



Seventh Fiscal Period Results
(March 1, 2005 – August 31, 2005)

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October 17, 2005

Japan Retail Fund Investment Corporation
Announcement of Seventh Fiscal Period Results

Distribution Per Unit +4.2% Above Estimates

Summary of Financial Results

Japan Retail Fund Investment Corporation ("JRF"; TSE ticker code: 8953) today announced the financial results of its seventh fiscal period for the six-months ending August 31, 2005.

For the seventh fiscal period, JRF reported gross revenues of ¥12,226 million, operating income of ¥4,973 million, income before income taxes of ¥4,397 million, net income of ¥4,397 million and earnings and cash distributions per unit of ¥15,730. The cash distributions per unit exceeded the estimate of ¥15,101 reported to the Tokyo Stock Exchange on September 5, 2005 by 4.2%.

As of August 31, 2005, JRF's property portfolio consisted of thirty two retail properties and was independently appraised at ¥306,163 million in aggregate.

The assets of JRF totaled ¥ 312,350 million as of August 31, 2005, short-term loans were ¥25,860 million, long-term borrowings and corporate bonds were ¥14,170 million and ¥ 35,000 million, respectively, and total unitholders' equity was ¥162,448 million, or ¥596,935 per unit, with a total of 279,502 units outstanding.

"We are quite pleased with these operating results," said Mr. Yuichi Hiromoto, JRF's Executive Director as well as the President and Chief Executive Officer of JRF's Asset Manager, Mitsubishi Corp.-UBS Realty Inc. "In our view, these results demonstrate the continued strong performance of our retail property ownership business and the strength and quality of our properties, which continue to deliver a steady basis for ongoing distributions per unit."

Seventh Fiscal Period Highlights

Operating Environment : On March 8, 2005, JRF completed its fourth public offering totaling 56,000 new investment units at a price of ¥798,700 per unit, 32,200 of such units were issued in connection with a Japanese Primary Offering, and the remaining 23,800 of such units were issued in connection with an International Offering pursuant to Rule 144A and Regulation S under the U.S. Securities Act of 1933. On March 29, 2005, an additional 4,000 units were issued in connection with the exercise of an over-allotment option.

Net proceeds of approximately ¥46 billion from these Offerings were primarily utilized towards the acquisition of four additional retail properties in March 2005, namely SEIYU Hibarigaoka, Tobata SATY, 8953 Jiyugaoka Building and Wonder City for an aggregate purchase price of approximately ¥ 31 billion, and the remaining balance utilized to repay its outstanding short-term borrowings incurred in connection with the acquisitions in the preceding fiscal period.

During the fiscal period, JRF also completed the acquisitions of the following four specified additional retail properties with an aggregate purchase price of ¥ 30,300 million. These acquisitions were financed through a combination of cash on hand and the assumption of tenant leasehold and security deposits due upon lease termination, with the remainder from short-term bank loans. Details are as follows:

(JPY in millions)			
<u>Name of property</u>	<u>Acquisition Date</u>	<u>Acquisition Price</u>	<u>Amount of Short- term loans</u>
Jusco City Takatsuki	March 25, 2005	11,700	5,800
Jusco City Yagoto Shopping Center	June 10, 2005	3,700	2,000
Jusco Naha Shopping Center	June 29, 2005	10,700	9,000
Cheers Ginza	August 11, 2005	<u>4,200</u>	<u>4,300</u>
Total		<u>30,300</u>	<u>21,100</u>

Leverage: As of August 31, 2005, JRF's overall leverage level was 45.5% (24.0% excluding tenant deposits).

JRF's Portfolio Profile: As of August 31, 2005, JRF's portfolio was comprised of thirty two retail properties with 1,405,197 square meters of leaseable space.

Forecasts for the Seventh and Eighth Accounting Periods

Operating Environment: On September 14, 2005, JRF completed its public offering totaling 23,000 new investment units at a price of ¥861,300 per unit, 11,600 of such units were issued domestically and the remaining 11,400 of such units were issued pursuant to Rule 144A under the U.S. Securities Act of 1933. Subsequent to that, total equity outstanding increased to approximately ¥181,558 million and total units of outstanding increased to 302,502 units.

Performance Forecasts: For the eighth accounting period from September 1, 2005 to February 28, 2006, JRF estimates gross revenue at ¥12,968 million and net income at ¥4,659 million, or ¥15,401 per unit. For the ninth accounting period from March 1, 2006 to August 31, 2006, JRF estimates gross revenue at ¥12,867 million and net income at ¥4,313 million, or ¥14,257 per unit. The forecast decline in distribution per unit in the ninth accounting period, compared to the eighth accounting period, is primarily attributable to increases in property-related tax expense. In accordance with Generally Accepted Accounting Principles in Japan, property-related taxes are capitalized in the year of acquisition.

JRF and its Asset Manager, having considered the operating environment in which JRF operates, believe that the above forecasts, based on operating assumptions associated with JRF's portfolio, are reasonable. However, these numbers are not a guarantee of JRF's eighth and ninth period performance and that final results may differ due to unforeseen circumstances.

Please also refer to "Disclaimer" accompanying this document.

About JRF

Japan Retail Fund Investment Corporation is the third listed Japanese Real Estate Investment Trust ("J-REIT") and the first J-REIT to focus primarily on retail properties.

As of the date of this announcement, JRF owned 32 retail properties containing approximately 1,405,000 square meters of leaseable space.

Investor Relations: *For further information relating to this press release as well as the Fund and its Asset Manager, please feel free to contact Mr. Shunichi Minami, Senior Executive Officer, at Mitsubishi Corp.-UBS Realty Inc. (Telephone Number: 81-3-3511-1692)*

(Summary Financial Information Attached)

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of February 28, 2005 and August 31, 2005

	<u>February 28, 2005</u> <u>(JPY in Millions)</u>	<u>August 31, 2005</u> <u>(JPY in Millions)</u>
ASSETS		
Current assets:		
Cash and cash equivalents	9,363	12,421
Rental receivables	477	545
Consumption tax refundable	444	757
Prepaid expenses and other assets	326	527
Total current assets	<u>10,610</u>	<u>14,250</u>
Non-current assets:		
Property and equipment, at cost:		
Land	136,865	179,611
Buildings	89,560	110,879
Building improvements	4,556	5,448
Machinery and equipment	1,434	1,517
	<u>232,415</u>	<u>297,455</u>
Less: Accumulated depreciation	<u>(5,657)</u>	<u>(7,952)</u>
Net property and equipment	<u>226,758</u>	<u>289,503</u>
Other assets:		
Leasehold rights	3,692	4,166
Other intangible assets	161	168
Deposits	2,810	2,801
Investment	-	849
Long-term prepaid expenses	148	135
Organization costs	42	28
Bonds issuance costs	148	119
Other	338	331
Total other assets	<u>7,339</u>	<u>8,597</u>
TOTAL ASSETS	<u><u>244,707</u></u>	<u><u>312,350</u></u>

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of February 28, 2005 and August 31, 2005

	<u>February 28, 2005</u>	<u>August 31, 2005</u>
	<u>(JPY in Millions)</u>	<u>(JPY in Millions)</u>
LIABILITIES AND UNITHOLDERS' EQUITY		
Current liabilities:		
Short-term debt	21,260	25,860
Rent received in advance	882	1,008
Accrued expenses and other liabilities	1,906	2,285
Total current liabilities	<u>24,048</u>	<u>29,153</u>
Non-current liabilities:		
Long-term debt	14,170	14,170
Bonds issued - unsecured	35,000	35,000
Tenant leasehold and security deposits	51,802	67,057
Other	113	125
Total non-current liabilities	<u>101,085</u>	<u>116,352</u>
TOTAL LIABILITIES	<u>125,133</u>	<u>145,505</u>
Unitholders' equity:		
Unitholders' capital, 2,000,000 units authorized, 219,502 units (as of February 28, 2005) and 279,502 (as of August 31, 2005) issued and outstanding	116,189	162,448
Retained earnings	3,385	4,397
TOTAL UNITHOLDERS' EQUITY	<u>119,574</u>	<u>166,845</u>
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	<u>244,707</u>	<u>312,350</u>

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the Six Months Ended
February 28, 2005 and August 31, 2005

	<u>September 1, 2004 to</u> <u>February 28, 2005</u> <u>(JPY in Millions)</u>	<u>March 1, 2005 to</u> <u>August 31, 2005</u> <u>(JPY in Millions)</u>
Operating revenues		
Rental and other operating revenues	9,514	12,226
Operating expenses		
Property-related expenses	4,808	6,080
Asset management fees	680	911
Custodian fees	38	45
General administration fees	83	105
Other	78	112
	<u>5,687</u>	<u>7,253</u>
Operating income	3,827	4,973
Non-operating revenues		
Non-operating revenues	9	3
Non-operating expenses		
Interest expense	206	362
Offering costs	130	115
Amortization of organization costs	14	14
Amortization of bonds issuance costs	30	30
Other non-operating expenses	70	58
	<u>3,386</u>	<u>4,397</u>
Income before income taxes	3,386	4,397
Income taxes	1	0
Net income	<u>3,385</u>	<u>4,397</u>

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the Six Months Ended
February 28, 2005 and August 31, 2005

	<u>September 1, 2004 to</u> <u>February 28, 2005</u> <u>(JPY in Millions)</u>	<u>March 1, 2005 to</u> <u>August 31, 2005</u> <u>(JPY in Millions)</u>
Cash Flows from Operating Activities:		
Income before income taxes	3,386	4,397
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	1,682	2,306
Amortization of organization costs	14	14
Interest expense	206	362
Amortization of bond issuance costs	30	30
Loss on disposal of fixed assets	30	27
Changes in assets and liabilities:		
Consumption tax refundable	(241)	(313)
Accounts payable	29	(99)
Rent received in advance	234	126
Accrued expenses and other liabilities	(4)	349
Other, net	(298)	(491)
Net cash provided by operating activities	<u>5,068</u>	<u>6,708</u>
Cash Flows from Investing Activities:		
Purchases of property and equipment	(44,044)	(65,559)
Investment in securities	-	(852)
Proceeds from tenant leasehold and security deposits	1,842	15,254
Payment of deposits	(10)	29
Net cash used in investing activities	<u>(42,212)</u>	<u>(51,128)</u>
Cash Flows from Financing Activities:		
Proceeds from short-term debt	74,500	30,100
Repayments of short-term debt	(58,000)	(25,500)
Repayments of long-term debt	(10,000)	-
Proceeds from issuance of investment units	-	46,259
Proceeds from bonds issuance	34,822	-
Distribution payments	(3,174)	(3,381)
Net cash provided by financing activities	<u>38,148</u>	<u>47,478</u>
Net change in cash and cash equivalents	<u>1,004</u>	<u>3,058</u>
Cash and cash equivalents at beginning of period	<u>8,359</u>	<u>9,363</u>
Cash and cash equivalents at end of period	<u><u>9,363</u></u>	<u><u>12,421</u></u>

Property Portfolio Summary 1

<u>Name of Property</u>	<u>Year(s) Built</u>	<u>Location of Property</u>	<u>Date Acquired</u>	<u>Ownership %</u>	<u>Acquisition Price (JPY in Millions)</u>	<u>Appraisal Value as of August 31, 2005 (JPY in Millions)</u>	<u>% of Total Portfolio</u>
Tokyo 23 Wards							
8953 Minami Aoyama Building	2002	Minato Ward, Tokyo	4-Mar-03	100	5,350	5,330	1.7%
8953 Daikanyama Building	1991	Shibuya Ward, Tokyo	10-Dec-03	100	1,235	1,300	0.4%
8953 Harajuku FACE Building	1985	Shibuya Ward, Tokyo	9-Jan-04	100	2,770	2,850	0.9%
Esquisse Omotesando	1982	Shibuya Ward, Tokyo	2-Mar-04	100	16,100	16,900	5.5%
Esquisse Omotesando Annex	1997	Shibuya Ward, Tokyo	30-Apr-04	100	860	936	0.3%
Itabashi SATY	2000	Itabashi Ward, Tokyo	9-Dec-04	100	12,400	13,100	4.3%
8953 Kita Aoyama Building	2005	Minato Ward, Tokyo	1-Feb-05	100	989	1,030	0.3%
8953 Jiyugaoka Building	1984, 2005	Meguro Ward, Tokyo	28-Mar-05	100	2,700	2,787	0.9%
Cheers Ginza	2005	Chuo Ward, Tokyo	11-Aug-05	100	4,200	4,200	1.4%
subtotal					46,604	48,433	15.8%
Greater Tokyo Metropolitan Area							
ESPA Kawasaki	2000	Kawasaki, Kanagawa	13-Mar-02	80.4	8,117	11,200	3.7%
			10-Dec-02	19.6	1,974		
JUSCO Chigasaki Shopping Center	2000	Chigasaki, Kanagawa	13-Mar-02	100	8,300	8,190	2.7%
Abiko Shopping Plaza	1994	Abiko, Chiba	4-Mar-03	100	10,200	12,300	4.0%
Ito-Yokado Yabashira	1982	Matsudo, Chiba	16-Jun-03	100	1,616	1,970	0.6%
Ito-Yokado Kamifukuoka-higashi	1999	Kamifukuoka, Saitama	18-Sep-03	100	6,900	7,530	2.5%
Ito-Yokado Nishikicho	2003	Warabi, Saitama	28-Nov-03	100	13,212	14,600	4.8%
Ito-Yokado Tsunashima	1982	Yokohama, Kanagawa	24-Jun-04	100	5,000	5,360	1.8%
Bic Camara Tachikawa	1970	Tachikawa, Tokyo	29-Sep-04	100	11,920	12,400	4.1%
AEON Yamato Shopping Center	2001	Yamato, Kanagawa	17-Feb-05	100	16,823	18,700	6.1%
SEIYU Hibiyaoka	1978	Nishi Tokyo, Tokyo	9-Mar-05		6,100	6,890	2.3%
subtotal					90,162	99,140	32.4%
Osaka, Nagoya and Surrounding Areas							
8953 Osaka Shinsaibashi Building	1999	Osaka, Osaka	13-Mar-02	100	14,300	14,000	4.6%
Ito-Yokado Narumi	1997	Nagoya, Aichi	4-Mar-03	100	8,540	8,300	2.7%
Nara Family	1992, 1993	Nara, Nara	6-Mar-03	100	31,241	32,400	10.6%
AEON Higashiura Shopping Center	2001	Chita, Aichi	15-Jan-04	100	6,700	7,230	2.4%
Jusco City Takatsuki	1994, 1997	Takatsuki, Osaka	25-Mar-05	100	11,700	12,300	4.0%
Wonder City	1994	Nagoya, Aichi	31-Mar-05	100	15,900	16,200	5.3%
Jusco City Yagoto Shopping Center	1993	Nagoya, Aichi	10-Jun-05	100	3,700	3,840	1.3%
subtotal					92,081	94,270	30.8%
Other Major Cities							
Sendai Nakayama Shopping Center	1995-1999	Sendai, Miyagi	13-Mar-02	100	10,200	11,000	3.6%
Hakata Riverain	1998	Fukuoka, Fukuoka	4-Mar-03	100	12,619	13,300	4.3%
AEON Kashiihama Shopping Center	2003	Fukuoka, Fukuoka	29-Jan-04	100	13,300	12,900	4.2%
AEON Sapporo Naebo Shopping Center	2003	Sapporo, Hokkaido	2-Mar-04	100	9,260	9,270	3.0%
Tobata SATY	1999	Kita Kyushu, Fukuoka	9-Mar-05	100	6,290	6,450	2.1%
Jusco Naha Shopping Center	1993	Naha, Okinawa	29-Jun-05	100	10,700	11,400	3.7%
subtotal					62,369	64,320	21.0%
Grand Total					291,216	306,163	100.0%

Property Portfolio Summary 2

<u>Name of Property</u>	<u>Number of Tenants</u>	<u>Net Book Value as of August 31, 2005 (JPY in Millions)</u>	<u>Leasable Space (sq. m.)</u>	<u>Leased Area (sq. m.)</u>	<u>Occupancy Rate as of August 31, 2005</u>	<u>Rental Revenue in Seventh Fiscal Period (JPY)</u>	<u>% of Total Revenue</u>
Tokyo 23 Wards							
8953 Minami Aoyama Building	3	5,384	1,540.98	1,540.98	100.0%	169	1.4%
8953 Daikanyama Building	1	1,273	574.46	574.46	100.0%	37	0.3%
8953 Harajuku FACE Building	5	2,786	1,477.62	1,477.62	100.0%	92	0.8%
Esquisse Omotesando	12	16,155	3,782.55	3,466.18	91.6%	389	3.2%
Esquisse Omotesando Annex	2	894	540.78	540.78	100.0%	33	0.3%
Itabashi SATY	1	12,731	72,253.88	72,253.88	100.0%	622	5.1%
8953 Kita Aoyama Building	2	1,012	492.69	492.69	100.0%	33	0.3%
8953 Jiyugaoka Building	10	2,725	1,814.10	1,635.21	90.1%	70	0.6%
Cheers Ginza	9	4,247	1,686.58	1,686.58	100.0%	11	0.1%
subtotal	45	47,207	84,163.64	83,668.38	99.4%	1,456	11.9%
Greater Tokyo Metropolitan Area							
ESPA Kawasaki	1	9,743	56,891.15	56,891.15	100.0%	352	2.9%
JUSCO Chigasaki Shopping Center	1	8,027	63,652.33	63,652.33	100.0%	274	2.2%
Abiko Shopping Plaza	45	10,192	43,390.73	42,920.38	98.9%	666	5.4%
Ito-Yokado Yabashira	1	1,636	21,581.65	21,581.65	100.0%	78	0.6%
Ito-Yokado Kamifukuoka-higashi	1	6,871	28,316.18	28,316.18	100.0%	281	2.3%
Ito-Yokado Nishikicho	1	13,181	73,438.52	73,438.52	100.0%	445	3.6%
Ito-Yokado Tsunashima	1	5,156	16,549.50	16,549.50	100.0%	180	1.5%
Bic Camara Tachikawa	2	12,344	20,983.43	20,983.43	100.0%	386	3.2%
AEON Yamato Shopping Center	1	17,229	85,226.68	85,226.68	100.0%	541	4.4%
SEIYU Hibarigaoka	1	6,094	19,070.88	19,070.88	100.0%	276	2.3%
subtotal	55	90,473	429,101.05	428,630.70	99.9%	3,479	28.5%
Osaka, Nagoya and Surrounding Areas							
8953 Osaka Shinsaibashi Building	1	13,932	13,666.96	13,666.96	100.0%	406	3.3%
Ito-Yokado Narumi	1	8,334	50,437.91	50,437.91	100.0%	331	2.7%
Nara Family	131	31,809	85,341.84	85,144.08	99.8%	2,243	18.3%
AEON Higashiura Shopping Center	1	6,700	100,457.69	100,457.69	100.0%	376	3.1%
Jusco City Takatsuki	1	11,822	77,267.23	77,267.23	100.0%	358	2.9%
Wonder City	28	16,582	72,399.16	72,399.16	100.0%	547	4.5%
Jusco City Yagoto Shopping Center	2	4,000	63,778.44	63,778.44	100.0%	74	0.6%
subtotal	165	93,179	463,349.23	463,151.47	100.0%	4,335	35.5%
Other Major Cities							
Sendai Nakayama Shopping Center	2	9,913	46,248.96	42,584.48	92.1%	545	4.5%
Hakata Riverain	76	12,888	25,742.72	24,954.07	96.9%	1,111	9.1%
AEON Kashiihama Shopping Center	1	13,527	109,616.72	109,616.72	100.0%	478	3.9%
AEON Sapporo Naebo Shopping Center	1	9,073	74,625.52	74,625.52	100.0%	383	3.1%
Tobata SATY	1	6,417	93,258.23	93,258.23	100.0%	304	2.5%
Jusco Naha Shopping Center	1	11,160	79,090.48	79,090.48	100.0%	135	1.1%
subtotal	82	62,978	428,582.63	424,129.50	99.0%	2,956	24.2%
Grand Total	347	293,837	1,405,196.55	1,399,580.05	99.6%	12,226	100.0%