	¥ (16)	¥ 11	¥ 147	¥ 497	¥ 262	¥ 143
Property-level net operating income	¥ 260	¥ 590	¥ 55	¥ 478	¥ 464	¥ 67	¥ 26	¥ 33	¥ 18	¥ 175	¥ 797	¥ 454	¥ 153

Name of property	LIFE Taiheiji (Land with leasehold interest)	LIFE Shimodera (Land with leasehold interest)	LIFE Kishibe (Land with leasehold interest)	G-Bldg. Jingumae 03	G-Bldg. Minami -Ikebukuro 01	G-Bldg. Shinsaibashi 01	Kishiwada CanCan Bayside Mall (in millions)	Makuhari Plaza	MriMax Nagasaki	Urban Terrace Jingumae	Round1 Stadium Itabashi	Round1 Machida	Arkangel Daikanyama (Land with leasehold interest)
Rental and other operating revenue	¥ 48	¥ 56	¥ 68	¥ 49	¥ 265	¥ 61	¥ 786	¥ 201	¥ 107	¥ 100	¥ 95	¥ 90	¥ 56
Property-related expenses													
Property management fees	-	-	-	1	1	-	45	1	1	-	-	-	-
Facility management fees	-	-	-	2	14	5	143	-	1	1	-	-	-
Utilities	-	-	-	3	31	3	166	-	-	6	-	-	-
Property-related taxes	2	4	4	7	13	4	56	13	9	6	14	9	3
Repair and maintenance	-	-	-	-	1	-	10	1	-	-	-	-	-
Insurance	-	-	-	-	-	-	1	-	-	-	-	-	-
Trust fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent expense	-	-	-	-	-	-	11	-	-	-	-	-	-
Other	-	-	-	1	-	-	83	-	-	-	-	-	-
Depreciation	-	-	-	14	28	2	123	43	15	6	16	13	-
Loss on disposal of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Total property-related expenses	2	4	4	30	93	16	643	60	28	22	32	24	4
Operating income from property leasing activities	¥ 45	¥ 51	¥ 63	¥ 19	¥ 171	¥ 44	¥ 143	¥ 141	¥ 78	¥ 78	¥ 62	¥ 65	¥ 51
Property-level net operating income	¥ 45	¥ 51	¥ 63	¥ 33	¥ 200	¥ 46	¥ 267	¥ 185	¥ 93	¥ 85	¥ 79	¥ 79	¥ 51

Name of property	G-Bldg. Shinsaibashi 02	Round1 Stadium Sennichimae (Land with leasehold interest)	Izumisano Shoufudai (Land with leasehold interest)	Tecc Land Neyagawa (Land with leasehold interest)	mozo wonder city	Total
				(in millions)		
Rental and other operating revenue	¥ 119	¥ 220	¥ 103	¥ 47	¥ 331	¥ 23,559
Property-related expenses						
Property management fees	-	-	-	-	50	410
Facility management fees	-	-	-	-	29	999
Utilities	-	-	-	-	41	933
Property-related taxes	5	14	7	5	18	2,425
Repair and maintenance	-	-	-	-	1	160
Insurance	-	-	-	-	-	53
Trust fees	-	-	-	-	-	101
Rent expense	-	-	-	-	-	920
Other	-	-	-	-	27	405
Depreciation	9	-	-	-	50	5,268
Loss on disposal of property	-	-	-	-	-	20
Total property-related expenses	15	15	8	6	220	11,699
Operating income from property leasing activities	¥ 104	¥ 204	¥ 94	¥ 40	¥ 110	¥ 11,859
Property-level net operating income	¥ 113	¥ 204	¥ 94	¥ 40	¥ 161	¥ 17,128

Name of property	AEON Sendai Nakayama	Ito-Yokado Kawasaki	8953 Osaka Shinsaitabashi Building	Narupark	G-Bldg. Minami Aoyama 02	Nara Family	Abiko Shopping Plaza (in thousands)	Ito-Yokado Yabashira	Ito-Yokado Kamitokuoka Higashi	Ito-Yokado Nishikicho	G-Bldg. Daikanyama 01	G-Bldg. Jingumae 05	AEON MALL Higashiura
Rental and other operating revenue	\$ 5,496	\$ 6,246	\$ 5,063	\$ 4,529	\$ 1,017	\$ 25,407	\$ 8,524	\$ 992	\$ 3,256	\$ 5,648	\$ 508	\$ 1,259	\$ 6,106
Property-related expenses													
Property management fees	12	38	12	127	12	1,679	458	12	25	25	-	12	12
Facility management fees	-	38	-	572	12	2,086	1,335	-	-	-	-	25	-
Utilities	-	-	-	954	76	3,104	1,234	-	-	-	25	38	-
Property-related taxes	458	992	381	432	101	1,055	407	178	483	687	25	38	648
Repair and maintenance	63	50	12	25	-	483	38	12	12	38	-	-	25
Insurance	-	12	-	-	-	25	12	-	-	12	-	-	12
Trust fees	12	50	25	12	12	114	-	12	-	-	-	12	25
Rent expense	-	-	-	-	-	2,162	-	-	12	-	-	-	1,234
Other	-	-	50	229	-	1,399	483	-	-	-	-	12	-
Depreciation	1,043	1,297	992	1,157	114	3,320	1,259	203	597	1,475	38	101	2,035
Loss on disposal of property	-	-	-	-	-	203	-	-	-	-	-	-	-
Total property-related expenses	1,615	2,506	1,501	3,575	368	15,687	5,267	432	1,183	2,277	127	279	4,045
Operating income from property leasing activities	\$ 3,867	\$ 3,727	\$ 3,562	\$ 941	\$ 648	\$ 9,720	\$ 3,244	\$ 559	\$ 2,061	\$ 3,371	\$ 368	\$ 979	\$ 2,048
Property-level net operating income	\$ 4,910	\$ 5,025	\$ 4,554	\$ 2,111	\$ 763	\$ 13,053	\$ 4,516	\$ 763	\$ 2,671	\$ 4,847	\$ 419	\$ 1,081	\$ 4,096

Name of property	AEON MALL Kashiwara	AEON MALL Sapporo Naebo	GYRE	G-Bldg. Jingumae 04	Ito-Yokado Tsunashima	Bic Camera Tachikawa	AEON Itabashi Shopping Center (in thousands)	G-Bldg. Kita Aoyama 01	AEON MALL Yamato	SEIYU Hibarigaoka	AEON Tobata Shopping Center	AEON Takatsuki	G-Bldg. Jiyugaoka 01
Rental and other operating revenue	\$ 6,068	\$ 4,770	\$ 7,328	\$ 407	\$ 2,290	\$ 4,949	\$ 8,371	\$ 445	\$ 6,819	\$ 3,320	\$ 4,007	\$ 5,267	\$ 1,132
Property-related expenses													
Property management fees	25	25	152	-	12	12	25	-	25	12	25	12	12
Facility management fees	-	-	368	-	-	381	-	-	-	-	-	-	25
Utilities	-	-	661	25	-	-	-	12	-	-	-	-	63
Property-related taxes	674	661	661	12	216	508	508	12	648	178	712	661	63
Repair and maintenance	50	-	-	-	-	12	-	-	89	-	12	38	-
Insurance	12	-	-	-	-	-	-	-	12	-	12	-	-
Trust fees	38	12	38	-	25	-	25	-	25	25	38	12	12
Rent expense	-	229	-	-	-	-	3,346	-	-	-	-	-	-
Other	-	-	254	-	-	127	-	-	-	-	-	-	-
Depreciation	1,132	1,577	1,195	25	292	801	1,348	38	1,488	597	916	890	178
Loss on disposal of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Total property-related expenses	1,984	2,557	3,384	101	572	1,895	5,279	114	2,302	839	1,743	1,666	394
Operating income from property leasing activities	\$ 4,083	\$ 2,201	\$ 3,944	\$ 305	\$ 1,717	\$ 3,053	\$ 3,091	\$ 318	\$ 4,503	\$ 2,480	\$ 2,251	\$ 3,587	\$ 725
Property-level net operating income	\$ 5,229	\$ 3,791	\$ 5,139	\$ 330	\$ 2,010	\$ 3,867	\$ 4,440	\$ 368	\$ 5,992	\$ 3,078	\$ 3,180	\$ 4,491	\$ 903

Name of property	AEON Yagoto	AEON Naha Shopping Center	Cheers Ginza	AEON Nishi-Otsu	Kyoto Family	Higashi- Totsuka Aurora City	AEON Omiya (in thousands)	AEON TOWN Ogaki	Kawaramachi OPA	AEON Ueda	AEON MALL Tsurumi Ryokuchi	AEON MALL Itami	Ito-Yokado Yotsukaide
Rental and other operating revenue	\$ 1,882	\$ 5,063	\$ 1,361	\$ 4,770	\$ 7,608	\$ 17,684	\$ 2,442	\$ 4,083	\$ 4,643	\$ 3,778	\$ 11,399	\$ 7,404	\$ 3,689
Property-related expenses													
Property management fees	12	12	12	12	483	25	12	12	12	12	12	12	12
Facility management fees	12	-	38	-	1,310	1,399	-	-	25	-	-	-	-
Utilities	-	-	267	-	1,106	343	-	-	-	-	-	-	-
Property-related taxes	178	368	76	330	343	1,921	636	330	508	458	1,921	1,221	496
Repair and maintenance	12	-	-	-	292	101	-	-	12	-	12	12	25
Insurance	-	12	-	12	-	38	12	-	-	-	25	12	-
Trust fees	12	38	-	25	50	38	12	12	25	25	63	38	12
Rent expense	-	305	12	38	1,183	-	-	1,106	-	-	330	101	-
Other	25	12	-	-	330	407	12	12	89	-	12	-	-
Depreciation	368	1,208	203	1,132	1,055	4,643	674	1,463	699	1,424	4,147	2,201	1,106
Loss on disposal of property	-	-	-	-	12	-	-	-	-	-	-	-	-
Total property-related expenses	674	2,010	674	1,590	6,246	8,956	1,386	2,989	1,424	1,959	6,564	3,638	1,692
Operating income from property leasing activities	\$ 1,195	\$ 3,040	\$ 687	\$ 3,180	\$ 1,361	\$ 8,715	\$ 1,055	\$ 1,094	\$ 3,218	\$ 1,806	\$ 4,834	\$ 3,765	\$ 1,984
Property-level net operating income	\$ 1,577	\$ 4,262	\$ 903	\$ 4,312	\$ 2,430	\$ 13,371	\$ 1,730	\$ 2,557	\$ 3,931	\$ 3,231	\$ 8,982	\$ 5,966	\$ 3,091

Name of property	Oyama Yuen Harvest Walk	AEON MALL Yachiyo Midorigaoka	G-Bldg. Jingumae 06	AEON MALL Sapporo Hassamu	Ario Otori	G-Bldg. Jingumae 01	G-Bldg. Jingumae 02 (in thousands)	G DINING SAPPORO	G-Bldg. Minami Aoyama 01	La Porte Aoyama	AEON MALL Musashi Murayama	AEON MALL Kobe Kita	G-Bldg. Shinjuku 01
Rental and other operating revenue	\$ 7,137	\$ 8,778	\$ 788	\$ 7,340	\$ 7,290	\$ 890	\$ 394	\$ 903	\$ 343	\$ 3,307	\$ 11,997	\$ 7,404	\$ 2,035
Property-related expenses													
Property management fees	-	12	-	12	12	-	-	-	-	63	-	12	-
Facility management fees	2,035	-	-	-	-	-	-	114	12	178	-	50	-
Utilities	-	-	38	-	-	-	12	203	12	368	-	-	-
Property-related taxes	445	1,145	25	1,132	1,246	12	12	89	50	356	1,781	1,386	63
Repair and maintenance	-	-	-	-	63	-	-	-	-	38	-	50	-
Insurance	12	12	-	12	25	-	-	-	-	-	25	25	-
Trust fees	25	25	-	12	25	-	12	12	-	12	12	12	12
Rent expense	1,272	-	-	38	-	-	-	-	-	-	-	50	-
Other	-	25	-	-	-	-	-	12	-	12	-	-	-
Depreciation	2,201	2,697	38	2,455	3,231	25	38	636	89	343	3,816	2,442	114
Loss on disposal of property	-	-	-	-	-	-	-	12	-	-	-	-	-
Total property-related expenses	6,030	3,969	139	3,702	4,631	63	114	1,119	203	1,424	5,674	4,058	216
Operating income/(loss) from property leasing activities	\$ 1,094	\$ 4,809	\$ 648	\$ 3,625	\$ 2,659	\$ 814	\$ 279	\$ (203)	\$ 139	\$ 1,870	\$ 6,323	\$ 3,333	\$ 1,819
Property-level net operating income	\$ 3,307	\$ 7,506	\$ 699	\$ 6,081	\$ 5,903	\$ 852	\$ 330	\$ 419	\$ 229	\$ 2,226	\$ 10,139	\$ 5,776	\$ 1,946

Name of property	LIFE Taiheiji (Land with leasehold interest)	LIFE Shimodera (Land with leasehold interest)	LIFE Kishibe (Land with leasehold interest)	G-Bldg. Jingumae 03	G-Bldg. Minami -Ikebukuro 01	G-Bldg. Shinsaibashi 01	Kishiwada CanCan Bayside Mall	Makuhari Plaza	MriMax Nagasaki	Urban Terrace Jingumae	Round1 Stadium Itabashi	Round1 Machida	Arkangel Daikanyama (Land with leasehold interest)
							(in thousands)						
Rental and other operating revenue	\$ 610	\$ 712	\$ 865	\$ 623	\$ 3,371	\$ 776	\$ 10,000	\$ 2,557	\$ 1,361	\$ 1,272	\$ 1,208	\$ 1,145	\$ 712
Property-related expenses													
Property management fees	-	-	-	12	12	-	572	12	12	-	-	-	-
Facility management fees	-	-	-	25	178	63	1,819	-	12	12	-	-	-
Utilities	-	-	-	38	394	38	2,111	-	-	76	-	-	-
Property-related taxes	25	50	50	89	165	50	712	165	114	76	178	114	38
Repair and maintenance	-	-	-	-	12	-	127	12	-	-	-	-	-
Insurance	-	-	-	-	-	-	12	-	-	-	-	-	-
Trust fees	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent expense	-	-	-	-	-	-	139	-	-	-	-	-	-
Other	-	-	-	12	-	-	1,055	-	-	-	-	-	-
Depreciation	-	-	-	178	356	25	1,564	547	190	76	203	165	-
Loss on disposal of property	-	-	-	-	-	-	-	-	-	-	-	-	-
Total property-related expenses	25	50	50	381	1,183	203	8,180	763	356	279	407	305	50
Operating income from property leasing activities	\$ 572	\$ 648	\$ 801	\$ 241	\$ 2,175	\$ 559	\$ 1,819	\$ 1,793	\$ 992	\$ 992	\$ 788	\$ 826	\$ 648
Property-level net operating income	\$ 572	\$ 648	\$ 801	\$ 419	\$ 2,544	\$ 585	\$ 3,396	\$ 2,353	\$ 1,183	\$ 1,081	\$ 1,005	\$ 1,005	\$ 648

Name of property	G-Bldg. Shinsaibashi 02	Round1 Stadium Sennichimae (Land with leasehold interest)	Izumisano Shoufudai (Land with leasehold interest)	Tecc Land Neyagawa (Land with leasehold interest)	mozo wonder city	Total
						(in thousands)
Rental and other operating revenue	\$ 1,513	\$ 2,798	\$ 1,310	\$ 597	\$ 4,211	\$ 299,732
Property-related expenses						
Property management fees	-	-	-	-	636	5,216
Facility management fees	-	-	-	-	368	12,709
Utilities	-	-	-	-	521	11,870
Property-related taxes	63	178	89	63	229	30,852
Repair and maintenance	-	-	-	-	12	2,035
Insurance	-	-	-	-	-	674
Trust fees	-	-	-	-	-	1,284
Rent expense	-	-	-	-	-	11,704
Other	-	-	-	-	343	5,152
Depreciation	114	-	-	-	636	67,022
Loss on disposal of property	-	-	-	-	-	254
Total property-related expenses	190	190	101	76	2,798	148,842
Operating income from property leasing activities	\$ 1,323	\$ 2,595	\$ 1,195	\$ 508	\$ 1,399	\$ 150,877
Property-level net operating income	\$ 1,437	\$ 2,595	\$ 1,195	\$ 508	\$ 2,048	\$ 217,913

Note 25 — Subsequent Events

(a) Issuance of New Investment Units and Acquisition of Properties

On October 1, 2012, the Company completed its eighth public offering totaling 194,500 new investment units at a price of ¥128,310 per unit. 95,000 of such units were issued in connection with a Japanese Primary Offering, and the remaining 99,500 units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. In addition, the Company issued an additional 4,500 investment units domestically in connection with the exercise of an over-allotment option on October 31, 2012. As a result of the issuance of these new investment units, unitholders' capital increased to ¥295,474 million (US\$3,759,211 thousand) and number of investment units issued and outstanding increased to 2,079,198 units on October 31, 2012.

On October 2 and 5, 2012, the Company acquired totaling seven properties with an aggregate purchase price of ¥52.1 billion (US\$ 662 million) by utilizing the net proceeds of approximately ¥24.1 billion (US\$306 million) from the eighth offering and through internal cash and new bank borrowings.

(b) Lawsuit Brought by a Tenant

On November 21, 2012, OPA co., ltd, a tenant of Kawaramachi OPA (held by the Company in form of trust beneficiary interest in real estate trust), brought a case at Kyoto District Court against the Company through a trustee of the property, to demand reduction of the rent for the period from March 1, 2011 to July 31, 2011 by about 9%, and for a period after August 1, 2011 by about 10% compared to the amounts as stated on the current lease contract.

The Company believes and claims through the trustee that their claim is not reasonable as compared with current market rent.