

Translation

**JAPAN RETAIL FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED FEBRUARY 28, 2013**

April 15, 2013

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	http://www.jrf-reit.com
Representative of JRF:	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 Tel: (03)5293-7081
Scheduled date for filing of securities report:	May 27, 2013
Scheduled date for distributions payment:	May 21, 2013
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 February 28, 2013 (September 1, 2012 to February 28, 2013)

(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 February 28, 2013	25,642	8.8	10,573	10.1	8,042	11.4	8,041	11.4
August 31, 2012	23,559	-0.4	9,602	79.9	7,220	155.4	7,220	212.2

	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 February 28, 2013	3,931	2.6	1.2	31.4
August 31, 2012	3,840	2.4	1.1	30.6

(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 February 28, 2013	3,868	8,042	0	0	100.0	2.5
August 31, 2012	3,840	7,219	0	0	100.0	2.4

Note: Payout ratio for the six months ended February 28, 2013 is calculated by following formula because new investment units were issued.

Payout ratio = Total of distributions ÷ Net income × 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 February 28, 2013	710,212	320,857	45.2	154,318
August 31, 2012	657,027	295,286	44.9	157,050

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the six months ended February 28, 2013	12,392	(54,321)	44,169	18,944
August 31, 2012	13,830	(4,230)	(8,707)	16,703

2. Outlook for the six months ending August 31, 2013 (March 1, 2013 to August 31, 2013) and February 28, 2014 (September 1, 2013 to February 28, 2014)

(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	%
August 31, 2013	26,050	1.6	10,609	0.3	8,088	0.6	8,088	0.6
February 28, 2014	26,308	1.0	10,631	0.2	8,219	1.6	8,218	1.6

	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	
August 31, 2013	3,890		3,890		0	
February 28, 2014	3,952		3,952		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 February 28, 2013 2,079,198 units

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

Number of treasury units at end of period:

As of February 28, 2013 0 units

As of August 31, 2012 0 units

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 “Assumptions underlying the forecast of operation for the fiscal period ending August 31, 2013 (23rd: March 1, 2013 to August 31, 2013) and the fiscal period ending February 28, 2014 (24th: September 1, 2013 to February 28, 2014)” on page 10 to 11.

1. Summary of related corporations of JRF

There have been no significant changes to the “structure of JRF ” since the most recent financial report (submitted November 22, 2012), and hence, description of these matters is omitted.

2 .Management policy and results of operation

(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 November 22, 2012), and hence, description of these matters is omitted.

(2) State of 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.

In the fiscal period under review (September 1, 2012 to February 28, 2013), which is the 11th year from its listing, JFR issued, as in the prior year, new investment units (199,000 units, including the third-party allotment in connection with the over-allotment) in October 2012. It used the proceeds from this issuance combined with the funds procured through borrowings to acquire 7 properties (including the additional acquisition of one property under joint co-ownership interest) for a total acquisition price of 52.1 billion yen.

The total assets managed by JRF at the end of the 22nd fiscal period (February 28, 2013) came to 720.0 billion yen (the total acquisition price of 76 properties), and JRF ranked third among all REITs listed in Japan (“J-REIT”) in terms of asset size.

ii Investment environment and results

(1) Investment environment

The Japanese economy, as reflected in the CI coincident index — an economic performance benchmark that sensitively mirrors the business cycle — was in an adjustment phase until November 2012 after hitting a short-term peak in April 2012. This was due to declines in shipments of durable consumer goods and industrial production. Subsequently, however, shipments of investment goods and durable consumer goods turned around, and the economy bottomed out in December and regained its upward trend.

The CI leading index that monitors economic performance in advance shows that the economy surged upward in November 2012. Furthermore, according to the Cabinet Office’s Economy Watcher assessment report for February 2013, the diffusion index (DI) reflecting the present situation rose for the fourth consecutive month while the leading DI marked its highest level in history. Thus the Japanese economy has

been showing signs of recovery.

The real GDP for the fourth quarter of the fiscal year 2012 (secondary release) showed a 0.0% change from the previous period and was almost flat, suggesting an economic recovery after bottoming out in 2012. In the first quarter of 2013, there have been signs of a positive turnaround from the previous period, such as improvements in the corporate sector and the rise in exports.

There is anticipation that the Japanese economy, which has begun to regain its strength as described above, will bounce back on a business recovery cycle under the new Abe administration launched in December 2012. It is thought it will be stimulated by the so-called Abenomics (a combination of “Abe” and “economics,” this word refers to the economic policies advocated by Shinzo Abe) built on the “three-arrow” basic components — an aggressive monetary policy, flexible fiscal spending, and a growth strategy aimed at generating private-sector investments.

In the real estate sales market, asset acquisitions associated with equity finance and debt finance by J-REITs have been growing, backed by the favorable fund procurement conditions particularly in the latter half of the fiscal year 2012. In response to this, the retail real estate segment is showing increased competition among J-REITs, private placement funds and others to acquire properties mainly in urban areas, and cap rate (see Note) levels at the time of acquisition are on a declining trend.

Note: The “cap rate” is a synonym for NOI yield, and is calculated by dividing NOI by the acquisition (estimate) price.

Under such circumstances, given that performances of retailers have 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.

The retail sector has been showing steady trends, backed mainly by an improvement in consumer sentiment. The Current Survey of Commerce issued by the Ministry of Economy Trade and Industry indicates that retail sales for 2012 have increased for the first time in two years by 2.2% year-on-year and sales for the fourth quarter of 2012 rose 0.1% year-on-year, which was an increase for the fifth consecutive quarter. In terms of the type of business, although retail automotive sales declined due to the completion of the eco-car subsidy system, food and beverage retailers saw increases in seasonal products while retailers in textiles, clothing and personal effects had favorable sales of winter clothing, which contributed to the overall sales increase in this sector.

At large-scale retail stores (department stores and supermarkets), despite sluggish sales of home electrical appliances such as flat-panel television, sales of luxury products and cosmetics increased, and coats and other winter clothing as well as food and beverages such as hot-pot ingredients sold well due to severe weather conditions. As a result, sales remained stable and posted a year-on-year increase of 0.1% (down 0.7% on an existing store basis).

(2) Results

In the fiscal period under review, JRF acquired 7 properties (G-Bldg. Sangenjaya 01, Round1 Yokohama Station West, G-Bldg. Omotesando, mozo wonder city (50% joint co-ownership interest), Round1 Stadium Sakai Chuo Kanjyo, pivo Izumi Chuo, Tecc Land Fukuoka Shime Honten), from October 2 to 5, 2012, using the proceeds from the issuance of new investment units in October 2012 combined with funds procured

through new borrowings, etc. The aim was to expand asset size and enhance profitability. In addition, JRF succeeded in acquiring part of the land adjacent to Kishiwada CanCan Bayside Mall, used as a parking lot, after repeated negotiations with the landowner.

Regarding the occupancy rates of properties owned by JRF at the end of the period, the rate for 28 urban retail properties continued to increase from the prior fiscal period, standing at 98.8% (up 1.8 percentage points from the end of the previous period). Combined with the 99.9% occupancy rate for 48 suburban retail properties, the occupancy rate for the whole portfolio at the end of the period remained stable, standing at 99.8%, as a result of focusing on leasing activities in line with the recovery trend of economic conditions.

At suburban retail properties, sales of seasonal products were strong although some stores experienced declines in customers due to the effects of heavy snow in the severe winter season, resulting in average YoY sales of 98.3% for the fiscal period. At properties occupied by electrical retail stores where the impact from the decrease in reaction to the buying rush associated with terrestrial digital products has settled down, sales recovered mainly for home appliances, digital cameras and game-related products. This was thanks to the growing replacement demand and the higher unit price in proportion to the larger size of products. Entertainment properties also saw their sales recovering, partly due to the effects of the longer year-end, new-year holiday. Sales performances at urban retail properties remained almost the same monthly sales as those of the year before while some properties posted strong YoY sales of over 110%.

As a result of the above, the total assets managed by JRF at the end of the fiscal period came to 76 properties for a total acquisition price of 720.0 billion yen. The total leasable area was 3,000,501.52 m² with the total number of tenants standing at 917, and the occupancy rate was 99.8%.

iii Funding

(1) Equity finance

In October 2012, JRF issued new investment units in a public offering (194,500 units) and third-party allotment (4,500 units) and raised 24.7 billion yen for the purpose of acquiring 7 new properties (total price of 52.1 billion yen). Unitholders' capital at the end of the fiscal period under review was 295.4 billion yen, and the number of units issued and outstanding was 2,079,198.

(2) Debt finance

JRF raised new long-term borrowings (totaling 29.0 billion yen, with maturity ranging from 5 to 12 years (average of 7.4 years)) and conducted refinancing of existing debt concurrently with the said equity finance. The aim was to help increase the ratio of long-term borrowings and extend the average loan term remaining until maturity. In addition, JRF concluded a 9-year term borrowing contract on February 15, 2013 for the purpose of repaying part (10.0 billion yen) of its long-term borrowings to equalize repayment amounts and diversify repayment dates. Consequently, JRF managed to generally keep the total repayment amount in one operating period within the commitment line established at 50.0 billion yen per year and 25.0 billion yen for six months. With regard to fixing the interest rate, JRF raised the fixed-interest ratio by concluding interest rate swap agreements on January 31, 2013 for an assumed principal of 28.5 billion yen and on February 15, 2013 for an assumed principal of 10.0 billion yen. JRF undertook these initiatives to further increase its financial

stability.

Through full-term repayments and new borrowings, borrowings outstanding at the end of the fiscal period under review came to 280.5 billion yen. Of this, 11.2 billion yen was short-term borrowings and 269.3 billion yen was long-term borrowings. The total balance on JRF's second, third, and sixth series of investment corporation bonds was 40.0 billion yen as of the end of the fiscal period under review.

JRF's LTV (Note) at the end of the fiscal period under review was 53.8%, compared to 53.9% at the end of the previous period.

(Note) 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.

iv Results and distributions

As a result of the above management actions, for the period under review operating revenue was 25,642 million yen, and operating income was 10,573 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 8,042 million yen, and net income was 8,041 million yen.

With regard to distributions 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 8,042 million yen, which was the sum of unappropriated retained earnings at the end of the period of 8,042 million yen, less fractional distributions per investment unit of less than one yen. As a result, the distribution per investment unit totaled 3,868 yen.

B Outlook of next period

i Outlook of overall operation

Japan's new administration that took over the regime in December 2012 formulated "Emergency Economic Measures for the Revitalization for the Japanese Economy" in January 2013. Given the effects of these measures and the moderate recovery of the world economy, the forecasts announced by the Cabinet show that the real GDP growth rate in the fiscal year 2013 is expected to be 2.5%, while the nominal growth rate is projected to be 2.7%.

In the foreign exchange market, the yen continues its weakening trend, pushed by an anticipation of further monetary easing by the Bank of Japan. There are also hopes that the weaker yen will improve the exporting environment and boost corporate earnings. Furthermore, the recovery trend in the industrial sector mainly against a backdrop of continued public works spending, centered on disaster reconstruction, is anticipated to push economic conditions upward.

In light of the rapid surge in the consumer confidence index, JRF expects the improved consumer sentiment will be sustained for the time being.

There will likely be a last-minute surge in demand primarily for durable consumer goods and housing in the second half of the fiscal year 2013, ahead of the consumption tax rate increase scheduled for April 2014.

Thereafter, price increases due to the higher consumption tax rate and higher prices of imported goods due to the weaker yen will restrain consumer spending. However, the simultaneous launch of corporate tax cuts and other policies to invigorate corporate activities along with the introduction of new growth strategies may realize wage increases, in which case it is likely that the downturn in demand will be eased to a certain extent.

As part of the aggressive monetary policy, which is one of the “three arrows” of Abenomics, initiatives aimed at further aggressive monetary easing can be expected going forward. JRF believes that while attention must be paid to the risk of a future hike in long-term interest rates, moderate conditions will continue with respect to financial institutions’ stance on lending amid further monetary easing measures taken by the Bank of Japan under the leadership of the new governor.

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 asset size. It will do so 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 and profitability of assets owned, JRF will carry out proactive action plans, and by so doing aim for stable growth of distribution payments and promote an increase in investor value.

While the assets managed by JRF include a number of highly profitable properties that have thus far contributed to the earnings of JRF, some properties require the tenant mix and business segments to be revitalized and the contractual coverage to be enhanced due to the number of years lapsed and the intensifying competition. In addition, although for some urban retail properties greater profitability can be anticipated in proportion to improved conditions in the leasing market, there are a few properties with relatively low profitability. JRF will take into account the trends in the uplifting real estate sales market and the recovering leasing market in leveraging its asset size, which is the largest among the REITs that specifically target retail property assets, to appropriately handle these properties.

Our options in handling such properties include investing in new properties by utilizing the networks and judgments not only of sponsors but also of JRF original, expanding earnings through investing in renovations and expansions of properties with growth potential in our holding, and selling properties based on our forecasts for the real estate sales market. Furthermore, JRF will work to agilely replace tenants to increase the competitiveness of retail properties owned, implement various measures to enhance contracts at the expiry of each lease term, and also review operating costs to boost profits.

JRF will take the following specific initiatives aimed at achieving immediate growth.

(1) External growth strategy

Going forward, JRF aims to strengthen the profitability and stability of its portfolio by acquiring prime properties and increase distributions by constantly seeking to capture opportunities for expanding its asset size.

With regard to investment targets, JRF will carefully select prime real estate in the four categories of large-scale retail properties top-selling level in the region, commercial properties near densely-populated areas,

commercial properties in favorable locations adjacent to major stations, and on high-street and its peripheral areas. On top of investing in conventional general merchandiser retailers in product sales comprising various specialty stores and strong core stores, JRF will also target retail properties with high customer attraction. Such properties are mainly comprised of non-product selling businesses such as restaurants, services, relaxation, entertainment, medical clinics, and education, or contain a relatively high number of such businesses. The aim is to maximize investment opportunities. As to investment techniques, JRF, as one of the largest domestic buyers of retail properties, will be making use of its diverse deal sources based on its own network, CRE (Corporate Real Estate) strategies and sponsor networks, and using negotiation basis transactions or bridge structures to apply the optimal investment methodology in acquiring 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 and profitability of its portfolio going forward. SC management entails taking active initiatives to introduce new tenants and change existing tenants, make new construction and renovation and achieve expansion-based strategic action plans, and cost cuts. The goal is to maintain and improve the competitiveness of JRF's retail properties. JRF will also enact forward-looking measures to deal with problems and risks. It will do so by continuing to monitor store and tenant business conditions, discover issues such as problem spots and room for increased value, and repeat the cycle of discovering and implementing solutions and enhancement measures.

(3) Financial strategy

JRF works to lengthen the term of its borrowing, diversify repayment dates, and fix interest rates to further enhance its financial base, and will move forward in strengthening and stabilizing its financial base over the long term while continuing to place emphasis on debt cost control. JRF will strive to moderately decrease its LTV level by repaying borrowings using surplus funds and taking other measures, while improving the average debt cost and maintaining the current level of long-term debt ratio. In addition, we will keep our repayments for each period within the commitment line set while promoting diversification of borrowing repayment dates. Further, JRF will monitor the latest long- and short-term interest rate trends and take into account their effects on distributions to fix interest rates in a timely manner.

JRF will continue to build a stable financial base from a long-term perspective for the growth of the portfolio.

iii Earnings forecast

With regard to the asset management operation in the fiscal period ending August 31, 2013 (23rd fiscal period), JRF expects to post operating revenue of 26,050 million yen, ordinary income of 8,088 million yen, and net income of 8,088 million yen with distribution per unit of 3,890 yen. Also, as to the asset management operation in the fiscal period ending February 28, 2014 (24th fiscal period), JRF expects to post an operating revenue of 26,308 million yen, ordinary income of 8,219 million yen, and net income of 8,218 million yen

with distribution per unit of 3,952 yen under the same assumptions. Please refer to the “Assumptions underlying the forecast of operation for the fiscal period ending August 31, 2013 (23rd: March 1, 2013 to August 31, 2013) and the fiscal period ending February 28, 2014 (24th: September 1, 2013 to February 28, 2014)” 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.

Assumptions underlying the forecast of operation for the fiscal period ending August 31, 2013 (23rd: March 1, 2013 to August 31, 2013) and the fiscal period ending February 28, 2014 (24th: September 1, 2013 to February 28, 2014)

Item	Assumptions
Accounting Period	Fiscal period ending August 31, 2013 (23 rd : March 1, 2013 to August 31, 2013) (184 days) Fiscal period ending February 28, 2014 (24 th : September 1, 2013 to February 28, 2014) (181 days)
Assets owned	<ul style="list-style-type: none"> – The forecast was calculated based on the 76 properties owned by JRF as of March 1, 2013. – In addition, we may acquire new properties or dispose of existing properties.
Issue of units	<ul style="list-style-type: none"> – 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 debt stood at 320,551 million yen as of March 1, 2013. Of this, 280,551 million yen was borrowings (short-term borrowings of 11,200 million yen and long-term borrowings of 269,351 million yen) and 40,000 million yen was investment corporation bonds. – Of the above interest-bearing debt, 11,200 million yen in short-term debt and 9,600 million yen in long-term debt will mature within the 23rd and the 24th 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 JRF 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 (“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 2,600 million yen in the 23rd fiscal period and 2,600 million yen in the 24th fiscal period. – We assume that depreciation will be 5,693 million yen in the 23rd fiscal period and 5,689 million yen in the 24th fiscal period. – We assume that property management fees will be 605 million yen in the 23rd fiscal period and 653 million yen in the 24th fiscal period, and building maintenance fees will be 1,145 million yen in the 23rd fiscal period and 1,063 million yen in the 24th fiscal period. – We assume that there will be a loss on disposal of fixed assets of 138 million yen in the period ending February 2014 (24th fiscal period) due to renovation of Oyama Yuen Harvest Walk.
Non-operating expenses	<ul style="list-style-type: none"> – We assume that non-operating expenses (including interest expenses, borrowing-related costs and interest expenses on investment corporation bonds) will be 2,522 million yen in the 23rd fiscal period and 2,414 million yen in the 24th fiscal period.
Distribution per unit	Distribution per unit is calculated according to the cash distribution policy stipulated in the Articles of Incorporation of JRF. From reserve for distribution derived from the gain on negative goodwill, which was booked in the 17 th fiscal period, we do not make such assumptions for the 23 rd and 24 th 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

(Thousands of yen)

	As of		Increase	Period-on-period
	August 31, 2012	February 28, 2013	(Decrease)	change (%)
ASSETS				
Current assets:				
Cash and bank deposits	9,009,469	11,341,666	2,332,196	
Cash and bank deposits in trust (Note 1)	7,694,244	8,253,839	559,595	
Rental receivables	943,708	1,088,844	145,136	
Income taxes receivable	225	302	77	
Consumption tax refundable	-	865,147	865,147	
Other current assets	1,168,014	1,341,271	173,257	
Total current assets	18,815,660	22,891,071	4,075,410	21.7
Non-current assets:				
Property and equipment (Note 1):				
Buildings	1,693,179	2,162,999	469,820	
Accumulated depreciation	(165,254)	(199,197)	(33,943)	
Buildings, net	1,527,925	1,963,802	435,876	
Building improvements	67,876	76,431	8,555	
Accumulated depreciation	(8,349)	(9,889)	(1,540)	
Building improvements, net	59,527	66,541	7,014	
Furniture and fixtures	12,251	18,375	6,123	
Accumulated depreciation	(3,546)	(4,517)	(970)	
Furniture and fixtures, net	8,704	13,857	5,153	
Land	21,193,419	26,665,440	5,472,021	
Buildings in trust	264,615,106	287,335,283	22,720,177	
Accumulated depreciation	(57,214,783)	(62,214,794)	(5,000,010)	
Buildings in trust, net	207,400,322	225,120,489	17,720,166	
Building improvements in trust	14,560,289	15,268,757	708,468	
Accumulated depreciation	(3,926,410)	(4,226,657)	(300,246)	
Building improvements in trust, net	10,633,878	11,042,100	408,221	
Machinery and equipment in trust	1,525,667	1,663,163	137,495	
Accumulated depreciation	(589,473)	(638,384)	(48,911)	
Machinery and equipment in trust, net	936,194	1,024,778	88,584	
Furniture and fixtures in trust	3,408,434	3,631,148	222,713	
Accumulated depreciation	(1,758,106)	(1,903,302)	(145,195)	
Furniture and fixtures in trust, net	1,650,328	1,727,846	77,518	
Land in trust	382,941,882	407,203,285	24,261,402	
Total property and equipment	626,352,181	674,828,142	48,475,960	7.7
Intangible assets:				
Leasehold rights	19,803	19,803	-	
Leasehold rights in trust	6,844,417	6,830,141	(14,275)	
Other intangible assets in trust	107,383	146,411	39,027	
Total intangible assets	6,971,604	6,996,356	24,752	0.4
Investment and other assets:				
Lease deposits in trust	1,404,481	1,396,981	(7,500)	
Long-term prepaid expenses	3,228,566	3,308,170	79,603	
Derivatives	-	29,456	29,456	
Other investments (Note 1)	106,567	532,125	425,558	
Total investment and other assets	4,739,615	5,266,733	527,118	11.1
Total non-current assets	638,063,401	687,091,232	49,027,831	7.7
Deferred charges:				
Units issuance costs	110,450	196,716	86,265	
Bonds issuance costs	37,578	33,552	(4,026)	
Total deferred charges	148,029	230,269	82,239	55.6
TO TAL ASSETS	657,027,091	710,212,573	53,185,481	8.1

(To be continued on the following page)

(Thousands of yen)

	As of		Increase (Decrease)	Period-on-period change (%)
	August 31, 2012	February 28, 2013		
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable – operating	1,016,858	978,908	(37,950)	
Short-term borrowings (Note 2)	14,200,000	11,200,000	(3,000,000)	
Current portion of long-term borrowings	9,000,000	9,600,000	600,000	
Accounts payable – other	9,909	9,392	(516)	
Accrued expenses	1,681,184	1,773,826	92,641	
Income taxes payable	530	506	(23)	
Consumption tax payable	651,156	-	(651,156)	
Rent received in advance	2,086,842	2,265,068	178,226	
Deposits received	972,323	1,273,901	301,578	
Current portion of tenant leasehold and security deposits	616	-	(616)	
Current portion of tenant leasehold and security deposits in trust (Note 1)	2,695,739	2,683,451	(12,287)	
Other current liabilities	137,734	93,141	(44,593)	
Total current liabilities	32,452,894	29,878,196	(2,574,698)	(7.9)
Non-current liabilities:				
Long-term bonds issued – unsecured	40,000,000	40,000,000	-	
Long-term borrowings	230,551,000	259,751,000	29,200,000	
Deferred tax liabilities	513,858	513,858	-	
Tenant leasehold and security deposits	1,542,342	1,800,023	257,680	
Tenant leasehold and security deposits in trust (Note 1)	56,332,711	57,059,267	726,555	
Asset retirement obligations	346,637	349,712	3,075	
Derivatives liabilities	-	2,133	2,133	
Other non-current liabilities	712	460	(251)	
Total non-current liabilities	329,287,262	359,476,455	30,189,192	9.2
TO TAL LIABILITIES	361,740,157	389,354,652	27,614,494	7.6
Net Assets (Note 4)				
Unitholders’ equity:				
Unitholders’ capital	270,752,950	295,474,720	24,721,770	
Surplus:				
Capital surplus	14,986,826	14,986,826	-	
Reserve for dividends	2,326,376	2,326,376	-	
Retained earnings	7,220,781	8,042,675	821,893	
Total surplus	24,533,984	25,355,878	821,893	3.4
Total unitholders’ equity	295,286,934	320,830,598	25,543,663	8.7
Valuation and translation adjustments:				
Deferred gains or losses on hedges	-	27,322	27,322	
Total valuation and translation adjustments	-	27,322	27,322	-
TO TAL NET ASSETS	295,286,934	320,857,921	25,570,986	8.7
TO TAL LIABILITIES AND NET ASSETS	657,027,091	710,212,573	53,185,481	8.1

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended		Increase (Decrease)	Period-on-period change (%)
	August 31, 2012	February 28, 2013		
Operating revenues				
Rental and other operating revenues (Note 5)	23,559,486	25,642,050	2,082,564	
Total operating revenues	23,559,486	25,642,050	2,082,564	8.8
Operating expenses				
Property-related expenses (Note 5)	11,699,881	12,688,834	988,952	
Asset management fees	1,990,789	2,111,584	120,794	
Custodian fees	25,169	24,875	(293)	
General administration fees	107,507	106,230	(1,277)	
Compensation for Directors	5,940	5,940	-	
Other operating expenses	127,718	131,385	3,666	
Total operating expenses	13,957,006	15,068,850	1,111,843	8.0
Operating income	9,602,479	10,573,200	970,720	10.1
Non-operating revenues				
Interest income	1,502	1,957	454	
Other non-operating revenues	7,372	4,192	(3,180)	
Total non-operating revenues	8,875	6,149	(2,725)	(30.7)
Non-operating expenses				
Interest expense	1,423,919	1,526,051	102,132	
Corporate bonds interest	470,473	388,782	(81,690)	
Amortization of bonds issuance costs	7,128	4,026	(3,102)	
Amortization of units issuance costs	27,612	45,980	18,367	
Loan-related costs	456,950	567,586	110,635	
Other non-operating expenses	4,524	4,463	(61)	
Total non-operating expenses	2,390,609	2,536,890	146,280	6.1
Ordinary income	7,220,745	8,042,459	821,713	11.4
Income before income taxes	7,220,745	8,042,459	821,713	11.4
Income taxes				
Current	605	605	-	
Total income taxes	605	605	-	
Net income	7,220,140	8,041,854	821,713	11.4
Retained earnings at the beginning of period	641	821	180	
Retained earnings at the end of period	7,220,781	8,042,675	821,893	

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)

	Unitholders' equity						Valuation and translation adjustments		Total net assets
	Unitholders' capital (Note 4)	Surplus			Total unitholders' equity	Deferred gains or losses on hedges	Total valuation and translation adjustments		
		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
Changes during the period									
Issuance of new investment units	-	-	-	-	-	-	-	-	-
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
Total changes during the period	-	-	(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
Changes during the period									
Issuance of new investment units	24,721,770	-	-	-	-	24,721,770	-	-	24,721,770
Cash distribution declared	-	-	-	(7,219,960)	(7,219,960)	(7,219,960)	-	-	(7,219,960)
Net income	-	-	-	8,041,854	8,041,854	8,041,854	-	-	8,041,854
Net changes of items other than unitholders' equity	-	-	-	-	-	-	27,322	27,322	27,322
Total changes during the period	24,721,770	-	-	821,893	821,893	25,543,663	27,322	27,322	25,570,986
Balance as of February 28, 2013	295,474,720	14,986,826	2,326,376	8,042,675	25,355,878	320,830,598	27,322	27,322	320,857,921

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	
	August 31, 2012	February 28, 2013
	(Note 1)	(Note 2)
Retained earnings at the end of period	7,220,781,574	8,042,675,481
Cash distribution declared	7,219,960,320	8,042,337,864
<i>(Cash distribution declared per unit)</i>	<i>(3,840)</i>	<i>(3,868)</i>
Retained earnings carried forward	821,254	337,617

Note 1: In accordance with the distribution policy in the JRF'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 ¥7,220,781,574 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

Note 2: In accordance with the distribution policy in the JRF'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 28, 2013 was ¥8,042,337,864 consisted of substantially all of retained earnings at the end of the period of ¥8,042,675,481 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended		Increase
	August 31, 2012	February 28, 2013	(Decrease)
Cash Flows from Operating Activities:			
Income before income taxes	7,220,745	8,042,459	821,713
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation	5,268,687	5,599,856	331,168
Amortization of bonds issuance costs	7,128	4,026	(3,102)
Amortization of units issuance costs	27,612	45,980	18,367
Loss on disposal of fixed assets	20,025	76,847	56,822
Interest income	(1,502)	(1,957)	(454)
Interest expense	1,894,393	1,914,834	20,441
Changes in assets and liabilities:			
Increase in Rental receivables	(10,901)	(141,462)	(130,560)
Decrease (increase) in Income taxes receivable	3,650	(77)	(3,727)
Decrease (increase) in Consumption tax refundable	247,274	(865,147)	(1,112,422)
Decrease (increase) in Long-term prepaid expenses	82,396	(79,603)	(161,999)
Increase (decrease) in Accounts payable - operating	184,893	(43,415)	(228,308)
Increase (decrease) in Consumption tax payable	651,156	(651,156)	(1,302,312)
Increase (decrease) in Accounts payable - other	(19,171)	225	19,397
Increase in Accrued expenses	14,982	57,448	42,465
Increase (decrease) in Rent received in advance	(1,602)	178,226	179,829
Increase in Deposits received	123,619	301,578	177,958
Other, net	55,814	(167,490)	(223,304)
Sub total	15,769,202	14,271,172	(1,498,030)
Interest received	1,502	1,957	454
Interest expenses paid	(1,939,251)	(1,879,640)	59,610
Income taxes paid	(600)	(628)	(28)
Net cash provided by operating activities	13,830,853	12,392,860	(1,437,993)
Cash Flows from Investing Activities:			
Purchase of property and equipment	(12,429)	(5,959,610)	(5,947,181)
Purchase of property and equipment in trust	(2,546,710)	(48,198,172)	(45,651,462)
Purchase of intangible assets in trust	(39)	(26,777)	(26,738)
Payments of tenant leasehold and security deposits	(51,342)	(26,384)	24,957
Proceeds from tenant leasehold and security deposits	13,115	289,737	276,622
Payments of tenant leasehold and security deposits in trust	(2,076,284)	(2,083,102)	(6,817)
Proceeds from tenant leasehold and security deposits in trust	340,283	2,751,873	2,411,590
Proceeds from lease deposits in trust	7,500	7,500	-
Payments for restricted bank deposits in trust	-	(661,840)	(661,840)
Proceeds from restricted bank deposits in trust	-	10,904	10,904
Other expenditures	-	(503,531)	(503,531)
Other proceeds	95,680	77,972	(17,707)
Net cash used in investing activities	(4,230,226)	(54,321,429)	(50,091,202)
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings	-	5,400,000	5,400,000
Repayments of short-term borrowings	(2,000,000)	(8,400,000)	(6,400,000)
Repayments of corporate bonds	(20,000,000)	-	20,000,000
Proceeds from long-term borrowings	21,000,000	43,000,000	22,000,000
Repayments of long-term borrowings	(800,000)	(13,200,000)	(12,400,000)
Proceeds from issuance of investment units	-	24,589,523	24,589,523
Distribution payments	(6,907,732)	(7,220,098)	(312,366)
Net cash provided by (used in) financing activities	(8,707,732)	44,169,425	52,877,157
Net change in cash and cash equivalents	892,894	2,240,855	1,347,961
Cash and cash equivalents at beginning of period	15,810,819	16,703,713	892,894
Cash and cash equivalents at end of period (Note 6)	16,703,713	18,944,569	2,240,855

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) 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

(b) Other intangible assets in trust

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

(c) Long-term prepaid expenses

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

(d) Units issuance costs

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

(e) Bonds issuance costs

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

(f) 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 ¥7,480 thousand and ¥82,274 thousand for the six months ended August 31, 2012 and February 28, 2013, respectively.

(g) Equipment leases

Finance lease transactions 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.

(h) Hedge accounting

In accordance with JRF's risk management policy and its internal rules, JRF uses derivative instruments for the purpose of hedging risks that are prescribed in JRF's article of incorporation. JRF hedges fluctuations in interest rates of borrowings through the use of interest rate swaps as hedging instruments and deferred hedge accounting are generally used for such interest rate swaps. The hedge effectiveness of the interest rate swaps is assessed by comparing the accumulative changes in the cash flows of the hedging instruments and the hedged items.

JRF applies, however, 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 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.

(i) 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.

(j) 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 JRF 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 JRF 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.

(k) 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 ¥39,265,905 thousand and ¥37,861,080 thousand as of August 31, 2012 and February 28, 2013, respectively.

	(Thousands of yen)	
	As of	
	August 31, 2012	February 28, 2013
Cash and bank deposits in trust	98,162	604,166
Buildings in trust	79,993,632	78,550,892
Buildings improvements in trust	4,512,036	4,396,743
Machinery and equipment in trust	317,444	334,253
Furniture and fixtures in trust	498,892	496,492
Land in trust	151,679,112	163,748,261
Other	100,706	531,618
Total	237,199,985	248,662,427

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 August 31, 2012 and February 28, 2013.

Note 2 — Credit facilities and commitment lines

As of August 31, 2012 and February 28, 2013, JRF entered into credit facilities and committed lines of credit as follows:

	(Thousands of yen)	
	As of	
	August 31, 2012	February 28, 2013
Credit facilities		
Total amount of credit facilities	35,500,000	35,500,000
Borrowings drawn down	(14,200,000)	(11,200,000)
Unused credit facilities	21,300,000	24,300,000
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

For the six months ended August 31, 2012

Lawsuit brought by a tenant of 8953 Osaka Shinsaibashi Building to demand reduction of the rent

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

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

For the six months ended February 28, 2013

Lawsuit brought by a tenant of 8953 Osaka Shinsaibashi Building to demand reduction of the rent

On November 1, 2011, Tokyu Hands Inc., a tenant of 8953 Osaka Shinsaibashi Building (held by JRF in form of trust beneficiary interest in real estate trust), brought a case to Osaka District Court against JRF 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, JRF would be obliged to pay the rent and parking fee reduction totaling ¥707 million (calculated up to February 28, 2013) and interest on the obligation.

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

Lawsuit brought by a tenant of Kawaramachi OPA to demand reduction of the rent

On November 21, 2012, OPA Co., Ltd., a tenant of Kawaramachi OPA (held by JRF in form of trust beneficiary interest in real estate trust), brought a case to Kyoto District Court against JRF through a trustee of the property, to demand reduction of the rent for the period from March 1, 2011 to July 31, 2011 by about 9%, and for a period after August 1, 2011 by about 10% compared to

If the claim by OPA Co., Ltd. were allowed, JRF would be obliged to pay the rent and parking fee reduction totaling ¥145 million (calculated up to February 28, 2013) and interest on the obligation.

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

Note 4 — Net assets

(1) Number of units

	As of	
	August 31, 2012	February 28, 2013
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	1,880,198 units	2,079,198 units

(2) JRF 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 August 31, 2012 and February 28, 2013 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2012	February 28, 2013
Rental and other operating revenues:		
Rental and parking revenue	21,535,047	23,266,020
Common area charges	851,562	972,671
Other	1,172,876	1,403,358
Total rental and other operating revenues	23,559,486	25,642,050
Property-related expenses:		
Property management fees	410,556	639,040
Facility management fees	999,419	1,110,930
Utilities	933,859	1,067,258
Property-related taxes	2,425,303	2,425,630
Repair and maintenance	160,576	204,645
Insurance	53,568	55,425
Trust fees	101,561	104,425
Rent expense	920,685	856,594
Other	405,722	548,315
Depreciation	5,268,602	5,599,720
Loss on disposal of property	20,025	76,847
Total property-related expenses	11,699,881	12,688,834
Operating income from property leasing activities	11,859,604	12,953,216

Note 6 — Cash and cash equivalents

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

	(Thousands of yen)	
	As of	
	August 31, 2012	February 28, 2013
Cash and bank deposits	9,009,469	11,341,666
Cash and bank deposits in trust	7,694,244	8,253,839
Restricted bank deposits in trust ⁽ⁱ⁾	-	(650,936)
Cash and cash equivalents	16,703,713	18,944,569

Note:

(i) The usage of the bank deposits in trust is restricted to repayments of tenant leasehold and security deposits.

Note 7 — Leases**(a) Lease rental revenues**

JRF leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2012 and February 28, 2013 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	(Thousands of yen)	
	As of	
	August 31, 2012	February 28, 2013
Due within one year	30,707,643	30,976,908
Due after one year	116,136,190	111,636,955
Total	146,843,834	142,613,864

(b) Lease commitments

Finance lease transactions 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 8 — Financial instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

JRF 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 JRF'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, JRF 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 hedge effectiveness of the interest rate swaps is assessed by comparing the accumulative changes in the cash flows of the hedging instruments and the hedged items. When the interest rate swaps meet specific criteria required for the special treatment provided under Japanese GAAP, the assessment of hedge effectiveness is not performed. In accordance with JRF's risk management policy and internal rules, JRF uses derivative instruments for the purpose of hedging risks that are prescribed in JRF'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 August 31, 2012 and February 28, 2013.

	As of August 31, 2012			As of February 28, 2013		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	9,009,469	9,009,469	-	11,341,666	11,341,666	-
(2) Cash and bank deposits in trust	7,694,244	7,694,244	-	8,253,839	8,253,839	-
Total assets	16,703,713	16,703,713	-	19,595,505	19,595,505	-
(1) Short-term borrowings	14,200,000	14,200,000	-	11,200,000	11,200,000	-
(2) Current portion of long-term borrowings	9,000,000	9,015,719	(15,719)	9,600,000	9,614,804	(14,804)
(3) Current portion of tenant leasehold and security deposits	616	615	0	-	-	-
(4) Current portion of tenant leasehold and security deposits in trust	2,648,785	2,653,235	(4,449)	2,636,498	2,651,371	(14,872)
(5) Long-term bonds issued	40,000,000	41,443,050	(1,443,050)	40,000,000	41,444,550	(1,444,550)
(6) Long-term borrowings	230,551,000	233,257,524	(2,706,524)	259,751,000	262,672,424	(2,921,424)
(7) Tenant leasehold and security deposits in trust	15,394,441	15,889,339	(494,897)	13,543,439	14,117,390	(573,950)
Total liabilities	311,794,843	316,459,484	(4,664,641)	336,730,937	341,700,539	(4,969,601)
Derivatives (derivatives liabilities), net	-	-	-	27,322	27,322	-

Note (i): The methods and assumption used to estimate fair value and the matters relating to derivatives 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 borrowings and (6) 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.

(3) Current portion of tenant leasehold and security deposits, (4) Current portion of tenant leasehold and security deposits in trust and (7) 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.

(5) Long-term bonds issued

The fair value is the quoted price provided by financial market information provider.

Derivatives

Please refer to "Note 9—Derivatives".

An interest rate swap contract of ¥5,000 million in notional amount entered into on February 15, 2013 which are subject to the special treatment provided under Japanese GAAP for the interest rate swaps is not included in the above quantitative information. The interest rate swap contract is designated as hedging instrument for specific long-term borrowings funded on March 29, 2013.

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

	(Thousands of yen)	
	As of	
	August 31, 2012	February 28, 2013
Current portion of tenant leasehold and security deposits in trust	46,953	46,953
Tenant leasehold and security deposits	1,542,342	1,800,023
Tenant leasehold and security deposits in trust	40,938,270	43,515,827
Total	42,527,566	45,362,803

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

As of August 31, 2012	(Thousands of yen)					
	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	-	-	-	-	-

As of February 28, 2013	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	11,341,666	-	-	-	-	-
Cash and bank deposits in trust	8,253,839	-	-	-	-	-
Total	19,595,505	-	-	-	-	-

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

As of August 31, 2012	(Thousands of yen)					
	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

As of February 28, 2013	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	11,200,000	-	-	-	-	-
Current portion of long-term borrowings	9,600,000	-	-	-	-	-
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	-	13,450,000	36,710,000	22,450,000	24,300,000	162,841,000
Tenant leasehold and security deposits in trust	-	1,305,724	1,548,139	1,531,415	1,447,970	5,953,134
Total	22,394,029	29,755,724	48,258,139	23,981,415	40,747,970	168,794,134

Note 9 — Derivatives

Information on derivative transactions undertaken by JRF as of August 31, 2012 and February 28, 2013 was as follows. Derivative instruments are used for hedging purposes and are subject to hedge accounting.

As of August 31, 2012

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)	-

As of February 28, 2013

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	28,550,000	28,550,000	27,322	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	36,500,000	36,500,000	-(i)	-

Note:

- (i) As disclosed in "(7) Summary of significant accounting policies (h) Hedge accounting", JRF 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".
- An interest rate swap contract of ¥5,000 million in notional amount entered into on February 15, 2013 which are subject to the special treatment provided under Japanese GAAP for the interest rate swaps is not included in the above table. The interest rate swap contract is designated as hedging instrument for specific long-term borrowings funded on March 29, 2013.
- (ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- (iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts.

Note 10 — Related-party transaction

There was no related-party transaction to be disclosed for the six months ended August 31, 2012 and February 28, 2013.

Note 11 — Income taxes

Deferred tax assets and liabilities consist of the followings:

(Thousands of yen)

	As of	
	August 31, 2012	February 28, 2013
Deferred tax assets:		
Current:		
Tax loss carryforwards	3,294,907	3,291,049
Other	1,344	1,990
Sub total	3,296,252	3,293,039
Valuation allowance	(3,296,252)	(3,293,039)
Total current deferred tax assets	-	-
Non-current:		
Amortization of leasehold rights	94,878	102,717
Asset retirement obligations	118,411	119,461
Valuation difference on assets acquired by merger	6,149,238	6,128,500
Other	9,202	17,801
Sub total	6,371,730	6,368,480
Valuation allowance	(6,371,730)	(6,368,480)
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 JRF's effective tax rates and statutory tax rates are as follows:

(%)

	For the six months ended	
	August 31, 2012	February 28, 2013
Statutory tax rate	39.33	36.59
Deductible cash distributions	(39.31)	(36.59)
Change in valuation allowance (for deferred tax assets)	(0.10)	(0.09)
Other	0.09	0.10
Effective tax rate	0.01	0.01

Note 12 — Asset retirement obligations

JRF 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 August 31, 2012 and February 28, 2013 were as follows:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2012	February 28, 2013
Balance at the beginning of the period	343,539	346,637
Adjustment for passage of time	3,098	3,075
Balance at the end of the period	346,637	349,712

Note 13 — Fair value of investment and rental property

JRF 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 August 31, 2012 and February 28, 2013.

	(Thousands of yen)	
	For the six months ended	
	August 31, 2012	February 28, 2013
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	634,149,503	633,322,910
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(826,593)	48,500,848
Balance at the end of the period	633,322,910	681,823,758
Fair value⁽ⁱⁱⁱ⁾	621,840,000	677,920,000

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):

	(Thousands of yen)
	Increase (decrease) in net book value
For the six months ended August 31, 2012:	
Acquisitions:	
A part of Land with leasehold interest in Nara Family	3,524,453
For the six months ended February 28, 2013:	
Acquisitions:	
G-Bldg. Sangenjaya 01	3,766,791
Round1 Yokohama Station West	3,973,599
G-Bldg. Omotesando	5,949,668
mozo wonder city	27,012,630
Round1 Stadium Sakai Chuo Kanjyo	1,778,025
pivo Izumi Chuo	6,084,731
Tecc Land Fukuoka Shime Honten	4,198,071
Kishiwada CanCan Bayside Mall (land adjacent to existing property)	265,219

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

For rental revenues and expenses for the six months ended August 31, 2012 and February 28, 2013, please refer to "Note 5 — Breakdown for rental and other operating revenues and property-related expenses".

Note 14 — Segment information

Segment information for the six months ended August 31, 2012 and February 28, 2013 is as follows:

(a) Operating segment information

Disclosure is omitted as JRF 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
	August 31, 2012	February 28, 2013	
AEON Retail Co., Ltd.	4,700,103	4,832,824	Property rental business
AEON Mall Co., Ltd.	4,019,182	4,012,922	Property rental business
Ito-Yokado Co., Ltd.	2,558,702	2,560,302	Property rental business

Note 15 — Per unit information

The net asset value per unit as of August 31, 2012 and February 28, 2013 was ¥157,050 and ¥154,318, respectively. Net income per unit for the six months ended August 31, 2012 and February 28, 2013 was ¥3,840 and ¥3,931, 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	
	August 31, 2012	February 28, 2013
Net income	7,220,140	8,041,854
Effect of dilutive unit	-	-
Net income available to common unitholders	7,220,140	8,041,854
Weighted-average number of units outstanding for the period	1,880,198 units	2,045,468 units

Note 16 — Subsequent events

None

(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
October 1, 2012	Public offering	194,500	2,074,698	24,162	294,915	Note 5
October 31, 2012	Allocation of investment units to a third party	4,500	2,079,198	559	295,474	Note 6

Note 1 JRF executed a four-for-one unit split.

Note 2 JRF 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 JRF 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.

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 miscellaneous expenses relating to the acquisition of new real property.

Note 5 New investment units were issued at a price of ¥128,310 per unit (subscription price of ¥124,230 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 6 New investment units were issued at a price of ¥124,230 per unit through the allocation of investment units to a third party in order to raise funds for miscellaneous expenses relating to the acquisition of new real property and the issuance of the new investment units, or refund existing 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 August 31, 2012		As of February 28, 2013	
		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	17,843	2.7	23,763	3.3
	Osaka and Nagoya metropolitan areas	4,965	0.8	4,965	0.7
	Sub-total	22,809	3.5	28,729	4.0
Trust beneficial interest in real property	Tokyo metropolitan area	297,973	45.3	303,962	42.8
	Osaka and Nagoya metropolitan areas	227,047	34.6	260,290	36.7
	Other metropolitan areas	85,492	13.0	88,840	12.5
	Sub-total	610,513	92.9	653,094	92.0
Sub-total		633,322	96.4	681,823	96.0
Bank deposits and other assets		23,704	3.6	28,388	4.0
Total assets		657,027	100.0	710,212	100.0
Total liabilities (Note 1)		361,740	55.1	389,354	54.8
Total net assets		295,286	44.9	320,857	45.2

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 February 28, 2013 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)	48,540	109,365.50	109,365.50	100.0	5.4	Retail facilities
Nara Family (trust beneficial interest)	33,765	84,981.97	84,866.90	99.9	7.8	Retail facilities
mozo wonder city (Note 4) (trust beneficial interest)	31,994	86,722.83	86,621.63	99.9	6.6	Retail facilities
AEON MALL Yachiyo Midorigaoka (trust beneficial interest)	28,989	132,294.48	132,294.48	100.0	2.7	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	28,812	137,466.97	137,466.97	100.0	3.7	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	26,848	138,538.63	138,538.63	100.0	3.5	Retail facilities
GYRE (trust beneficial interest)	22,337	4,840.56	4,736.16	97.8	2.2	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,416	157,904.26	157,904.26	100.0	2.3	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,485	18,848.20	18,848.20	100.0	1.4	Retail facilities
Ario Otori (trust beneficial interest)	17,414	95,135.36	95,135.36	100.0	2.2	Retail facilities
Total	276,606	966,098.76	965,778.09	100.0	37.8	

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

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

Note 4 Although JRF owns 60% of the share of quasi-co-ownership in respect of mozo wonder city, the "Leasable area" and "Leased area" above show the total area of the property.

The retail facilities as of February 28, 2013 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	9,256
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,350	14,176
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	13,300	12,845
Narupark (Note 4)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.58	5,170	8,045
G-Bldg. Minami Aoyama 02	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	5,350	5,279
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	84,981.97	37,300	33,765
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,548.63	12,200	9,884
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,880	1,423
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	6,680	6,248
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	12,800	11,229
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,280	1,238
G-Bldg. Jingumae 05	32-5, Jingumae 2-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,479.10	3,680	2,717
AEON MALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi, etc.	Trust beneficial interest	129,124.73	10,400	7,307
AEON MALL Kashiihama	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	13,300	12,121
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,540	7,198
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,840.56	22,600	22,337
G-Bldg. Jingumae 04	1-17, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	540.78	1,220	871
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,880	4,797
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	12,000	11,462
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	12,800	11,318
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,340	963
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,300	15,658
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,980	5,201
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,110	5,578
AEON Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,570	10,544
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,817.65	3,140	2,543
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,660	3,563
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	9,930	10,514
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	3,710	4,036
AEON Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	10,800	12,533
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,679.78	5,450	6,078

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Higashi-Totsuka Aurora City	537-1, Shinanochō, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	40,100	48,540
AEON Omiya	574-1, Kushibiki-cho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	6,120	5,861
AEON TOWN Ogaki	233-1, Aza-nakashima, Mitsuzukacho, Ogaki-shi, Gifu, etc.	Trust beneficial interest	57,500.35	3,900	3,975
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachidori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,600	18,485
AEON Ueda	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,650	8,447
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,700	26,848
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	17,500	19,416
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,000	13,208
Oyama Yuen Harvest Walk (Note 5)	1457, Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	59,772.38	6,720	8,883
AEON MALL Yachiyo Midorigaoka	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	22,000	28,989
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,330	2,370
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	16,900	17,264
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,400	17,414
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,650	3,414
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,640	2,317
G DINING SAPPORO (Note 4)	3-3, Minami 3jo Nishi 3-chome, Chuo-ku, Sapporo-shi, Hokkaido, etc.	Trust beneficial interest	4,082.11	2,150	2,939
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	5,010	6,471
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,141.53	9,340	9,333
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,300	28,812
AEON MALL Kobe Kita	2-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,031.55	16,000	14,543
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	6,770	6,650
LIFE Taiheiji(Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,290	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	1,990	1,942
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,550	5,566
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,061.47	7,410	6,024
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	1,740	1,602
Kishiwada CanCan Bayside Mall	2-1, Minatomidori machi, Kishiwada-shi, Osaka, etc.	Trust beneficial interest	38,315.07	7,850	7,206
Makuhari Plaza (Note 5)	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,542.93	6,070	5,647
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	2,810	2,471
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	4,090	2,810
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	2,730	2,384

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)
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	2,680	2,439
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 6)	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	-	4,740	4,397
Round1 Stadium Sennichimae(Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	8,260	8,091
Izumisano Shofudai(Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,770	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 (Notes 5 and 7)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,722.83	33,500	31,994
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	4,060	3,753
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	4,470	3,957
G-Bldg. Omotesando	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	6,180	5,941
Round1 Stadium Sakai Chuo Kanjyo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,120	1,767
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,430	6,050
Tecc Land Fukuoka Shime Honten (Note 6)	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	-	4,770	4,165
Total			3,000,501.52	677,920	681,823

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 or land with leasehold interest 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 JRF as well as the regulations as stipulated by The Investment Trusts Association, Japan.

Note 4 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 5 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 6 “Leasable area” of the property is not disclosed because the consent from the tenant has not been obtained.

Note 7 Although JRF owns 60% 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 August 31, 2012 and February 28, 2013 were as follows:

Name of property	For the six months ended August 31, 2012				For the six months ended February 28, 2013			
	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	432	1.8	2	100.0	423	1.6
Ito-Yokado Kawasaki	5	100.0	491	2.1	5	100.0	491	1.9
8953 Osaka Shinsaibashi Building	1	100.0	398	1.7	1	100.0	398	1.6
Narupark (Note 3)	47	99.0	356	1.5	47	99.0	363	1.4
G-Bldg. Minami Aoyama 02	3	90.4	80	0.3	4	100.0	81	0.3
Nara Family	122	99.8	1,997	8.5	122	99.9	1,994	7.8
Abiko Shopping Plaza	56	100.0	670	2.8	58	100.0	688	2.7
Ito-Yokado Yabashira	1	100.0	78	0.3	1	100.0	79	0.3
Ito-Yokado Kamifukuoka Higashi	1	100.0	256	1.1	1	100.0	256	1.0
Ito-Yokado Nishikicho	1	100.0	444	1.9	1	100.0	444	1.7
G-Bldg. Daikanyama 01	2	100.0	40	0.2	2	100.0	41	0.2
G-Bldg. Jingumae 05	3	100.0	99	0.4	3	100.0	100	0.4
AEON MALL Higashiura	1	100.0	480	2.0	1	100.0	480	1.9
AEON MALL Kashiihama	1	100.0	477	2.0	1	100.0	477	1.9
AEON MALL Sapporo Naebo	1	100.0	375	1.6	1	100.0	372	1.5
GYRE	20	95.0	576	2.5	21	97.8	563	2.2
G-Bldg. Jingumae 04	2	100.0	32	0.1	2	100.0	33	0.1
Ito-Yokado Tsunashima	1	100.0	180	0.8	1	100.0	180	0.7
Bic Camera Tachikawa	2	100.0	389	1.7	2	100.0	388	1.5
AEON Itabashi Shopping Center	1	100.0	658	2.8	1	100.0	630	2.5
G-Bldg. Kita Aoyama 01	3	100.0	35	0.2	3	100.0	35	0.1
AEON MALL Yamato	1	100.0	536	2.3	1	100.0	536	2.1
SEIYU Hibarigaoka	1	100.0	261	1.1	1	100.0	261	1.0
AEON Tobata Shopping Center	1	100.0	315	1.3	1	100.0	315	1.2
AEON Takatsuki	1	100.0	414	1.8	1	100.0	414	1.6
G-Bldg. Jiyugaoka 01	10	100.0	89	0.4	10	100.0	89	0.3
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	402	1.6
Cheers Ginza	10	100.0	107	0.5	10	100.0	112	0.4
AEON Nishi-Otsu	1	100.0	375	1.6	1	100.0	375	1.5
Kyoto Family	65	89.8	598	2.5	67	98.1	583	2.3

Name of property	For the six months ended August 31, 2012				For the six months ended February 28, 2013			
	Number of tenants	Occupancy ratio	Rental and other operating revenues	Ratio of rental revenue to total rental revenues	Number of tenants	Occupancy ratio	Rental and other operating revenues	Ratio of rental revenue to total rental revenues
	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)
Higashi-Totsuka Aurora City	4	100.0	1,390	5.9	4	100.0	1,387	5.4
AEON Omiya	1	100.0	192	0.8	1	100.0	192	0.7
AEON TOWN Ogaki	1	100.0	321	1.4	1	100.0	326	1.3
Kawaramachi OPA	1	100.0	365	1.6	1	100.0	349	1.4
AEON Ueda	1	100.0	297	1.3	1	100.0	297	1.2
AEON MALL Tsurumi Ryokuchi	1	100.0	896	3.8	1	100.0	895	3.5
AEON MALL Itami	1	100.0	582	2.5	1	100.0	582	2.3
Ito-Yokado Yotsukaido	1	100.0	290	1.2	1	100.0	290	1.1
Oyama Yuen Harvest Walk (Note 4)	72	99.7	561	2.4	71	95.7	565	2.2
AEON MALL Yachiyo Midorigaoka	1	100.0	690	2.9	1	100.0	692	2.7
G-Bldg. Jingumae 06	4	100.0	62	0.3	3	80.6	53	0.2
AEON MALL Sapporo Hassamu	1	100.0	577	2.5	1	100.0	577	2.3
Ario Otori	1	100.0	573	2.4	1	100.0	556	2.2
G-Bldg. Jingumae 01	2	100.0	70	0.3	2	100.0	69	0.3
G-Bldg. Jingumae 02	3	100.0	31	0.1	3	100.0	30	0.1
G DINING SAPPORO (Note 3)	17	71.8	71	0.3	21	85.3	80	0.3
G-Bldg. Minami Aoyama 01	2	69.3	27	0.1	3	100.0	33	0.1
La Porte Aoyama (Note 3)	19	85.5	260	1.1	21	92.6	262	1.0
AEON MALL Musashi Murayama	1	100.0	943	4.0	1	100.0	939	3.7
AEON MALL Kobe Kita	1	100.0	582	2.5	1	100.0	581	2.3
G-Bldg. Shinjuku 01	1	100.0	160	0.7	1	100.0	160	0.6
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
G-Bldg. Jingumae 03	5	79.5	49	0.2	6	93.3	61	0.2
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	265	1.1	8	100.0	264	1.0
G-Bldg. Shinsaibashi 01	2	100.0	61	0.3	2	100.0	61	0.2
Kishiwada CanCan Bayside Mall	115	99.6	786	3.3	116	100.0	780	3.0
Makuhari Plaza (Note 4)	6	100.0	201	0.9	6	100.0	201	0.8
MrMax Nagasaki (Note 5)	2	100.0	-	-	2	100.0	-	-
Urban Terrace Jingumae	2	100.0	100	0.4	2	100.0	100	0.4
Round1 Stadium Itabashi	1	100.0	95	0.4	1	100.0	95	0.4

Name of property	For the six months ended August 31, 2012				For the six months ended February 28, 2013			
	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) (%)
Round1 Machida	1	100.0	90	0.4	1	100.0	90	0.4
Arkangel Daikanyama(Land with leasehold interest) (Note 5)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Shinsaibashi 02 (Note 5)	1	100.0	-	-	1	100.0	-	-
Round1 Stadium Sennichimae(Land with leasehold interest)	1	100.0	220	0.9	1	100.0	240	0.9
Izumisano Shofudai(Land with leasehold interest) (Note 5)	2	100.0	-	-	2	100.0	-	-
Tecc Land Neyagawa(Land with leasehold interest) (Note 5)	1	100.0	-	-	1	100.0	-	-
mozo wonder city (Note 4)	223	99.6	331	1.4	224	99.9	1,701	6.6
G-Bldg. Sangenjaya 01	-	-	-	-	3	100.0	121	0.5
Round1 Yokohama Station West	-	-	-	-	1	100.0	95	0.4
G-Bldg. Omotesando	-	-	-	-	1	100.0	111	0.4
Round1 Stadium Sakai Chuo Kanjyo	-	-	-	-	1	100.0	68	0.3
pivo Izumi Chuo (Note 5)	-	-	-	-	17	100.0	-	-
Tecc Land Fukuoka Shime Honten (Note 5)	-	-	-	-	1	100.0	-	-
Total	879	99.8	23,559	100.0	917	99.8	25,642	100.0

Note 1 “Number of tenants” is based upon the numbers of the lease agreements of the building or land with leasehold interest of each such property used as stores, offices, etc.

Note 2 “Occupancy ratio” (percentage of leased area against the leasable area at the end of accounting period) and “Ratio of rental revenue to total rental revenues” are calculated by rounding to the nearest first decimal place.

Note 3 “Number of tenants” and “Occupancy ratio” for a pass-through master leased property are presented on an end-tenant basis.

Note 4 “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 5 Rental revenue of the property is not disclosed because the consent from the tenant has not been obtained.