

Translation

**JAPAN RETAIL FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED AUGUST 31, 2012**

October 15, 2012

Name of issuer: Japan Retail Fund Investment Corporation
("the Investment Corporation")

Stock exchange listing: Tokyo Stock Exchange

Securities code: 8953

Website: <http://www.jrf-reit.com>

Representative of the Investment Corporation: Shuichi Namba, Executive Director

Name of asset manager: Mitsubishi Corp.-UBS Realty Inc.

Representative of the asset manager: Takuya Kuga, President & CEO

Contact: Fuminori Imanishi, Head of Retail Division
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Scheduled date for filing of securities report: November 26, 2012

Scheduled date for distributions payment: November 16, 2012

Supplementary materials for financial results: Otherwise prepared

Analyst meeting: Scheduled

(Amounts of less than one million yen are rounded down)

1. Financial results for the six months ended August 31, 2012 (March 1, 2012 to August 31, 2012)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended August 31, 2012	23,559	-0.4	9,602	79.9	7,220	155.4	7,220	212.2
February 29, 2012	23,642	8.3	5,338	-37.5	2,827	-52.9	2,312	-58.0

	Net income per unit	Return on unitholders' equity	Ratio of ordinary income to total assets	Ratio of ordinary income to operating revenues
	Yen	%	%	%
For the six months ended August 31, 2012	3,840	2.4	1.1	30.6
February 29, 2012	1,239	0.8	0.4	12.0

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended August 31, 2012	3,840	7,219	0	0	100.0	2.4
February 29, 2012	3,673	6,905	0	0	298.6	2.3

Note 1: Total of distributions for the six months ended February 29, 2012 includes an appropriation of reserve for dividends amounting to ¥4,592 million and differs from net income for the fiscal period then ended.

Note 2: Payout ratio for the six months ended February 29, 2012 is calculated by following formula because new investment units were issued.

$$\text{Payout ratio} = \text{Total of distributions} \div \text{Net income} \times 100$$

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2012	657,027	295,286	44.9	157,050
February 29, 2012	659,346	294,972	44.7	156,883

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2012	13,830	(4,230)	(8,707)	16,703
February 29, 2012	11,289	(45,093)	34,519	15,810

2. Outlook for the six months ending February 28, 2013 (September 1, 2012 to February 28, 2013) and August 31, 2013 (March 1, 2013 to August 31, 2013)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2013	25,558	8.5	10,504	9.4	8,007	10.9	8,006	10.9
August 31, 2013	25,991	1.7	10,655	1.4	8,059	0.6	8,058	0.6

	Net income per unit	Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
For the six months ending	Yen	Yen	Yen
February 28, 2013	3,850	3,850	0
August 31, 2013	3,875	3,875	0

3. Others

(1) Changes in accounting policies and accounting estimates or restatements

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of units issued

Number of units issued at end of period (including treasury units):

As of August 31, 2012 1,880,198 units

As of February 29, 2012 1,880,198 units

Number of treasury units at end of period:

As of August 31, 2012 0 unit

As of February 29, 2012 0 unit

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 26.

Forward-looking Statements and Other Notes

Forward-looking statements in this presentation are based on the information currently available and certain assumptions we believe reasonable. Actual results may differ materially from the forward-looking statements in this presentation due to various factors. Furthermore, those statements do not guarantee the amount of future distributions.

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook of next period” on page 9 to 10.

1. Summary of Related corporations of the Investment Corporation

There have been no significant changes to the “structure of the investment corporation” since the most recent financial report (submitted May 28, 2012), and hence, description of these matters is omitted.

2. Management policies and results of operations

(1) Management Policies

There have been no significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted May 28, 2012), and hence, description of these matters is omitted.

(2) Operations

A. Operations during the period

i 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.

ii Investment environment and results

(1) 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.

(2) 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.

iii 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.

iv 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.

B Outlook of next period

i Outlook of overall operation

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.

ii 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.

iii Earnings forecast

With regard to the asset management operation in the fiscal period ending February 28, 2013 (the 22nd fiscal period), JRF expects to post an operating revenue of 25,558 million yen, ordinary incomes of 8,007 million yen, and net income of 8,006 million yen with distribution per unit of 3,850 yen. Also, as to the asset management operation in the fiscal period ending August 31, 2013 (the 23rd fiscal period), JRF expects to post an operating revenue of 25,991 million yen, ordinary incomes of 8,059 million yen, and net income of 8,058 million yen with distribution per unit of 3,875 yen under the same assumptions. Please refer to the "Assumptions underlying the forecast of operation for the fiscal period ending February 28, 2013 (the 22nd: September 1, 2012 to February 28, 2013) and the fiscal period ending August 31, 2013 (23rd: March 1, 2013 to August 31, 2013)" on the following page for the assumptions of the forecast.

(Note) The above forecast is calculated based on current assumptions in light of currently available information and resources, and it may differ from the forecast due to changes in the situation.

Note also that as described in "Assumptions underlying the forecast of operation for the fiscal period ending February 28, 2013 (the 22nd: September 1, 2012 to February 28, 2013) and the fiscal period ending August 31, 2013 (23rd: March 1, 2013 to August 31, 2013)" below, JRF will issue new units and acquire new assets after the date of closing as outlined below.

(1) Issuance of new investment units

At the Board of Directors' meeting held on September 11, 2012 and September 24, 2012 approval was given for issuance of new investment units as follows, and payment for the new investment units through public offering was completed on October 1, 2012. As a result, on October 1, 2012 the total unitholders' capital was 294,915,685,160 yen and the total number of issued and outstanding investment units was 2,074,698 units. In the case where new investment units are issued by third-party allocation by the allottee SMBC Nikko Securities Inc. in connection with the secondary offering of units by over-allotment, the payment date (scheduled) is October 31, 2012. The terms for the issuance of the investment units are as follows.

(New issued units by public offering)

(Solicitation from domestic markets and overseas markets, in particular the U.S. and European markets; however, Units in the U.S. will only be sold to qualified institutional buyers as per rule 144A of the U.S. Securities Act of 1933)

Number of new units to be issued : 194,500 (Domestic: 95,000, Overseas: 99,500 (95,000 units for firm commitment underwriting by overseas underwriting

firms and 4,500 units for the rights for given to overseas underwriting firms to purchase additional Units to be issued.)

Issue price (offer price)	:128,310 yen per unit
Total issue price (offer price)	:24,956,295,000 yen
Issue value (Amount paid in)	:124,230 yen per unit
Total issue value	
(Amount paid in)	:24,162,735,000 yen
Payment date	:October 1, 2012
Commencement of distributions	:September 1, 2012

(Issuance of new units altered to third parties)

Number of new units to be issued	:4,500 units
Issue value (Amount paid in)	:124,230 yen per unit
Total issue value	
(Amount paid in)	:559,035,000 yen
Payment date	:October 31, 2012 (scheduled)
Commencement of distributions	:September 1, 2012
Distributor	: SMBC Nikko Securities Inc.

(2) Acquired Assets

JRF acquired the trust beneficial interest in real property outlined in the chart below from the funding acquired from the issuance of new units in (1) above and from new short-term debts. (For details of acquired asset, please refer to the press release “JRF to Acquire 7 Properties in Japan” dated September 11, 2012.)

Property name	Location	Acquisition price (millions of yen)	Acquisition date
G-Bldg. Sangenjaya 01 (Trust beneficiary right in real estate)	Setagaya Ward, Tokyo	3,725	October 2, 2012
Round1 Yokohama Station West (Trust beneficiary right in real estate)	Nishi Ward, Yokohama, Kanagawa	3,930	
G-Bldg. Omotesando (Real estate property)	Shibuya Ward, Tokyo	5,850	
mozo wonder city (Trust beneficiary right in real estate) (Note)	Nishi Ward, Nagoya, Aichi	26,750	
Round1 Stadium Sakai Chuo Kanjyo (Trust beneficiary right in real estate)	Higashi Ward, Sakai, Osaka	1,750	
pivo Izumi Chuo (Trust beneficiary right in real estate)	Izumi, Osaka	6,000	October 5, 2012
Tecc Land Fukuoka Shime Honten (Trust beneficiary right in real estate)	Kasuya-gun, Fukuoka	4,150	
Total		52,155	

Note: JRF acquired an additional 50% trust co-ownership interest in mozo wonder city, in which it already has a 10% trust co-ownership interest.

Assumptions underlying the forecast of operation for the fiscal period ending February 28, 2013 (the 22nd: September 1, 2012 to February 28, 2013) and the fiscal period ending August 31, 2013 (23rd: March 1, 2013 to August 31, 2013)

Item	Assumptions
Accounting Period	Fiscal period ending February 28, 2013 (the 22 nd : September 1, 2012 to February 28, 2013) (181 days) Fiscal period ending August 31, 2013 (the 23 rd : March 1, 2013 to August 31, 2013) (184 days)
Assets owned	<ul style="list-style-type: none"> – The forecast was calculated based on JRF having acquired seven new properties (of which, one of the properties was an additional acquisition in an existing property) in October 2012, in addition to the 70 properties owned by JRF as of August 31, 2012. – In addition, we may acquire new properties or dispose of existing properties.
Issue of units	<ul style="list-style-type: none"> – There are 1,880,198 issued and outstanding units as of August 31, 2012, but this number will increase by 199,000 due to the issuance of 194,500 new units via solicitation as passed by resolution at the Board of Directors meeting held on September 11, 2012 and the issuance of 4,500 new units via third party allotment in accordance with sales via over allotment. – The forecast was calculated based on the number of units issued at the end of the fiscal period as 2,079,198 units, and assumes that there would be no additional issuance of new investment units.
Interest-bearing debt	<ul style="list-style-type: none"> – Interest-bearing debts as of August 31, 2012 stood at 293,751 million yen, however due to the loan agreement concluded on September 11, 2012 interest bearing debt will increase to 322,751 million yen. Of this, 282,751 million yen were borrowings (long-term borrowings of 266,151 million yen and short-term borrowings of 16,600 million yen), and 40,000 million were investment corporation bonds. – Of the above interest-bearing debt, 1,600 million yen in long-term debt and 16,600 million yen in short-term debt will mature within the 22nd and 23rd fiscal periods. We assume that we will repay part of these debts with our own funds, and the remainder will be repaid with borrowings and the like.
Operating revenues	<ul style="list-style-type: none"> – We assume that operating revenues will consist principally of rental revenues generated by the lease contracts effective as of the date of this document. – The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations we conducted with our tenants until the said date and the recent decline in the real estate market. – We assume that there will be no arrears or nonpayment of rent by our tenants.

Operating expenses	<ul style="list-style-type: none"> – Fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes, etc.”) on property owned by the Investment Corporation assessed and payable have been calculated as leasing business expenses for the accounting period. However, should any need arise for settlement, such as a need to pay fixed asset taxes, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to fixed asset taxes, etc.”), they are taken into account in the acquisition price of the properties and therefore are not listed as expenses for the period. – We assume that taxes and public charges will be 2,423 million yen in the 22nd fiscal period and 2,600 million yen in the 23rd fiscal period. – We assume that depreciation will be 5,599 million yen in the 22nd fiscal period and 5,687 million yen in the 23rd fiscal period. – We assume that property management fees will be 645 million yen in the 22nd fiscal period and 592 million yen in the 23rd fiscal period, and building maintenance fees will be 1,114 million yen in the 22nd fiscal period and 1,131 million yen in the 23rd fiscal period. – We assume that there will be a loss on disposal of fixed assets of 84 million yen in the period ending February 2013 (22nd fiscal period) due to renovation of Kyoto Family and change of tenants, etc. in other properties.
Non-operating expenses	<ul style="list-style-type: none"> – We assume that expenses associated with the issuance and secondary offering of new investment units approved at the Board of Directors' meeting held on September 11, 2012 will be 140 million yen. – Expenses for issuance and secondary offering of new investment units are based on the assumption of depreciation by the straight-line method over three years. – We assume that non-operating expenses (including interest expenses, loan-related costs and interest expenses on investment corporation bonds) will be 2,497 million yen in the 22nd fiscal period and 2,597 million yen in the 23rd fiscal period.
Distribution per unit	Distribution per unit is calculated according to the cash dividend policy stipulated in the Articles of Incorporation of JRF. From reserve for dividend derived from the gain on negative goodwill, which was booked in the 17 th fiscal period, we do not make such assumptions for the 22 nd and 23 rd period.
Distribution in excess of profit per unit	We will not implement distributions in excess of profits for the moment.
Other	We assume that there will be no revisions of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts, and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

3. Financial information

(1) Balance sheets

	As of		Increase (Decrease)	
	February 29, 2012	August 31, 2012	Thousands of yen	Period-on-period change (%)
	Thousands of yen	Thousands of yen	Thousands of yen	
ASSETS				
Current assets:				
Cash and bank deposits	9,294,938	9,009,469	(285,468)	
Cash and bank deposits in trust (Note 1)	6,515,881	7,694,244	1,178,363	
Rental receivables	932,459	943,708	11,248	
Income taxes receivable	3,875	225	(3,650)	
Consumption tax refundable	247,274	–	(247,274)	
Other current assets	1,219,130	1,168,014	(51,116)	
Total current assets	18,213,560	18,815,660	602,100	3.3
Non-current assets:				
Property and equipment (Note 1):				
Buildings	1,681,950	1,693,179	11,229	
Accumulated depreciation	(139,132)	(165,254)	(26,121)	
Buildings, net	1,542,817	1,527,925	(14,891)	
Building improvements	67,876	67,876	–	
Accumulated depreciation	(7,007)	(8,349)	(1,341)	
Building improvements, net	60,868	59,527	(1,341)	
Furniture and fixtures	12,251	12,251	–	
Accumulated depreciation	(2,988)	(3,546)	(558)	
Furniture and fixtures, net	9,262	8,704	(558)	
Land	21,193,419	21,193,419	–	
Buildings in trust	263,779,028	264,615,106	836,077	
Accumulated depreciation	(52,494,739)	(57,214,783)	(4,720,044)	
Buildings in trust, net	211,284,289	207,400,322	(3,883,966)	
Building improvements in trust	14,555,180	14,560,289	5,108	
Accumulated depreciation	(3,627,909)	(3,926,410)	(298,501)	
Building improvements in trust, net	10,927,270	10,633,878	(293,392)	
Machinery and equipment in trust	1,520,826	1,525,667	4,841	
Accumulated depreciation	(544,484)	(589,473)	(44,988)	
Machinery and equipment in trust, net	976,341	936,194	(40,147)	
Furniture and fixtures in trust	3,361,693	3,408,434	46,740	
Accumulated depreciation	(1,617,391)	(1,758,106)	(140,715)	
Furniture and fixtures in trust, net	1,744,302	1,650,328	(93,974)	
Land in trust	377,490,503	382,941,882	5,451,378	
Total property and equipment	625,229,076	626,352,181	1,123,105	0.2
Intangible assets:				
Leasehold rights	19,803	19,803	–	
Leasehold rights in trust	8,785,617	6,844,417	(1,941,200)	
Other intangible assets in trust	115,362	107,383	(7,978)	
Total intangible assets	8,920,783	6,971,604	(1,949,179)	(21.8)
Investment and other assets:				
Lease deposits in trust	3,286,782	1,404,481	(1,882,301)	
Long-term prepaid expenses	3,310,962	3,228,566	(82,396)	
Other investments (Note 1)	202,247	106,567	(95,680)	
Total investment and other assets	6,799,992	4,739,615	(2,060,377)	(30.3)
Total fixed assets	640,949,852	638,063,401	(2,886,451)	(0.5)
Deferred charges:				
Units issuance costs	138,063	110,450	(27,612)	
Bonds issuance costs	44,707	37,578	(7,128)	
Total deferred charges	182,771	148,029	(34,741)	(19.0)
TOTAL ASSETS	659,346,184	657,027,091	(2,319,092)	(0.4)

(To be continued on the following page)

	As of		Increase (Decrease)	
	February 29, 2012	August 31, 2012		
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable – operating	911,636	1,016,858	105,222	
Short-term borrowings (Note 2)	16,200,000	14,200,000	(2,000,000)	
Current portion of long-term bonds issued – unsecured	20,000,000	–	(20,000,000)	
Current portion of long-term borrowings	1,600,000	9,000,000	7,400,000	
Accounts payable – other	30,241	9,909	(20,332)	
Accrued expenses	1,711,059	1,681,184	(29,875)	
Income taxes payable	525	530	4	
Consumption tax payable	–	651,156	651,156	
Rent received in advance	2,088,444	2,086,842	(1,602)	
Deposits received	848,704	972,323	123,619	
Current portion of tenant leasehold and security deposits	4,312	616	(3,696)	
Current portion of tenant leasehold and security deposits in trust (Note 1)	3,428,291	2,695,739	(732,552)	
Other current liabilities	109,219	137,734	28,515	
Total current liabilities	46,932,436	32,452,894	(14,479,541)	(30.9)
Non-current liabilities:				
Long-term bonds issued – unsecured	40,000,000	40,000,000	–	
Long-term borrowings	217,751,000	230,551,000	12,800,000	
Deferred tax liabilities	513,858	513,858	–	
Tenant leasehold and security deposits	1,564,654	1,542,342	(22,311)	
Tenant leasehold and security deposits in trust (Note 1)	57,266,971	56,332,711	(934,259)	
Asset retirement obligations	343,539	346,637	3,098	
Other non-current liabilities	963	712	(251)	
Total non-current liabilities	317,440,987	329,287,262	11,846,275	3.7
TOTAL LIABILITIES	364,373,423	361,740,157	(2,633,265)	(0.7)
Net Assets (Note 4)				
Unitholders' equity:				
Unitholders' capital	270,752,950	270,752,950	–	
Surplus:				
Capital surplus	14,986,826	14,986,826	–	
Reserve for dividends	6,918,474	2,326,376	(4,592,098)	
Retained earnings	2,314,510	7,220,781	4,906,271	
Total surplus	24,219,811	24,533,984	314,173	1.3
Total unitholders' equity	294,972,761	295,286,934	314,173	0.1
TOTAL NET ASSETS	294,972,761	295,286,934	314,173	0.1
TOTAL LIABILITIES AND NET ASSETS	659,346,184	657,027,091	(2,319,092)	(0.4)

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(2) Statements of income and retained earnings

	For the six months ended		Increase (Decrease)	
	February 29, 2012	August 31, 2012		
	Thousands of yen	Thousands of yen	Thousands of yen	Period-on-period change (%)
Operating revenues				
Rental and other operating revenues (Note 5)	23,634,945	23,559,486	(75,459)	
Dividend income from investments in Tokumei Kumiai	7,873	–	(7,873)	
Total operating revenues	23,642,819	23,559,486	(83,333)	(0.4)
Operating expenses				
Property-related expenses (Note 5)	12,061,298	11,699,881	(361,416)	
Loss on sales of property (Note 6)	3,999,883	–	(3,999,883)	
Asset management fees	1,984,681	1,990,789	6,108	
Custodian fees	23,992	25,169	1,177	
General administration fees	103,775	107,507	3,732	
Compensation for Directors	4,300	5,940	1,640	
Other operating expenses	126,636	127,718	1,081	
Total operating expenses	18,304,567	13,957,006	(4,347,560)	(23.8)
Operating income	5,338,251	9,602,479	4,264,227	79.9
Non-operating revenues				
Interest income	1,584	1,502	(81)	
Other non-operating revenues	7,077	7,372	295	
Total non-operating revenues	8,661	8,875	214	2.5
Non-operating expenses				
Interest expense	1,432,913	1,423,919	(8,993)	
Corporate bonds interest	648,367	470,473	(177,894)	
Amortization of bonds issuance costs	18,730	7,128	(11,601)	
Amortization of units issuance costs	27,612	27,612	–	
Loan-related costs	384,421	456,950	72,529	
Other non-operating expenses	7,489	4,524	(2,964)	
Total non-operating expenses	2,519,534	2,390,609	(128,924)	(5.1)
Ordinary income	2,827,379	7,220,745	4,393,366	155.4
Income before income taxes	2,827,379	7,220,745	4,393,366	155.4
Income taxes				
Current	605	605	–	
Deferred	513,858	–	(513,858)	
Total income taxes	514,463	605	(513,858)	
Net income	2,312,915	7,220,140	4,907,224	212.2
Retained earnings at the beginning of period	1,594	641	(953)	
Retained earnings at the end of period	2,314,510	7,220,781	4,906,271	

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(3) Statements of changes in net assets

(Thousands of yen)

For the six months ended February 29, 2012

		Unitholders' equity					
	Unitholders' capital (Note 4)	Surplus				Total unitholders' equity	Total net assets
		Capital surplus	Reserve for dividends	Retained earnings	Total surplus		
Balance as of August 31, 2011	250,764,406	14,986,826	6,918,474	5,503,431	27,408,732	278,173,138	278,173,138
<u>Changes during the period</u>							
Issuance of new investment units	19,988,544	-	-	-	-	19,988,544	19,988,544
Cash distribution declared	-	-	-	(5,501,837)	(5,501,837)	(5,501,837)	(5,501,837)
Net income	-	-	-	2,312,915	2,312,915	2,312,915	2,312,915
<u>Total changes during the period</u>	19,988,544	-	-	(3,188,921)	(3,188,921)	16,799,622	16,799,622
Balance as of February 29, 2012	270,752,950	14,986,826	6,918,474	2,314,510	24,219,811	294,972,761	294,972,761

For the six months ended August 31, 2012

	Unitholders' equity						
	Unitholders' capital (Note 4)	Surplus				Total unitholders' equity	Total net assets
		Capital surplus	Reserve for dividends	Retained earnings	Total surplus		
Balance as of February 29, 2012	270,752,950	14,986,826	6,918,474	2,314,510	24,219,811	294,972,761	294,972,761
<u>Changes during the period</u>							
Appropriation of reserve for dividends	-	-	(4,592,098)	4,592,098	-	-	-
Cash distribution declared	-	-	-	(6,905,967)	(6,905,967)	(6,905,967)	(6,905,967)
Net income	-	-	-	7,220,140	7,220,140	7,220,140	7,220,140
<u>Total changes during the period</u>	-	-	(4,592,098)	4,906,271	314,173	314,173	314,173
Balance as of August 31, 2012	270,752,950	14,986,826	2,326,376	7,220,781	24,533,984	295,286,934	295,286,934

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(4) Statements of cash distributions

(Yen)

	For the six months ended	
	February 29, 2012 ⁽ⁱ⁾	August 31, 2012 ⁽ⁱⁱ⁾
Retained earnings at the end of period	2,314,510,364	7,220,781,574
Appropriation of reserve for dividends	4,592,098,022	-
Cash distribution declared	6,905,967,254	7,219,960,320
(Cash distribution declared per unit)	(3,673)	(3,840)
Retained earnings carried forward	641,132	821,254

Note:

- (i) 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 February 29, 2012 was ¥6,905,967,254, consisted of substantially all of retained earnings plus appropriation of reserve for dividends except for fractional distribution per unit less than one yen, while a total sum of retained earnings at the end of the period of ¥2,314,510,364 and appropriation of reserve for dividends amounting to ¥4,592,098,022 was ¥6,906,608,386. The Investment Corporation generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.
- (ii) 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 ¥7,219,960,320 consisted of substantially all of retained earnings at the end of the period of ¥7,220,781,571 except for fractional distribution per unit less than one yen. The Investment Corporation generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

	For the six months ended		(Thousands of yen)
	February 29, 2012	August 31, 2012	Increase (Decrease)
Cash Flows from Operating Activities:			
Income before income taxes	2,827,379	7,220,745	4,393,366
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	5,380,858	5,268,687	(112,171)
Amortization of bonds issuance costs	18,730	7,128	(11,601)
Amortization of units issuance costs	27,612	27,612	-
Loss on sales of property	3,999,883	-	(3,999,883)
Loss on disposal of fixed assets	126,455	20,025	(106,429)
Interest income	(1,584)	(1,502)	81
Interest expense	2,081,281	1,894,393	(186,887)
Changes in assets and liabilities:			
Increase in Rental receivables	(41,437)	(10,901)	30,536
Decrease in Income taxes receivable	3,314	3,650	336
Decrease in Consumption tax refundable	25,815	247,274	221,459
Decrease (increase) in Long-term prepaid expenses	(1,207,028)	82,396	1,289,424
Increase (decrease) in Accounts payable - operating	(44,240)	184,893	229,133
Increase in Consumption tax payable	-	651,156	651,156
Increase (decrease) in Accounts payable - other	28,826	(19,171)	(47,998)
Increase in Accrued expenses	51,162	14,982	(36,179)
Increase (decrease) in Rent received in advance	190,925	(1,602)	(192,528)
Increase in Deposits received	146,582	123,619	(22,962)
Other, net	(104,959)	55,814	160,773
Sub total	13,509,577	15,769,202	2,259,625
Interest received	1,584	1,502	(81)
Interest expenses paid	(2,185,021)	(1,939,251)	245,770
Payments for loss on disaster	(35,968)	-	35,968
Income taxes paid	(614)	(600)	14
Net cash provided by operating activities	11,289,555	13,830,853	2,541,297
Cash Flows from Investing Activities:			
Purchase of property and equipment	(8,891)	(12,429)	(3,538)
Purchase of property and equipment in trust	(47,826,882)	(2,546,710)	45,280,172
Proceeds from sales of property and equipment in trust	1,756,514	-	(1,756,514)
Purchase of intangible assets in trust	(8,196)	(39)	8,157
Proceeds from sales of intangible assets in trust	4,337	-	(4,337)
Payments of tenant leasehold and security deposits	(19,722)	(51,342)	(31,619)
Proceeds from tenant leasehold and security deposits	70,396	13,115	(57,281)
Payments of tenant leasehold and security deposits in trust	(4,183,407)	(2,076,284)	2,107,123
Proceeds from tenant leasehold and security deposits in trust	4,325,452	340,283	(3,985,168)
Payments of lease deposits in trust	(261)	-	261
Proceeds from lease deposits in trust	11,747	7,500	(4,247)
Proceeds from investment securities	854,816	-	(854,816)
Other expenditures	(210,020)	-	210,020
Other proceeds	140,426	95,680	(44,746)
Net cash used in investing activities	(45,093,689)	(4,230,226)	40,863,463
Cash Flows from Financing Activities:			
Repayments of short-term borrowings	(30,375,000)	(2,000,000)	28,375,000
Repayments of corporate bonds	(20,000,000)	(20,000,000)	-
Proceeds from long-term borrowings	75,575,000	21,000,000	(54,575,000)
Repayments of long-term borrowings	(5,000,000)	(800,000)	4,200,000
Proceeds from issuance of investment units	19,822,867	-	(19,822,867)
Distribution payments	(5,503,317)	(6,907,732)	(1,404,414)
Net cash provided by (used in) financing activities	34,519,550	(8,707,732)	(43,227,282)
Net change in cash and cash equivalents	715,416	892,894	177,478
Cash and cash equivalents at beginning of period	15,095,402	15,810,819	715,416
Cash and cash equivalents at end of period (Note 7)	15,810,819	16,703,713	892,894

The accompanying notes in sections (6), (7) and (8) below are an integral part of these statements.

(6) Note relating to going concern assumption

Nothing to be noted.

(7) Summary of significant accounting policies***(a) Securities***

Non-marketable securities held as available-for-sale are stated at cost determined by the moving average method. Investments in Tokumei Kumiai (anonymous association) agreements are accounted for using the equity method of accounting.

(b) Property and equipment

Property and equipment is recorded at cost. Depreciation of property and equipment, except for land, is calculated on a straight-line basis over the estimated useful lives of the assets as stated below:

Buildings	2-50 years
Building improvements	2-60 years
Machinery and equipment	3-17 years
Furniture and fixtures	2-20 years

(c) Other intangible assets in trust

Other intangible assets in trust are amortized on a straight-line basis.

(d) Long-term prepaid expenses

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

(e) Units issuance costs

Units issuance costs are capitalized and amortized on a straight-line basis over three years.

(f) Bonds issuance costs

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

(g) Taxes on property and equipment

Property and equipment are subject to various taxes, such as property taxes and urban planning taxes on 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 accounting principles and practices generally accepted in Japan ("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 ¥123,728 thousand and ¥7,480 thousand for the six months ended February 29, 2012 and August 31, 2012, respectively.

(h) Equipment leases

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.

(i) Hedge accounting

In accordance with the Investment Corporation's risk management policy and its internal rules, the Investment Corporation uses derivative instruments for the purpose of hedging risks that are prescribed in the Investment Corporation's article of incorporation. The Investment Corporation 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.

(j) 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.

(k) 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 Investment Corporation 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 Investment Corporation in proportion to the percentage interest that such trust beneficiary interest presents. Certain material accounts in trust are shown as accounts in trust in the balance sheets.

(l) Consumption tax

Consumption taxes withheld and consumption taxes paid are not included in the statements of income and retained earnings. The 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.

(8) Notes to financial information

Note 1 – Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥40,006,373 thousand and ¥39,265,905 thousand as of February 29, 2012 and August 31, 2012, respectively.

(Thousands of yen)

	As of	
	February 29, 2012	August 31, 2012
Cash and bank deposits in trust	15,158	98,162
Buildings in trust	81,488,774	79,993,632
Buildings improvements in trust	4,636,973	4,512,036
Machinery and equipment in trust	335,002	317,444
Furniture and fixtures in trust	502,371	498,892
Land in trust	146,227,734	151,679,112
Other	190,706	100,706
Total	233,396,719	237,199,985

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for a total amount of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for an amount of ¥350,000 thousand as of February 29, 2012 and August 31, 2012.

Note 2 – Credit facilities and commitment lines

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

(Thousands of yen)

	As of	
	February 29, 2012	August 31, 2012
Credit facilities		
Total amount of credit facilities	37,500,000	35,500,000
Borrowings drawn down	(16,200,000)	(14,200,000)
Unused credit facilities	21,300,000	21,300,000
Commitment lines		
Total amount of committed lines of credit	50,000,000	50,000,000
Borrowings drawn down	-	-
Unused committed lines of credit	50,000,000	50,000,000

Note 3 – Contingent liabilities

On November 1, 2011, Tokyu Hands Inc., a tenant of 8953 Osaka Shinsaibashi Building (held by the Investment Corporation in form of trust beneficiary interest in real estate trust), brought a case to Osaka District Court against the Investment Corporation 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 the claim by Tokyu Hands Inc. were allowed, the Investment Corporation would be obliged to pay the rent and parking fee reduction totaling ¥462 million and ¥585 million (calculated up to February 29, 2012 and August 31, 2012) and interest on the obligation.

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

Note 4 – Net assets

(1) Number of units

	As of	
	February 29, 2012	August 31, 2012
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	1,880,198 units	1,880,198 units

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

Note 5 – 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:

	(Thousands of yen)	
	For the six months ended	
	February 29, 2012	August 31, 2012
Rental and other operating revenues:		
Rental and parking revenue	21,609,094	21,535,047
Common area charges	813,318	851,562
Other	1,212,532	1,172,876
Total rental and other operating revenues	23,634,945	23,559,486
Property-related expenses:		
Property management fees	436,982	410,556
Facility management fees	1,037,891	999,419
Utilities	900,075	933,859
Property-related taxes	2,457,346	2,425,303
Repair and maintenance	107,447	160,576
Insurance	54,086	53,568
Trust fees	103,335	101,561
Rent expense	955,758	920,685
Other	501,135	405,722
Depreciation	5,380,783	5,268,602
Loss on disposal of property	126,455	20,025
Total property-related expenses	12,061,298	11,699,881
Operating income from property leasing activities	11,573,646	11,859,604

Note 6 – 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:

	(Thousands of yen)	
	For the six months ended	
	February 29, 2012	
Proceeds from sale of land and building		1,800,000
Cost of land and building sold		(5,760,557)
Other selling expenses		(39,326)
Loss on sale of property		(3,999,883)

Note 7 – Cash and cash equivalents

Cash and cash equivalents shown in the statements of cash flows consist of the following:

(Thousands of yen)

	As of	
	February 29, 2012	August 31, 2012
Cash and bank deposits	9,294,938	9,009,469
Cash and bank deposits in trust	6,515,881	7,694,244
Cash and cash equivalents	15,810,819	16,703,713

Note 8 – Leases**(a) Lease rental revenues**

The Investment Corporation 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:

(Thousands of yen)

	As of	
	February 29, 2012	August 31, 2012
Due within one year	31,723,560	30,707,643
Due after one year	127,184,212	116,136,190
Total	158,907,773	146,843,834

(b) Lease commitments

As described in section (7) (h), 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 9 – Financial instruments**(a) Qualitative information for financial instruments****(i) Policy for financial instrument transactions**

The Investment Corporation 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 Investment Corporation'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 the 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 Investment Corporation manages to keep an appropriate level of liabilities ratio in order to manage its exposure to the potential rise in 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 Investment Corporation's risk management policy and internal rules, the Investment Corporation uses derivative instruments for the purpose of hedging risks that are prescribed in the Investment Corporation'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.

(Thousands of yen)

	As of					
	February 29, 2012			August 31, 2012		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	9,294,938	9,294,938	-	9,009,469	9,009,469	-
(2) Cash and bank deposits in trust	6,515,881	6,515,881	-	7,694,244	7,694,244	-
Total assets	15,810,819	15,810,819	-	16,703,713	16,703,713	-
(1) Short-term borrowings	16,200,000	16,200,000	-	14,200,000	14,200,000	-
(2) Current portion of long-term bonds issued	20,000,000	20,046,600	(46,600)	-	-	-
(3) Current portion of long-term borrowings	1,600,000	1,615,076	(15,076)	9,000,000	9,015,719	(15,719)
(4) Current portion of tenant leasehold and security deposits	4,312	4,306	6	616	615	0
(5) Current portion of tenant leasehold and security deposits in trust	3,381,338	3,383,333	(1,994)	2,648,785	2,653,235	(4,449)
(6) Long-term bonds issued	40,000,000	41,455,150	(1,455,150)	40,000,000	41,443,050	(1,443,050)
(7) Long-term borrowings	217,751,000	219,921,804	(2,170,804)	230,551,000	233,257,524	(2,706,524)
(8) Tenant leasehold and security deposits in trust	16,138,396	16,507,249	(368,853)	15,394,441	15,889,339	(494,897)
Total liabilities	315,075,047	319,133,520	(4,058,473)	311,794,843	316,459,484	(4,664,641)
Derivative instruments	-	-	-	-	-	-

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

Assets

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

The carrying amounts of cash and bank deposits and those in trust are deemed to approximate their fair value.

Liabilities

(1) Short-term borrowings

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

(2) 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.

(3) Current portion of long-term borrowings and (7) 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 borrowing 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. For 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.

(4) Current portion of tenant leasehold and security deposits, (5) Current portion of tenant leasehold and security deposits in trust and (8) Tenant leasehold and security deposits in trust

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

Please refer to “Note 10 Derivative instruments”.

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

(Thousands of yen)

	As of	
	February 29, 2012	August 31, 2012
Current portion of tenant leasehold and security deposits in trust	46,953	46,953
Tenant leasehold and security deposits	1,564,654	1,542,342
Tenant leasehold and security deposits in trust	41,128,575	40,938,270
Total	42,740,183	42,527,566

Tenant lease hold and security deposits and those in trust 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

(Thousands of yen)

As of February 29, 2012	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	9,294,938	-	-	-	-	-
Cash and bank deposits in trust	6,515,881	-	-	-	-	-
Total	15,810,819	-	-	-	-	-
As of August 31, 2012	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	9,009,469	-	-	-	-	-
Cash and bank deposits in trust	7,694,244	-	-	-	-	-
Total	16,703,713	-	-	-	-	-

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

(Thousands of yen)

As of February 29, 2012	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	16,200,000	-	-	-	-	-
Current portion of long-term bonds issued	20,000,000	-	-	-	-	-
Current portion of long-term borrowings	1,600,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	1,594,029	-	-	-	-	-
Long-term bonds issued	-	-	15,000,000	10,000,000	-	15,000,000
Long-term borrowings	-	12,000,000	13,450,000	46,710,000	22,450,000	123,141,000
Tenant leasehold and security deposits in trust	-	1,594,029	1,305,724	1,548,139	1,531,415	7,401,105
Total	39,394,029	13,594,029	29,755,724	58,258,139	23,981,415	145,542,105
As of August 31, 2012	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	14,200,000	-	-	-	-	-
Current portion of long-term borrowings	9,000,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	1,594,029	-	-	-	-	-
Long-term bonds issued	-	-	15,000,000	10,000,000	15,000,000	-
Long-term borrowings	-	8,550,000	43,710,000	23,250,000	11,300,000	143,741,000
Tenant leasehold and security deposits in trust	-	1,521,953	1,354,855	1,548,139	1,531,415	6,947,119
Total	24,794,029	10,071,953	60,064,855	34,798,139	27,831,415	150,688,119

Note 10 – Derivatives

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

As of February 29, 2012

(Thousands of yen)

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

As of August 31, 2012

(Thousands of yen)

			(Amounts in yen)			
Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	25,000,000	25,000,000	-(i)	-

Note:

- (i) As disclosed in “(7) Summary of significant accounting policies (i) Hedge accounting”, the Investment Corporation 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 hedged item is calculated together as one and disclosed as such under Note (i) in “Note 9 Financial instruments (b) Quantitative information for financial instruments”.
- (ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.

Note 11 – Related-party transaction

There was no related-party transaction to be disclosed for the six months ended February 29, 2012 and August 31, 2012.

Note 12 – Income taxes

Deferred tax assets and liabilities consist of the followings:

(Thousands of yen)

	As of	
	February 29, 2012	August 31, 2012
Deferred tax assets:		
Current:		
Tax loss carryforwards	3,541,643	3,294,907
Other	394	1,344
Sub total	3,542,037	3,296,252
Valuation allowance	(3,542,037)	(3,296,252)
Total current deferred tax assets	–	–
Non-current:		
Amortization of leasehold rights	87,039	94,878
Asset retirement obligations	117,353	118,411
Valuation difference on assets acquired by merger	6,171,654	6,149,238
Other	6,279	9,202
Sub total	6,382,327	6,371,730
Valuation allowance	(6,382,327)	(6,371,730)
Total non-current deferred tax assets	–	–
Total deferred tax assets	–	–
Net deferred tax assets	–	–
Deferred tax liabilities:		
Non-current:		
Valuation difference on assets acquired by merger (not offset by other tax deductible items)	513,858	513,858
Total deferred tax liabilities	513,858	513,858
Net deferred tax liabilities	513,858	513,858

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

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

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% after 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 when the taxable temporary 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 13 – Asset retirement obligations

The Investment Corporation 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 for the restoration is recognized as a liability for an amount representing the present value of estimated future cash flows discounted at 1.789%.

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

	(Thousands of yen)	
	For the six months ended	
	February 29, 2012	August 31, 2012
Balance at the beginning of the period	340,518	343,539
Adjustment for passage of time	3,020	3,098
Balance at the end of the period	343,539	346,637

Note 14 – Fair value of investment and rental property

The Investment Corporation has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following 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.

	(Thousands of yen)	
	For the six months ended	
	February 29, 2012	August 31, 2012
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	597,570,111	634,149,503
Net increase (decrease) during the period ⁽ⁱⁱ⁾	36,579,391	(826,593)
Balance at the end of the period	634,149,503	633,322,910
Fair value⁽ⁱⁱⁱ⁾	614,545,000	621,840,000

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):

	Increase (decrease) in net book value (Thousands of yen)
For the six months ended February 29, 2012:	
Acquisitions:	
Kishiwada CanCan Bayside Mall	7,168,662
Makuhari Plaza	5,773,574
MrMax Nagasaki	2,511,056
Urban Terrace Jingumae	2,829,552
Round1 Stadium Itabashi	2,434,998
Round1 Machida	2,479,882
Arkangel Daikanyama (Land with leasehold interest)	1,842,191
G-Bldg. Shinsaibashi 02	4,425,247
Round1 Stadium Sennichimae (Land with leasehold interest)	8,091,318
Izumisano Shofudai (Land with leasehold interest)	2,657,414
Tecc Land Neyagawa (Land with leasehold interest)	1,154,527
mozo wonder city	5,324,634
A part of Land with leasehold interest in AEON Naha Shopping Center	137,119
Disposals:	
Hakata Riverain	(5,760,557)
For the six months ended August 31, 2012:	
Acquisitions:	
A part of Land with leasehold interest in Nara Family	3,524,453

- (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 5 Breakdown for rental and other operating revenues and property-related expenses”.

Note 15 – 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 Investment Corporation 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 overseas 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

(Thousands of yen)

Name of customer	Revenues for the six months ended		Relating segment
	February 29, 2012	August 31, 2012	
AEON Retail Co., Ltd.	4,613,875	4,700,103	Property rental business
AEON Mall Co., Ltd.	4,023,894	4,019,182	Property rental business
Ito-Yokado Co., Ltd.	2,573,810	2,558,702	Property rental business

Note 16 – Per unit information

The net asset value per unit as of February 29, 2012 and August 31, 2012 was ¥156,883 and ¥157,050, respectively. Net income per unit for the six months ended February 29, 2012 and August 31, 2012 was ¥1,239 and ¥3,840, respectively.

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.

Diluted net income per unit is not disclosed because dilutive potential units are not issued.

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

(Thousands of yen)

	For the six months ended	
	February 29, 2012	August 31, 2012
Net income	2,312,915	7,220,140
Effect of dilutive unit	-	-
Net income available to common unitholders	2,312,915	7,220,140
Weighted-average number of units outstanding for the period	1,865,791 units	1,880,198 units

Note 17 – 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.

(9) Changes in unit issued and outstanding

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.

4. Changes in officers

Changes in officers had been otherwise disclosed under the rule of timely disclosure.

5. Additional information

(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
Sub-total		634,149	96.2	633,322	96.4
Bank deposits and other assets		25,196	3.8	23,704	3.6
Total assets		659,346	100.0	657,027	100.0
Total liabilities (Note 1)		364,373	55.3	361,740	55.1
Total net assets		294,972	44.7	295,286	44.9

Note 1 Total liabilities include tenant leasehold and security deposits and those in trust.

(2) Outline of portfolio properties

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.

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, Haginoshio 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

Japan Retail Fund Investment Corporation (8953) Financial Results for August 2012 Fiscal Period

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
AEON Nishi-Otsu	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
Higashi-Totsuka Aurora City	537-1, Shinanocho, 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, Hara-cho 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

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)
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
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 property 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
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

Japan Retail Fund Investment Corporation (8953) Financial Results for August 2012 Fiscal Period

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 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. Jingumae 01	2	100.0	76	0.3	2	100.0	70	0.3
G-Bldg. Jingumae 02	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
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

Japan Retail Fund Investment Corporation (8953) Financial Results for August 2012 Fiscal Period

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) (%)
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	–	–
Tec 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 “Number 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.