

Japan Retail Fund Investment Corporation
24th Semiannual Report

September 1, 2013 – February 28, 2014

Japan Retail Fund Investment Corporation (JRF)

1. is the largest J-REIT specializing in retail properties.

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 84 properties throughout Japan, with a value of approximately 800 billion yen, making it the largest J-REIT specializing in retail properties, and the third largest among all REITs listed in Japan. (As of April 2014)

2. has established a well-balanced portfolio.

JRF's portfolio is characterized by a good balance of suburban properties with “Top-selling level in the region” which maintain firm sales, and urban properties with brand appeal, and that are well located with future potential. When selecting properties, JRF thoroughly examines investment yields, as well as other criteria such as the business area, tenant mix, traffic access and building conditions from a professional viewpoint.

3. maintains stable distributions.

As retail property management professionals, JRF maintains portfolio quality by carrying out proactive and strategic renovations and tenant replacement. Since the listing JRF has consistently maintained a high occupancy rate above 99% for the entire portfolio, and has been able to deliver stable distributions to unitholders since listing by establishing a solid revenue base.

4. has Mitsubishi Corporation and UBS AG as its sponsor.

The bases of the asset management company are Mitsubishi Corporation, Japan's largest general trading company, and UBS AG, one of the world's largest financial institutions. While leveraging both sponsors' superior business know-how, track record and high credibility, JRF flexibly incorporates its own unique investment management approach, independent of its sponsors, to carry out optimal asset management at any given time.

To our Unitholders

JRF achieved growth in distributions by increasing the profitability of its portfolio through a public offering for the third consecutive year.

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

JRF raised distributions for the current fiscal period by strengthening its portfolio.

During the fiscal period (period ended February 2014), Japan's macro-economy continued to be on track to gradual recovery due to flexible monetary and fiscal measures driven by the Japanese government. With respect to the retail sector, sales remained almost stable, indicating a continuous improvement trend although consumer sentiment remained relatively soft. Moreover, the J-REIT market was continuously active thanks to the Bank of Japan's strengthened monetary easing policy. As a result, property acquisitions reached a record high, amounting to approximately 2.2 trillion yen.

Amid such an environment, JRF continued to generate stable rental revenues due to its large-scale, well-balanced portfolio, and achieved higher profitability and stability by acquiring eight properties (with a total acquisition price of 73.6 billion yen) using the funds raised through the issuance of new investment units in October 2013 as well as long-term borrowings. As a result, JRF's operating revenue for the period was 29,083 million yen, up 11.3% compared to the previous period, with net income for the period amounting to 9,614 million yen, up 17.7% compared to the previous period. The distribution per unit for the period was 4,120 yen, 191 yen higher than the previous period.

JRF aims to grow further with its unique advantages.

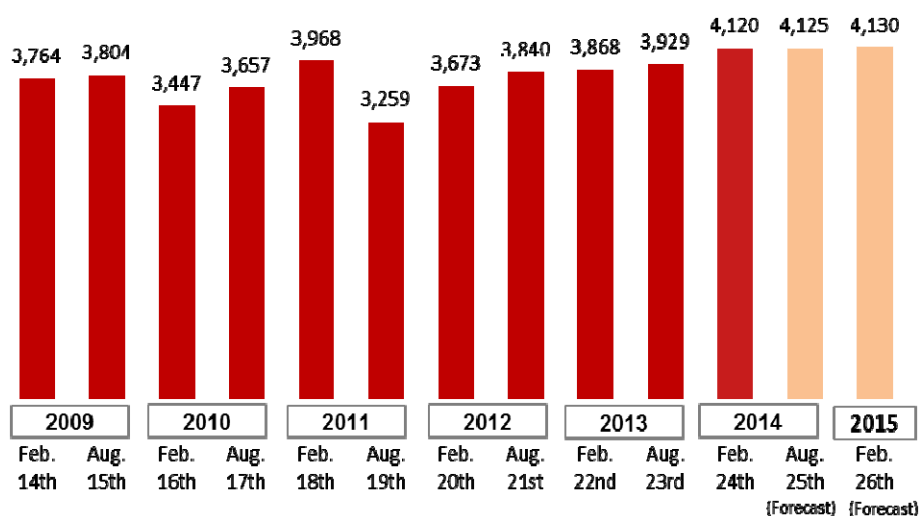
The J-REIT market has been continuously booming in recent years, attracting considerable attention, and is anticipated to grow even further because individual investors are expected to invest in this market through the Nippon Individual Savings Account (NISA) launched this year, as well as through successive new listings and public offerings. These market conditions provide us with the opportunities for a further leap forward, as well as brighter future prospects. However, JRF believes it will succeed against its competition in various markets because it is considered indispensable to take approaches that are more unique and strategic than ever before. To increase unitholder value, JRF continues to implement a combination of three types of strategies: external growth strategy for asset acquisition utilizing JRF's unique network as one of the largest buyers of retail properties in Japan as well as abundant sources of deal-making such as the support of our sponsor, Mitsubishi Corporation; internal growth strategy for enhancement of competitiveness of properties under management; and financial strategy that is solid and flexible. Moreover, JRF aims to ensure stable revenues and steadily improve its portfolio.

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

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 24th fiscal period

- Conducted a public offering for the third consecutive year. New properties acquired with the fund from the public offering (eight properties, total acquisition price of 73.6 billion yen)
 - Publicly issued investment corporation bonds amounting to 7.5 billion yen in December 2013 for the first time in six years. Funds raised are used for partial repayment of short-term borrowings before maturity.
 - Announced the sales of four properties in the portfolio (total sales price: 9.9 billion yen), and started replacing assets.
 - To prepare for the large-scale renewal of “Oyama Yuen Harvest Walk” (Oyama-shi, Tochigi), JRF replaced tenants and renovated the property (including facility additions) utilizing its Shopping Center (“SC”) management capabilities.
- Distribution per unit



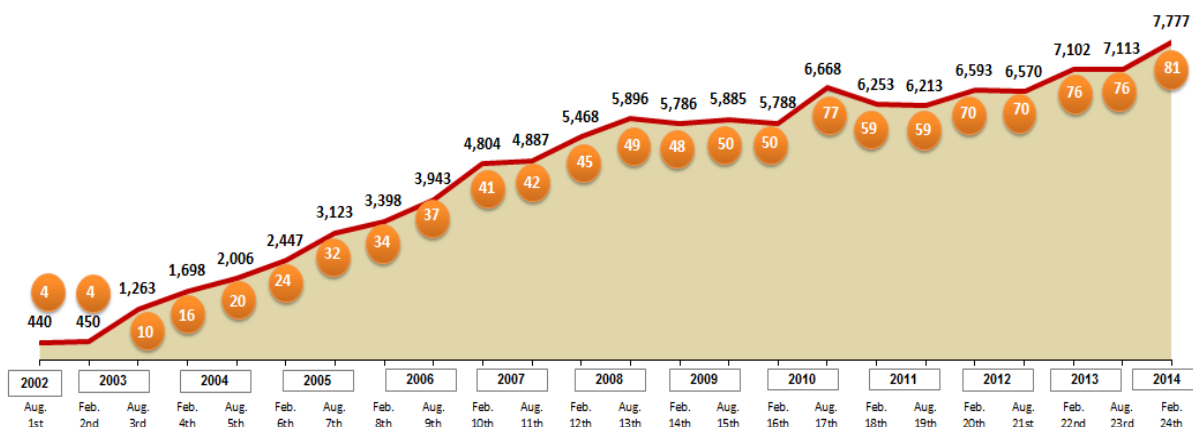
* On March 1, 2010, JRF effected a four-to-one unit split. Distributions to 16th fiscal period are divided by four.

➤ Financial results

	Feb. 2013 fiscal period	Aug. 2013 fiscal period	Feb. 2014 fiscal period
Operating revenue	25.6 billion yen	26.1 billion yen	29.0 billion yen
Net income	8.0 billion yen	8.1 billion yen	9.6 billion yen
NAV per unit	154,318 yen	154,541 yen	158,495,yen

➤ Total assets and the number of properties

— Total assets ● Number of properties



Interview with the President, Asset Management Company

JRF will implement various measures for further growth, making use of favorable headwinds in the brisk J-REIT market.

Q1. One of the biggest topics of the 24th fiscal period (period ended February 2014) was the issuance of new investment units through a public offering for the third consecutive year – what was the response to this?

JRF completed financing in 2013 by conducting a public offering for the third consecutive year, following the financing in 2011 and 2012, and acquired prime assets, enabling it to ensure stable sources of funds for the payment of distributions. I am satisfied with this. JRF was also able to enhance the profitability and stability of its portfolio, and expand the networks with tenants. These are also considered major achievements.

In October 2013, JRF completed financing of approximately 43.4 billion yen by issuing new investment units through a public offering. Together with funds amounting to 31.0 billion yen in total raised by new borrowings at the same time, JRF acquired eight prime assets for approximately 73.6 billion yen during the current fiscal period. Regarding these acquisitions, JRF successfully obtained all the eight properties below the appraisal value. The average NOI yield for these properties (estimate at the time of acquisition) was 5.5%, above the 5.2% for the existing portfolio as of the end of the previous fiscal period (end of August 2013), thereby contributing to the improvement in profitability of the entire portfolio.

This property acquisition is a great achievement for JRF because sustainable growth in distributions has been made possible. JRF carried out the well-balanced acquisition of properties ensuring stable revenues and other properties that may possibly increase revenues with the use of SC management capabilities. In the former case, the main investment targets were retail complexes in desirable locations in urban areas. JRF also expanded its networks with tenants, building extensive tenant relationships.

Q2. JRF also started asset replacement in the current fiscal period. What did you aim at?

In the current fiscal period, JRF initially sold three properties. This was followed by JRF selling one more property and acquiring four properties in March and April. We considered how these properties could contribute to our performance, as well as the effects of these properties on JRF's income or loss and other factors. As JRF has acquired highly profitable properties that are both promising and attractive, the quality of JRF's portfolio has been strengthened without any reduction in the portfolio size.

JRF has replaced its properties by utilizing appropriate opportunities, aiming to improve the profitability and stability of the portfolio. JRF sold three properties: “G DINING SAPPORO” (Sapporo-shi, Hokkaido), “G-Bldg. Jingumae 04” (Shibuya-ku, Tokyo), and “G-Bldg. Jingumae 05” (Shibuya-ku, Tokyo) in January 2014, and “AEON TOWN Ogaki” (Ogaki-shi, Gifu) in March. Using the funds raised by selling these four properties and the new borrowings, JRF acquired four properties: “G-Bldg. Shibuya 01” (Shibuya-ku, Tokyo) in March 2014, and “G-Bldg. Omotesando 02*1” (Shibuya-ku, Tokyo), “Round 1 Stadium Takatsuki” (Takatsuki-shi, Osaka), and “G-Bldg. Kichijoji 01*2” (Musashino-shi, Tokyo) in April 2014.

Of the properties newly acquired this time, “G-Bldg. Shibuya 01” is a property developed by a group company of Mitsubishi Corporation, our sponsor, and “G-Bldg. Omotesando 02” is a property acquired in collaboration with the sponsor and its group company. “G-Bldg. Omotesando 02” is located directly in front of “GYRE” and “G-Bldg. Omotesando 01”, which JRF owns. It is considered that this property, especially, is located in a particularly prime area, namely, Omotesando Avenue, one of Japan's major shopping streets for brand name shops. Moreover, as “G-Bldg. Kichijoji 01” is a rarely seen property providing a floor area of approximately 100 *tsubo* in the Kichijoji area, where many small shops have newly opened, JRF is also considering replacing tenants.

As a result of this replacement of assets, JRF was able to acquire prime properties contributing to the improvement of NOI yield (after depreciation) of its portfolio as planned.

*1 A contract was made to acquire 50% quasi co-ownership of the real estate's trust beneficiary right. 35% out of the 50% ownership was held as of April 1, 2014.

*2 Acquired 50% quasi co-ownership of the real estate's trust beneficiary right.

Q3. JRF completed the large-scale renewal of “Oyama Yuen Harvest Walk,” part of its internal growth strategy, and held a grand opening on April 26. Can you explain how it looks after the renewal?

JRF implements its internal growth strategy aiming to increase revenues while improving the quality of its portfolio by taking active measures contributing to the strengthening of mid- and long-term competitive advantages of managed assets. This large-scale renewal is a part of such measures, and various experiments were initiated by JRF. I want all investors to visit this place, and enjoy their shopping experience.

It is essential for JRF to make retail properties attractive and interesting to customers at all times. JRF is also required to respond quickly to continuously changing customer needs. JRF has implemented an action plan for asset value enhancement by positively taking advantage of its SC management capabilities, and completed the large-scale renewal of “Oyama Yuen Harvest Walk” (Oyama-shi, Tochigi), a retail complex. This renewal started in April 2013.

In this project, JRF held negotiations with existing tenants in advance to raise the probability of successful renewal, and then started the renewal work (e.g., total renewal of the environmental design, change of the tenant mix, and review of the lease contract type) as well as partial renovation of the premises (including additions). (For more details, please see pages 8 and 9.)

JRF is planning to continuously do likewise in the next period and beyond, and take measures to increase the competitive advantages of properties such as “mozo wonder city” (Nagoya-shi, Aichi), “Nara Family” (Nara-shi, Nara) and “KAWASAKI Le FRONT” (Kawasaki-shi, Kanagawa).

Q4. Could you please tell us about the financial measures JRF carried out in this period?

JRF has continuously taken various measures for different repayment due dates, prolonged repayment periods, and diversified fundraising methods, and publicly issued investment corporation bonds for the first time since 2007. As a result, JRF's financial base has stabilized further.

As in the previous fiscal period, JRF continuously took measures for prolonged loan repayment periods, different repayment due dates and fixed interest rate agreements in the current period, striving to strengthen its long-term stable financial base, with emphasis placed on the control of debt costs.

In addition to the public offering, JRF obtained new borrowings amounting to 31.0 billion yen in total in October 2013, including a 15-year loan, the longest loan period*3 in the J-REIT market. As the average loan period is 8.0 years, JRF has aimed for prolonged repayment periods and different repayment due dates, and obtained new borrowings from Norinchukin Bank, Mizuho Trust & Banking and Nishi-Nippon City Bank to diversify the sources of borrowings.

In December 2013, JRF also publicly issued investment corporation bonds (amount issued: 7.5 billion yen in total, period: 10 years, interest rate: 1.108%) for the first time since 2007, and used the proceeds to partially repay existing short-term borrowings before maturity.

As a result of these measures, LTV (the loan-to-value ratio including caution money and security deposits) gradually declined as planned from 53.5% at the end of the previous period to 51.9% at the end of the current period, although it worsened slightly due to the new borrowing in April 2014. JRF will continue to keep LTV at an appropriate level, and strive to build a stable and solid financial base, aiming to achieve sustainable growth of the portfolio using a variety of fundraising methods.

*3 As of April 14, 2014. Based on information material of each J-REIT

Q5. Lastly, could you please tell us about JRF's future policy based on considerations of the market environment?

Owing to favorable headwinds in the J-REIT market, which is forecast to remain brisk at least for the short term, JRF plans to continuously achieve sustainable growth in distributions with the improved profitability of its portfolio by driving the ongoing external growth strategy through new property acquisitions, and by accelerating the internal growth strategy for the strengthening of the competitive advantages of existing properties under management.

In recent years, the J-REIT market has been experiencing brisk growth in line with the current economic recovery trend, and the

entire market size is expanding through successive new listings and public offerings. It is no exaggeration to say that a new growth stage is ahead of us, together with a low interest rate environment providing easier fundraising opportunities.

Under these favorable conditions, JRF will pursue opportunities to acquire assets contributing to the enhancement of unitholder value, and positively acquire properties utilizing a variety of investment methods. JRF will also strengthen its competitive advantages by driving the value enhancement of its managed properties utilizing SC management capabilities (JRF's strengths), aiming to increase the size and quality of its portfolio.

We at JRF will aim for continued increases in unitholder value going forward and do our best to live up to unitholders' expectations. So please look forward to our future growth.

Toru Tsuji

President & CEO

Mitsubishi Corp. – UBS Realty Inc.

Column- Sustainability Management of JRF

■ Basic sustainability policies of the Asset Management Company

Mitsubishi Corp. - UBS Realty Inc. ("the Asset Management Company") has involved with three categories, Environment, Social, and Governance (ESG), and established several basic policies towards Responsible Property Investment in 2013. JRF is managing the portfolio based on the same policies and promoting sustainability activities.

*It is thought that companies appropriately considering and responding to ESG issues coupled with investors investing in such companies will contribute to solving and improving environmental problems and social issues, as well as cultivating and developing a sound capital market.

■ Sustainability activities of JRF

- Enforced energy consumption management by adopting the Energy Management System (EMS).
- Reduced energy consumption by switching from existing incandescent lighting to LED lighting and conducting fine tuning of HVAC system.
- Promoted sustainability activities at each property working together with property managers.

■ External assessment of the sustainability performance

JRF was designated as a "Green Talk" company, which is the rank given to real estate operators making excellent efforts for "Management and Policy," in the 2013 GRESB (Global Real Estate Sustainability Benchmark) survey of environmental responsiveness for real estate operators.

■ Social contribution of JRF

JRF supports Japan Association for UNHCR who closely coordinates with the UNHCR (United Nations High Commissioner for Refugees) Representation in Japan, providing space from existing properties free of charge.

<Past Performance >

- Nara Family
- Abiko Shopping Plaza
- Higashi-Totsuka Aurora City
- Kishiwada CanCan Bayside Mall
- mozo Wonder City

REIT Column

Why are Retail REITs attractive?

In general, most people have nothing to do with investing in real estate, but because of J-REITs, more and more people are becoming interested. Due to the effects of the Nippon Individual Savings Account (NISA) launched this year, the J-REIT market has become increasingly brisk. We expect that more personal assets are being invested in J-REITs.

The investment targets of REITs include office buildings, condominiums and hotels. However, JRF specializes in retail properties mainly because stable distributions to investors can be ensured through portfolio diversification with reduced risk. This is made possible because JRF's professional retail property management is not influenced by market trends. The following are some points explaining why Retail REITs are attractive due to "stability."

Risk reduction by diversifying investments

In the case of Office REITs, for example, industrial diversification may be possible in the selection of tenants, but it is difficult to make diversified investments in local cities where office buildings are only sparsely located. In the case of retail properties, both needs can be met. In addition to regional diversification, JRF has made diversified investments in a variety of industries and business types ranging from suburban shopping centers to brand stores located in prime areas of Tokyo, as well as in retail businesses, so that risks can be diversified and reduced.

Highly stable rental revenue

Compared with lease periods of office buildings and condominiums that are generally two to five years, those of retail properties are long, nearly 20 years in the case of large properties in suburban areas. As a result, highly stable rental revenue can be expected. In addition to this highly stable revenue, the amount of rent is fixed, with a relatively short lease period. JRF conducts the well-balanced management of properties leading to higher rental revenue through tenant replacement, etc., to ensure stable rental revenue not influenced by market trends.

Property management conducted by professional retail property managers

Mitsubishi Corp.-UBS Realty Inc., JRF's asset manager, is a group of professionals having abundant experience in retail property management, and is a rare asset management company providing in-depth services for the management of tenants and properties. Last October, it newly established the "SC Management Promotion Office," and is striving to maintain and increase revenue in a stable manner by utilizing unique know-how developed through specialization in retail properties, and by positively conducting strategic management.

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			20th	21st	22nd	23rd	24th
As of /for the six months ended			February 29, 2012	August 31, 2012	February 28, 2013	August 31, 2013	February 28, 2014
Operating revenues	Note 1	(Millions of yen)	23,642	23,559	25,642	26,130	29,083
(Rental revenues)	Note 1	(Millions of yen)	(23,634)	(23,559)	(25,642)	(26,130)	(29,058)
Operating expenses	Note 1	(Millions of yen)	18,304	13,957	15,068	15,465	16,966
(Rental expenses)	Note 1	(Millions of yen)	(12,061)	(11,699)	(12,688)	(13,034)	(14,328)
Operating income		(Millions of yen)	5,338	9,602	10,573	10,665	12,116
Ordinary income		(Millions of yen)	2,827	7,220	8,042	8,171	9,588
Net income	(a)	(Millions of yen)	2,312	7,220	8,041	8,170	9,614
Net assets	(b)	(Millions of yen)	294,972	295,286	320,857	321,322	365,840
(Period-on-period change)		(%)	(+6.0)	(+0.1)	(+8.7)	(+0.1)	(+13.9)
Total assets	(c)	(Millions of yen)	659,346	657,027	710,212	711,352	777,706
(Period-on-period change)		(%)	(+6.1)	(-0.4)	(+8.1)	(+0.2)	(+9.3)
Unitholders' capital		(Millions of yen)	270,752	270,752	295,474	295,474	338,940
(Period-on-period change)		(%)	(+8.0)	(0.0)	(+9.1)	(0.0)	(+14.7)
Number of units issued and outstanding	(d)	(Units)	1,880,198	1,880,198	2,079,198	2,079,198	2,308,198
Net asset value per unit	(b)/(d)	(Yen)	156,883	157,050	154,318	154,541	158,495
Total distributions	(e)	(Millions of yen)	6,905	7,219	8,042	8,169	9,509
Distribution per unit	(e)/(d)	(Yen)	3,673	3,840	3,868	3,929	4,120
(Profit distribution per unit)		(Yen)	(3,673)	(3,840)	(3,868)	(3,929)	(4,120)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 3	(%)	0.4 (0.9)	1.1 (2.2)	1.2 (2.4)	1.1 (2.3)	1.3 (2.6)
Return on unitholders' equity	Note 3	(%)	0.8 (1.6)	2.4 (4.9)	2.6 (5.3)	2.5 (5.0)	2.8 (5.6)
Ratio of net assets to total assets	(b)/(c)	(%)	44.7	44.9	45.2	45.2	47.0
(Period-on-period change)		(%)	(-0.1)	(+0.2)	(+0.3)	(+0.0)	(+1.8)
Payout ratio	(e)/(a)	(%)	298.6	100.0	100.0	100.0	98.9
Additional information:							
Rental net operating income (NOI)	Note 3	(Millions of yen)	16,954	17,128	18,552	18,782	20,655
Net profit margin	Note 3	(%)	Note 5 12.0	30.6	31.4	31.3	Note 5 33.0
Debt service coverage ratio	Note 3	(Multiple)	Note 5 5.0	7.6	8.2	8.3	Note 5 8.9
Funds from operation (FFO) per unit	Note 3	(Yen)	Note 5 6,492	6,642	6,560	6,664	Note 5 6,710
FFO multiples	Note 3	(Multiple)	Note 5 9.3	10.2	13.7	13.7	Note 5 14.8
Distributable income per unit after adjustment for taxes on property and equipment	Note 4	(Yen)	3,613	3,834	3,826	3,928	4,114
FFO per unit after adjustment for taxes on property and equipment	Note 4	(Yen)	Note 5 6,432	6,635	6,519	6,662	Note 5 6,658

Note 1 Consumption taxes are not included.

Note 2 Total distributions for the 20th fiscal period includes an appropriation of reserve for dividends amounting to ¥4,592 million.

Note 3 Figures are calculated as below formulas. Percentages in parentheses are annualized using 182,184,181,184 and 181 days for the 20th, 21st, 22nd, 23rd and 24th fiscal period, respectively.

Ratio of ordinary income to total assets	Ordinary income/Average total assets
Return on unitholders' equity	Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2
	Net income/Average net assets
	Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2
Rental net operating income (NOI)	(Rental revenues – Rental expenses) + Depreciation
Net profit margin	Net income/Operating revenues
Debt service coverage ratio	Net income before interest expenses, amortization of bonds issuance costs and depreciation/Interest expenses
Funds from operation (FFO) per unit	(Net income + Loss on sales of property – Gain on sales of property + Depreciation + Other depreciation related property)/Number of units issued and outstanding
FFO multiples	Market price per unit at end of period/Annualized FFO per unit

Note 4 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property and equipment were not capitalized but charged to income in the periods in which were incurred. The distributable income is calculated as total of cash distributions declared plus retained earnings carried forward. These figures are unaudited.

Note 5 Net income used for calculation of "Net profit margin", "Debt service coverage ratio" and "FFO multiples" for the 20th and 24th fiscal period does not include deferred income taxes.

2. Outline of asset management operation for the 24th fiscal period

(1) Principal Activities

Japan Retail Fund Investment Corporation (JRF) established under the Law Concerning Investment Trusts and Investment Corporations of Japan (“the Investment Act”) on September 14, 2001. It was the first investment corporation in Japan to specifically target retail property assets. It was listed on the Real Estate Investment Trust (“REIT”) Section on the Tokyo Stock Exchange (Securities code: 8953) on March 12, 2002.

In the fiscal period ended February 28, 2014, the 12th year of its listing, JRF issued new investment units in October 2013 for the third consecutive year. It combined the proceeds from this issuance with the funds obtained through borrowings to acquire eight properties for a total acquisition price of 73.6 billion yen. Additionally, JRF disposed three properties for a total disposal price of 6.5 billion yen, in line with asset replacement strategy.

The total assets managed by JRF at the end of the 24th fiscal period (February 28, 2014) amounted to 787.6 billion yen (the total acquisition price of 81 properties), and JRF ranked third among all REITs listed in Japan (“J-REIT”) in terms of asset size.

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

Since the new administration was inaugurated in December 2012, GDP has marked positive growth for four consecutive quarters in real terms and for five consecutive quarters in nominal terms. The Composite Index (CI), an indicator of economic trends, declined temporarily after the start of the new government, but shows signs that the overall business climate is picking up. The consumer price index excluding fresh foods (the general index) in February 2014 increased by 0.1% from the previous month and by 1.3% from the same month in the previous year (source: Statistics Bureau, Ministry of Internal Affairs and Communications). Looking at the index of wages, which significantly affects consumption trends, total cash earnings in February 2014 remained on the same level from the same month in the previous year (Report of Monthly Labour Survey, Ministry of Health, Labour and Welfare). In the Cabinet Office's Economy Watchers Survey in February 2014, the diffusion index (DI) for future business conditions declined for the third consecutive month, indicating concerns about a backlash in demand and drop in consumer sentiment in response to the consumption tax increase.

(The trends in the retail sector)

The Current Survey of Commerce released by the Ministry of Economy, Trade and Industry indicates that retail sales have been picking up. Department store sales have generally been robust. In particular, big-ticket items such as jewelry and goods in precious metals are showing high sales growth, in addition to mainstay items including clothing and personal items, against the backdrop of recovery in business confidence, a temporary surge in demand before the consumption tax hike and growth in seasonal demand due to cold weather. In addition, sales in supermarkets, which deal in daily necessities, are strong and at a level slightly above the result for the same month a year ago.

The above trends are seen more clearly in the urban retail properties owned by JRF, especially stores that sell overseas luxury brand items. For instance, GYRE, which is located on Omotesando, has maintained strong sales it has been enjoying since the beginning of 2013, with positive sales growth YoY. Values based on tenant hearings of a portion of the JRF owned suburban retail properties recorded average YoY sales unchanged from the previous year, indicating overall stable sales trends.

The consumer confidence index in the Consumer Confidence Survey issued by the Cabinet Offices has been

falling on a month-on-month basis for three consecutive months since December 2013, indicating that anticipation of price increases, triggered by factors such as the weak yen, rising energy costs and the decision to raise consumption tax, has dragged down consumer sentiment, requiring attention to its future trends.

(Trends in the real estate sector)

Following the favorable fund procurement conditions that have been continuing since the beginning of 2013, asset acquisition associated with equity finance and debt finance by J-REITs grew and the total value of real estate transactions reached a record high of about 2.2 trillion yen. In response to such favorable financing environment, competition among J-REITs, private placement funds and others to acquire commercial properties mainly in urban areas has been increasing, and cap rate levels (Note) at the time of acquisition are on a declining trend.

Under such circumstances, leasing of vacant spaces in urban areas has been progressing, and we are in a situation where rental rates can be expected to increase in parts of prime locations in such areas.

J-REITs have successively been acquiring properties through new listings and capital increases through global offerings since the beginning of 2014. According to the results of Land Price Research by Prefectural Governments in 2014, which was issued by the Ministry of Land, Infrastructure, Transport and Tourism in March 2014, commercial land prices in three major metropolitan areas went up for the first time in six years. Commercial land prices, however, on a national average basis have continued to fall, but the rate of decrease has continued to decline.

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

ii. Results

Under the circumstances described above, JRF newly acquired eight properties (G-Bldg. Ginza 01, Round1 Kyoto Kawaramachi, Round1 Hiroshima, Colline Bajikoen, KAMISHIN PLAZA, Summit Store Nakano Minamidai, KAWASAKI Le FRONT, G-Bldg. Shinsaibashi 03) from October 3 to October 7, 2013, using the proceeds from the issuance of new investment units in October 2013 combined with funds procured through new borrowings, etc. The aim was to expand asset size and enhance the quality and profitability of its portfolio. As for existing properties, JRF implemented renovations to Oyama Yuen Harvest Walk such as the renewal of the environmental design including partial extension and reconstruction of existing buildings and attracting new tenants by utilizing the SC management method (Note 1). Oyama Yuen Harvest Walk has its grand opening scheduled for late April 2014.

JRF regards the replacement of assets owned as part of its external growth strategy. In line with this strategy, JRF decided in December 2013 to dispose AEON TOWN Ogaki (with completion of the disposition in March 2014) and disposed a total of three properties in January 2014 (G DINING Sapporo, G-Bldg. Jingumae 04 and G-Bldg. Jingumae 05).

In the next fiscal period (six months ending August 31, 2014), we acquired a total of four properties: G-Bldg. Shibuya 01 in March, G-Bldg. Omotesando 02, Round1 Stadium Takatsuki and G-Bldg. Kichijoji 01 in April, in a bid to enhancing the quality of our portfolio.

Regarding the occupancy rate of properties owned by JRF at the end of the fiscal period, the occupancy rate for 30 urban retail properties remained at a high level at 98.6%, as a result of the focus on leasing activities in line with the economic recovery. Combined with the 100.0% occupancy rate for 51 suburban retail properties, JRF maintained a stable occupancy rate for properties it owns.

As a result of the above, the total assets managed by JRF at the end of the fiscal period came to 81 properties with a total acquisition price of 787.6 billion yen and with a total appraisal value of 769.3 billion yen. The total leasable area was 3,095,171.83 m² with the total number of tenants standing at 1,021, and the

occupancy rate was 99.9%.

As for unrealized losses/gains of the overall portfolio at the end of the 24th fiscal period (Note 2), unrealized gains increased by 20.3 billion yen from the end of the previous fiscal period to 26.7 billion yen due to the effects of the acquisition of new properties that have unrealized gains, as well as a decrease in the cap rate compared with the end of the previous fiscal period, mainly of existing properties located inside Tokyo's 23 wards and major regional urban areas, combined with depreciation.

(Note 1): “SC management” is part of JRF's strategy aimed at achieving internal growth through enhancing the profitability of its portfolio by newly introducing and replacing tenants to maintain and increase the sustainable competitiveness of retail properties, increasing store space by newly establishing or expanding properties, and making proactive efforts for cutting various costs.

(Note 2) “Unrealized losses/gains” are the difference between the appraisal value and book value of the overall portfolio or individual property.

(3) Funding

i. Equity Finance

In October 2013, JRF issued new investment units in a global offering (229,000 units) and raised 43.4 billion yen for the purpose of acquiring eight new properties (total price of 73.6 billion yen). Unitholders' capital at the end of the fiscal period was 338.9 billion yen, and the number of units issued and outstanding was 2,308,198.

ii. Debt finance

JRF worked on lengthening the terms of borrowings and fixing interest rates by concurrently raising new long-term borrowings (totaling 31.0 billion yen, with maturity ranging from 3 to 15 years (average of 8 years)) with the above-mentioned equity finance, conducting refinancing of existing debt, issuing investment corporation bonds and repaying short-term borrowings before maturity. Consequently, the ratio of long-term borrowings at the end of the 24th fiscal period was 100% (96.5% at the end of the 23rd fiscal period) and the ratio of fixed interest rates of borrowings at the end of the 24th fiscal period was 69.8% (63.2% at the end of the 23rd fiscal period).

Through full-term repayments and new borrowings, JRF's borrowings outstanding at the end of the fiscal period came to long-term borrowings of 294.7 billion yen.

JRF issued its seventh series of unsecured investment corporation bonds (amount of issue: 7.5 billion yen) for the first time in six years since May 2007. The total balance on JRF's second, third, sixth and seventh series of unsecured investment corporation bonds was 47.5 billion yen as of the end of the fiscal period.

JRF's LTV (Note) at the end of the fiscal period was 51.9%, compared to 53.5% 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.

(4) Results and distributions

As a result of the above management actions, operating revenue for the period was 29,083 million yen, and operating income was 12,116 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 9,588 million yen, and net income was 9,614 million yen.

As per the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, JRF makes 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. In accordance with this policy, JRF transferred from retained earnings at the end of the period of 9,615 million yen to reserve for dividends a total of 103 million yen which is credited as deferred income tax on income statements as a result of partial reversal of deferred tax liabilities, and as to the remaining retained earnings of 9,512 million yen after deducting such transfer, JRF declared a total of 9,509 million yen cash distributions which is the entire amount except for fractional distribution per unit less than one yen. As a result, distribution per unit amounted to ¥4,120 for the six months ended February 28, 2014.

3. Changes in unitholders' capital

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

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 1, 2010	Unit split	1,159,506	1,546,008	-	250,764	Note 1
March 1, 2010	Merger	142,190	1,688,198	-	250,764	Note 2
September 14, 2011	Global 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	Global 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
October 2, 2013	Global offering	229,000	2,308,198	43,465	338,940	Note 7

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 global 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 global 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.

Note 7 New investment units were issued at a price of ¥195,902 per unit (subscription price of ¥189,805 per unit) through a global offering in order to raise funds for acquiring new real property.

Fluctuation in market price of the investment securities:

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

Fiscal period	(Yen)				
	20th	21st	22nd	23rd	24th
As of /for the six months ended	February 29, 2012	August 31, 2012	February 28, 2013	August 31, 2013	February 28, 2014
Highest price	128,700	139,700	184,500	249,300	217,000
Lowest price	107,500	117,200	125,600	172,600	179,000
Closing price at end of period	121,700	133,800	181,200	180,600	200,800

4. Distributions

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, JRF transferred ¥103 million from retained earnings as of February 28, 2014 in the amount of ¥9,615 million to reserve for dividends corresponding to decrease of deferred tax liabilities, and declared a total of ¥9,509 million for cash distributions which is substantially all of the remaining retained earnings amounting to ¥9,512 million except for fractional distribution per unit less than one yen. As a result, distribution per unit amounted to ¥4,120 for the six months ended February 28, 2014.

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

Fiscal period	20th	21st	22nd	23rd	24th
As of /for the six months ended	February 29, 2012	August 31, 2012	February 28, 2013	August 31, 2013	February 28, 2014
Net income (Thousands of yen)	2,312,915	7,220,140	8,041,854	8,170,474	9,614,210
Retained earnings (including reserve for dividends) (Thousands of yen)	2,327,017	2,327,197	2,326,714	2,328,019	2,432,454
Total distributions (Thousands of yen)	6,905,967	7,219,960	8,042,337	8,169,168	9,509,775
(Distribution per unit) (Yen)	(3,673)	(3,840)	(3,868)	(3,929)	(4,120)
Profit distributions (Thousands of yen)	6,905,967	7,219,960	8,042,337	8,169,168	9,509,775
(Profit distribution per unit) (Yen)	(3,673)	(3,840)	(3,868)	(3,929)	(4,120)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Management circumstances

As for the outlook of economic trends, JRF needs to pay close attention to future trends in the consumer price index and wages and the effects of the economic policy package the government plans to implement to deal with the risk of business downturn. Prior to the consumption tax hike in April 2014, mainly tenants of retail properties owned by JRF that deal in high-ticket items, home electric appliances and furniture, etc., enjoyed a boost in sales backed by a temporary surge in demand. However, we expect a reactionary fall in their sales, albeit for a relatively short period, and we need to carefully assess the medium- and long-term impact of the consumption tax increase on overall consumption.

Regarding the earnings of leading retailers, which are tenants of retail properties owned by JRF, their recently announced financial results indicate that their sales are growing steadily and profits are improving. Meanwhile, JRF will keep a close watch on their earnings trends including the impact of the consumption tax increase.

As for the leasing environment of retail properties, JRF believes that conditions are promising for improvement of lease terms mainly in urban areas, given that earnings of retailers are generally robust, consumption is remaining relatively strong mainly for big-ticket items in urban areas, leading to increased willingness to open specialty stores mainly in urban retail properties owned by JRF. Meanwhile, leading developers plan to successively open commercial properties mainly in suburban areas in 2014 and thereafter.

Therefore, JRF will keep a close watch on the competitive environment of commercial properties and the supply and demand conditions for opening specialty stores.

(2) Management policy and issues to be addressed

Under the circumstances described above, JRF will strive to improve the profitability and stability of its portfolio in the mid to long term by grasping opportunities for the steady growth of the assets it manages and by carefully investing in selective prime assets. In addition, JRF will continuously carry out a proactive action plan for assets it owns. By doing so, it will aim for the stable growth of distribution payments and promote an increase in unitholder 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 that have lapsed and the intensifying competition. In addition, although greater profitability can be anticipated for some urban retail properties in proportion to improved conditions in the leasing market, there are a few properties with relatively low profitability.

JRF will take the trends in the uplifting of the real estate sales market and the recovering leasing market into account when enhancing the competitiveness of retail properties it owns. To do so, JRF will invest in the renovation and expansion of properties to increase the profitability of assets. In addition, JRF will work to agilely replace tenants and take various measures toward enhancing contracts at the expiry of each lease term, in addition to reviewing operating costs to boost profits.

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

(i) External growth strategy

JRF aims to strengthen the profitability and stability of its portfolio by expanding its asset size through the acquisition of prime properties, leading to an increase in unitholder value.

With regard to investment targets, JRF will carefully select prime real estate in the four categories of large-scale retail properties, the largest class in the relevant area, retail properties near densely-populated areas, retail properties in favorable locations adjacent to major stations, and road-side stores and specialty buildings facing high street.(Note) In addition to investing in conventional general merchandise retailers in product sales comprising various specialty stores and strong core stores, and keep pace with changes of consumer needs and the rise of e-commerce, JRF will also target retail properties with high customer attraction, thus aim to expand investment opportunities. 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. In addition, JRF has strengths in investment in properties with potential for value growth and enhanced stability, such as multi-tenant commercial properties, by leveraging its SC management ability.

As to investment technique, 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.

JRF regards replacement of assets owned by giving consideration to the comprehensive diversification of its portfolio as part of its external growth strategy. In line with this strategy, JRF will dispose and acquire four properties respectively from the current fiscal period to the next fiscal period to increase the profitability and stability of its portfolio.

Note: “High Street” is deemed by JRF to be the main downtown streets with many commercial properties in urban areas.

(ii) Internal growth strategy

Going forward, JRF aims to increase the profitability and stability of its portfolio by proactively conducting SC management and enhancing the operating structure that supports it.

In October 2013, Mitsubishi Corp. – UBS Realty Inc., JRF’s asset management company, set up the “SC Management Promotion Office” in the Retail Division that takes charge of the asset management of JRF. Centering on the SC Management Promotion Office, we will actively draw popular tenants and operate properties owned by leveraging the know-how of commercial property operations accumulated through more than 10 years of experience in commercial property operation, relationships with over 1,000 tenants and support of Mitsubishi Corporation and UBS AG, our sponsors, to take various actions for enhancing the competitiveness of commercial properties owned.

As for specific measures, JRF has implemented large-scale renovations in Oyama Yuen Harvest Walk, which it owns in Oyama City, Tochigi Prefecture. As for measures in the next fiscal period and beyond, we will consider measures to enhance the competitiveness of commercial properties in KAWASAKI Le Front, an urban complex commercial property owned in Kawasaki City, Kanagawa Prefecture, Nara Family, a suburban complex commercial property owned in Nara City, Nara Prefecture, and Abiko Shopping Plaza, a suburban complex commercial property owned in Abiko City, Chiba Prefecture.

From the viewpoint of operating retail properties while being mindful of environmental and social responsibilities, JRF will focus its efforts on being green, saving energy, and reducing the CO2 emission of the retail properties it owns. In addition, JRF participates every year in the GRESB (Global Real Estate Sustainability Benchmark) survey (Note) that evaluates the initiatives regarding the sustainability of real estate companies and each investment fund. Its rating was upgraded from Green Starter last year to Green Talk, which is the rating given to companies that make excellent efforts in regard to “Management and Policy.”

(Note): GRESB (Global Real Estate Sustainability Benchmark) is an organization established in 2009 to enhance unitholder value by applying environmental, social and governance considerations to real estate investments. As of September 2013, over 50 leading institutional investors are members of GRESB, an organization which has a total of about 610 trillion yen (about 61 hundred billion U.S. dollars; converted at 1 U.S. dollar = 100 yen) in assets under management.

(iii) Financial strategy

JRF works to extend 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 issuing new investment units and repaying borrowings using surplus funds, while improving the average debt cost and maintaining the current level of the 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.

6. Subsequent events

Sale of Property

The Company has completed sale of a property as follows:

- | | |
|-------------------------|---|
| (i) Type of asset: | Trust beneficiary interests in real estate |
| (ii) Property name: | AEON TOWN Ogaki |
| (iii) Sale price: | ¥3,430 million |
| (iv) Date of contract: | December 19, 2013 |
| (v) Date of transfer: | March 24, 2014 |
| (vi) Buyer: | Sumitomo Mitsui Finance and Leasing Company, Limited. |
| (vii) Gain on the sale: | Approximately ¥46 million will be recognized as operating revenues for the six months ending August 31, 2014. |

Outline of JRF

1. Investment unit

Fiscal period	20th	21st	22nd	23rd	24th
As of	February 29, 2012	August 31, 2012	February 28, 2013	August 31, 2013	February 28, 2014
Number of units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of units issued and outstanding (Units)	1,880,198	1,880,198	2,079,198	2,079,198	2,308,198
Number of unitholders (People)	19,549	19,077	19,857	18,669	20,562

2. Unitholders

Major unitholders as of February 28, 2014 were as follows:

Name	Address	Number of units owned (Units)	Ratio of number of units owned to total number of units issued (Note 1) (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	494,786	21.43
Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	185,940	8.05
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	150,183	6.50
The Nomura Trust and Banking Co., Ltd, Investment Trust	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	140,239	6.07
Nomura Bank Luxembourg S.A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	71,922	3.11
The Bank of New York Non-Treaty JASDEQ Account	GLOBAL CUSTODY, 32ND FLOOR ONE WALL STREET, NEW YORK NY 10286, U.S.A.	71,325	3.09
State Street Bank - West Pension Fund Clients-Exempt	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	29,773	1.28
BNP Paribas Securities Services Luxembourg / JASDEC / BP2S DUBLIN-US Pension Fund	33 RUE DE GASPERICH, L-5826 HO WALD-HESPERANGE, LUXEMBOURG	29,700	1.28
State Street Bank West Client-Treaty	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	28,942	1.25
State Street Bank and Trust Company	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	23,687	1.02
Total		1,226,497	53.13

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended February 28, 2014 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata	-	42,450

Note 1 There is no investment unit of JRF held by the Executive Director nor the Supervisory Directors in their own name or that of others. Although Supervisory Directors may have additional post in other company than listed above, there is no conflict of interests between those companies including listed above and JRF.

Note 2 Compensation for Directors indicates actual payments, and the independent auditor's fees consist of estimated audit fees on an accrual basis and ¥25,450 thousand of fees for English financial statement audit and issuance of a comfort letter with respect to the global offering of new investment units and seventh series unsecured investment corporation bonds.

(2) Policy for dismissal or refusal of reappointment of independent auditor

The Board of Directors shall dismiss independent auditor in accordance with the Act on Investment Trusts and Investment Corporation of Japan, if necessary. The Board of Directors shall also decide reappointment of independent auditor considering audit quality, fees or other various factors.

4. Name of asset manager and other administrator

Classification	Name
Asset manager	Mitsubishi Corp. - UBS Realty Inc.
Custodian	Mitsubishi UFJ Trust and Banking Corporation
Agency for unit investment securities transference and special account administrator	Mitsubishi UFJ Trust and Banking Corporation
Special account administrator	Sumitomo Mitsui Trust Bank, Limited
General administrator (regarding book keeping)	Mitsubishi UFJ Trust and Banking Corporation
General administrator (regarding investment corporation bonds)	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
General administrator (regarding income and other taxes)	Zeirishi-Hojin PricewaterhouseCoopers

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of August 31, 2013		As of February 28, 2014	
		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	23,733	3.3	23,695	3.1
	Osaka and Nagoya metropolitan areas	4,965	0.7	4,965	0.6
	Sub-total	28,698	4.0	28,661	3.7
Trust beneficial interest in real property	Tokyo metropolitan area	302,243	42.5	339,271	43.6
	Osaka and Nagoya metropolitan areas	259,627	36.5	287,262	36.9
	Other metropolitan areas	88,140	12.4	87,447	11.3
	Sub-total	650,012	91.4	713,981	91.8
Bank deposits and other assets		32,641	4.6	35,063	4.5
Total assets		711,352	100.0	777,706	100.0

Note 1 Total of net book value is carrying amounts on the balance sheets (amounts of Real property and Trust beneficial interest in real property are book values net of depreciation) at the end of the fiscal period.

2. Major property

The principal properties (top ten properties in net book value) as of February 28, 2014 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)	47,897	109,365.50	109,365.50	100.0	4.7	Retail facilities
Nara Family (trust beneficial interest)	33,452	85,030.68	85,030.68	100.0	6.9	Retail facilities
mozo wonder city (Note 4) (trust beneficial interest)	31,400	86,722.88	86,547.77	99.8	6.9	Retail facilities
KAWASAKI Le FRONT (Note 4) (trust beneficial interest)	30,569	56,183.19	55,318.95	98.5	5.0	Retail facilities
AEON MALL Yachiyo Midorigaoka (trust beneficial interest)	28,569	132,294.48	132,294.48	100.0	2.4	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	28,231	137,466.97	137,466.97	100.0	3.2	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	26,220	138,538.63	138,538.63	100.0	3.1	Retail facilities
G-Bldg. Shinsaibashi 03 (Note 5) (trust beneficial interest)	22,474	4,631.13	4,631.13	100.0	-	Retail facilities
GYRE (trust beneficial interest)	22,163	4,840.62	4,347.69	89.8	2.3	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,502	157,904.26	157,904.26	100.0	2.0	Retail facilities
Total	290,480	912,978.34	911,446.06	99.8	-	

Note 1 Regardless the share of co-ownership or quasi-co-ownership, "Leasable area" means the total area of the building or land with leasehold interest of each property leasable 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 Regardless the share of co-ownership or quasi-co-ownership, "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 These properties are leased partially in the form of a pass-through master lease agreement and the "Leasable area" and "Leased area" of the properties show the leasable and leased area to the end tenants.

Note 5 "Ratio of rental revenue to total rental revenues" of the property is not disclosed because the consent from the tenant has not been obtained.

3. Details of property

The retail facilities as of February 28, 2014 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	9,122
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,590	13,985
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	13,500	12,766
Narupark (Note 4)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.58	5,030	7,912
G-Bldg. Minami Aoyama 02	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	5,370	5,263
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	85,030.68	37,300	33,452
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,548.63	12,400	9,735
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,950	1,410
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	6,680	6,178
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	13,700	11,018
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,360	1,230
AEON MALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi, etc.	Trust beneficial interest	129,124.73	10,400	7,424
AEON MALL Kashiihama	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	14,000	11,968
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,560	7,000
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,840.62	22,600	22,163
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,780	4,754
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	12,200	11,402
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,000	11,177
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,440	956
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,300	15,489
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,830	5,107
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,150	5,583
AEON Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,740	10,421
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,817.65	3,247	2,517
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,270	3,503
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,100	10,412
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	3,910	4,004
AEON Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	11,000	12,360
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,677.43	5,630	6,950
Higashi-Totsuka Aurora City	537-1, Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	40,800	47,897
AEON Omiya	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	6,060	5,790

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 TOWN Ogaki	233-1, Aza-nakashima, Mitsuzukacho, Ogaki-shi, Gifu, etc.	Trust beneficial interest	57,500.35	3,400	3,754
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,600	18,477
AEON Ueda	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,670	8,339
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,800	26,220
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,800	19,502
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,300	13,045
Oyama Yuen Harvest Walk (Note 5)	1457, Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	58,644.57	7,620	8,607
AEON MALL Yachiyo Midorigaoka	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	22,800	28,569
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,380	2,363
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	17,600	16,892
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,400	16,913
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,750	3,409
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,680	2,309
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	5,010	6,461
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,155.96	9,740	9,320
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	29,900	28,231
AEON MALL Kobe Kita	2-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,031.55	16,400	14,183
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	7,270	6,631
LIFE Taiheiji(Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,350	1,304
LIFE Shimodera(Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	1,750	1,717
LIFE Kishibe(Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,030	1,942
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,430	5,539
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,061.47	7,430	6,053
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuou-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	1,880	1,603
Kishiwada CanCan Bayside Mall	2-1, Minatomidori machi, Kishiwada-shi, Osaka, etc.	Trust beneficial interest	38,302.92	7,680	7,160
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,542.93	6,320	5,586
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	2,910	2,443
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	4,450	2,797
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	2,940	2,350
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	2,860	2,412
Arkangel Daikanyama(Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,220	1,842
G-Bldg. Shinsaibashi 02 (Note 6)	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	-	5,190	4,380

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 Stadium Sennichimae(Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	8,800	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	1,620	1,154
mozo wonder city (Notes 5)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,722.88	35,600	31,400
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	4,170	3,730
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	4,760	3,918
G-Bldg. Omotesando 01 (Note 7)	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	6,710	5,921
Round1 Stadium Sakai Chuo Kanjyo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,270	1,754
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,530	5,957
Tecc Land Fukuoka Shime Honten (Note 6)	2-1, Minamizato 5-chome, Shime-machi, Kasuyagun, Fukuoka	Trust beneficial interest	-	4,900	4,086
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	6,090	5,553
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkakusagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,180	2,830
Round1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	3,680	2,991
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	3,670	3,135
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,809.69	4,170	3,951
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,180	3,128
KAWASAKI Le FRONT (Note 5)	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,183.19	36,800	30,569
G-Bldg. Shinsaibashi 03	2-17, Shinsaibashisuji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	4,631.13	23,500	22,474
Total			3,095,171.83	769,357	742,642

Note 1 “Location” means the residence indication or the location indicated in the land registry book.

Note 2 Regardless the share of co-ownership or quasi-co-ownership, “Leasable area” means the total area of the building or land with leasehold interest of each property leasable 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 The property name was changed from G-bldg. Omotesando to G-bldg. Omotesando 01 on April 1, 2014.

Operating results of each retail facility for the six months ended August 31, 2013 and February 28, 2014 were as follows:

Name of property	For the six months ended August 31, 2013				For the six months ended February 28, 2014			
	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	427	1.6	2	100.0	421	1.5
Ito-Yokado Kawasaki	5	100.0	490	1.9	5	100.0	490	1.7
8953 Osaka Shinsaibashi Building	1	100.0	398	1.5	1	100.0	399	1.4
Narupark (Note 3)	48	100.0	354	1.4	48	100.0	360	1.2
G-Bldg. Minami Aoyama 02	4	100.0	78	0.3	4	100.0	87	0.3
Nara Family	126	99.7	1,984	7.6	130	100.0	2,003	6.9
Abiko Shopping Plaza	58	100.0	708	2.7	57	100.0	695	2.4
Ito-Yokado Yabashira	1	100.0	78	0.3	1	100.0	78	0.3
Ito-Yokado Kamifukuoka Higashi	1	100.0	256	1.0	1	100.0	256	0.9
Ito-Yokado Nishikicho	1	100.0	445	1.7	1	100.0	445	1.5
G-Bldg. Daikanyama 01	1	100.0	48	0.2	1	100.0	40	0.1
G-Bldg. Jingumae 05 (Note 4)	3	100.0	99	0.4	-	-	84	0.3
AEON MALL Higashiura	1	100.0	480	1.8	1	100.0	481	1.7
AEON MALL Kashiihama	1	100.0	477	1.8	1	100.0	477	1.6
AEON MALL Sapporo Naebo	1	100.0	372	1.4	1	100.0	372	1.3
GYRE	20	97.1	575	2.2	21	89.8	681	2.3
G-Bldg. Jingumae 04 (Note 4)	2	100.0	33	0.1	-	-	28	0.1
Ito-Yokado Tsunashima	1	100.0	180	0.7	1	100.0	172	0.6
Bic Camera Tachikawa	2	100.0	388	1.5	2	100.0	388	1.3
AEON Itabashi Shopping Center	1	100.0	630	2.4	1	100.0	662	2.3
G-Bldg. Kita Aoyama 01	3	100.0	35	0.1	3	100.0	35	0.1
AEON MALL Yamato	1	100.0	537	2.1	1	100.0	537	1.9
SEIYU Hibarigaoka	1	100.0	261	1.0	1	100.0	261	0.9
AEON Tobata Shopping Center	1	100.0	315	1.2	1	100.0	315	1.1
AEON Takatsuki	1	100.0	422	1.6	1	100.0	414	1.4
G-Bldg. Jiyugaoka 01	10	100.0	89	0.4	10	100.0	90	0.3
AEON Yagoto	2	100.0	148	0.6	2	100.0	129	0.4
AEON Naha Shopping Center	1	100.0	373	1.4	1	100.0	373	1.3
Cheers Ginza	10	100.0	106	0.4	10	100.0	109	0.4
AEON Nishi-Otsu	1	100.0	381	1.5	1	100.0	375	1.3
Kyoto Family	70	100.0	585	2.2	70	100.0	591	2.0

Name of property	For the six months ended August 31, 2013				For the six months ended February 28, 2014			
	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) (%)
Higashi-Totsuka Aurora City	4	100.0	1,395	5.3	4	100.0	1,373	4.7
AEON Omiya	1	100.0	192	0.7	1	100.0	193	0.7
AEON TOWN Ogaki	1	100.0	322	1.2	1	100.0	325	1.1
Kawaramachi OPA	1	100.0	358	1.4	1	100.0	358	1.2
AEON Ueda	1	100.0	297	1.1	1	100.0	303	1.0
AEON MALL Tsurumi Ryokuchi	1	100.0	895	3.4	1	100.0	895	3.1
AEON MALL Itami	1	100.0	582	2.2	1	100.0	583	2.0
Ito-Yokado Yotsukaido	1	100.0	290	1.1	1	100.0	290	1.0
Oyama Yuen Harvest Walk (Note 5)	55	92.6	532	2.0	63	99.2	778	2.7
AEON MALL Yachiyo Midorigaoka	1	100.0	691	2.7	1	100.0	691	2.4
G-Bldg. Jingumae 06	3	80.6	46	0.2	4	100.0	49	0.2
AEON MALL Sapporo Hassamu	1	100.0	577	2.2	1	100.0	577	2.0
Ario Otori	1	100.0	554	2.1	1	100.0	555	1.9
G-Bldg. Jingumae 01	2	100.0	69	0.3	2	100.0	69	0.2
G-Bldg. Jingumae 02	3	100.0	29	0.1	3	100.0	29	0.1
G DINING SAPPORO (Notes 3 and 4)	24	100.0	90	0.4	-	-	102	0.4
G-Bldg. Minami Aoyama 01	3	100.0	47	0.2	3	100.0	50	0.2
La Porte Aoyama (Note 3)	21	92.3	265	1.0	21	90.5	268	0.9
AEON MALL Musashi Murayama	1	100.0	936	3.6	1	100.0	938	3.2
AEON MALL Kobe Kita	1	100.0	581	2.2	1	100.0	578	2.0
G-Bldg. Shinjuku 01	1	100.0	160	0.6	1	100.0	161	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	0.2
G-Bldg. Jingumae 03	6	93.3	68	0.3	6	93.3	76	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	7	88.8	262	1.0	7	88.8	240	0.8
G-Bldg. Shinsaibashi 01	2	100.0	60	0.2	2	100.0	61	0.2
Kishiwada CanCan Bayside Mall	116	100.0	798	3.1	112	99.1	794	2.7
Makuhari Plaza	6	100.0	219	0.8	6	100.0	221	0.8
MrMax Nagasaki (Note 6)	2	100.0	-	-	2	100.0	-	-
Urban Terrace Jingumae	2	100.0	100	0.4	2	100.0	100	0.3
Round1 Stadium Itabashi	1	100.0	95	0.4	1	100.0	95	0.3

Name of property	For the six months ended August 31, 2013				For the six months ended February 28, 2014			
	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	0.3
Arkangel Daikanyama(Land with leasehold interest) (Note 6)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Shinsaibashi 02 (Note 6)	1	100.0	-	-	1	100.0	-	-
Round1 Stadium Sennichimae(Land with leasehold interest)	1	100.0	240	0.9	1	100.0	240	0.8
Izumisano Shofudai(Land with leasehold interest) (Note 6)	2	100.0	-	-	2	100.0	-	-
Tecc Land Neyagawa(Land with leasehold interest) (Note 6)	1	100.0	-	-	1	100.0	-	-
mozo wonder city (Note 5)	223	99.7	1,986	7.6	224	99.8	1,995	6.9
G-Bldg. Sangenjaya 01	3	100.0	149	0.6	3	100.0	149	0.5
Round1 Yokohama Station West	1	100.0	114	0.4	1	100.0	114	0.4
G-Bldg. Omotesando 01	1	100.0	135	0.5	1	100.0	135	0.5
Round1 Stadium Sakai Chuo Kanryo	1	100.0	82	0.3	1	100.0	82	0.3
pivo Izumi Chuo (Note 6)	17	100.0	-	-	17	100.0	-	-
Tecc Land Fukuoka Shime Honten (Note 6)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Ginza 01	-	-	-	-	8	100.0	120	0.4
Round1 Kyoto Kawaramachi	-	-	-	-	1	100.0	85	0.3
Round1 Hiroshima	-	-	-	-	1	100.0	98	0.3
Colline Bajikouen	-	-	-	-	10	100.0	116	0.4
KAMISHIN PLAZA	-	-	-	-	44	98.9	226	0.8
Summit Store Nakano Minamidai	-	-	-	-	1	100.0	69	0.2
KAWASAKI Le FRONT (Note 5)	-	-	-	-	66	98.5	1,464	5.0
G-Bldg. Shinsaibashi 03 (Note 6)	-	-	-	-	1	100.0	-	-
Total	908	99.8	26,130	100.0	1,021	99.9	29,058	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 These properties were sold on January 31, 2014.

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

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

4. Details of specified transaction

The details of specified transaction as of February 28, 2014 were as follows:

(Millions of yen)

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	138,550	126,500	(1,172)
Total		138,550	126,500	(1,172)

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

Note 2 The interest rate swaps for which JRF had applied the special treatment provided under the Accounting Standard Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, are not required to be measured in the balance sheets.

5. Other assets

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

There was no other significant specified asset as of February 28, 2014.

Capital expenditures for property

1. Schedule of capital expenditures

The current significant plan for capital expenditures on property maintenance is as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended February 28, 2014	Total of advanced payment
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Renewal construction	September, 2013 to April, 2014	810	241	263
Kishiwada CanCan Bayside Mall	Kishiwada-shi, Osaka	Rezoning construction of tenant floor	September, 2014 to December, 2014	342	-	-
AEON MALL Tsurumi Ryokuchi	Osaka-shi, Osaka	Earthquake-resistant construction of elevator	April, 2014 to June, 2014	203	-	-
AEON Itabashi Shopping Center	Itabashi-ku, Tokyo	Earthquake-resistant construction of elevator	April, 2014 to June, 2014	203	-	-
AEON MALL Itami	Itami-shi, Hyogo	Repair of outer wall	September, 2014 to January, 2015	186	-	-

2. Capital expenditures for the six months ended February 28, 2014

Maintenance expenditures on property for the six months ended February 28, 2014 were totaling to ¥1,956 million consisting of ¥1,768 million of capital expenditures stated as below and ¥188 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
AEON MALL Higashiura	Chita-gun, Aichi	Earthquake-resistant construction of unqualified elevator	October, 2013 to February, 2014	278
AEON Tobata Shopping Center	Kita-Kyushu-shi, Fukuoka	Installment of GHP equipment	November, 2013 to January, 2014	149
Kawaramachi OPA	Kyoto-shi, Kyoto	Renewal of air conditioner	November, 2013 to February, 2013	61
AEON MALL Higashiura	Chita-gun, Aichi	Installment of smoke protection shutter for unqualified elevator	October, 2013 to December, 2013	60
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Renewal construction of signboard	October, 2013 to December, 2013	49
Others	-	-	-	1,169
Total				1,768

3. Reserved funds for long-term maintenance plan

JRF generally reserves funds to appropriate for future expenditures on large-scale maintenance based on a long-term maintenance plan, except for when depreciation for each fiscal period exceeds following two items.

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

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

There were no reserved funds for last five fiscal periods.

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	23rd fiscal period	24th fiscal period
	For the six months ended August 31, 2013	For the six months ended February 28, 2014
Asset management fees	2,149,874	2,324,887
Custodian fees	26,506	26,287
General administration fees	112,789	112,083
Compensation for Directors	5,940	5,940
Other operating expenses	135,869	169,313
Total	2,430,979	2,638,511

2. Borrowings

Borrowings as of February 28, 2014 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 6)	Use (Note 10)	Remarks
			August 31, 2013 (Millions of yen)	February 28, 2014 (Millions of yen)					
Short-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 8, 2013	4,439	-	0.5	February 7, 2014 (Note 5)	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,767	-					
	Sumitomo Mitsui Trust Bank, Limited		2,994	-					
	Sub-total		11,200	-					
Long-term	Development Bank of Japan Inc.	September 30, 2008	3,000	-	0.9	September 30, 2013	Lump sum	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	November 4, 2008	24,310	24,310	0.9	March 1, 2015	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc. (Note 2)	March 30, 2009	4,150	4,050	1.2 (Note 3)	March 30, 2014	(Note 7)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2009	12,650	12,350	1.8	July 30, 2016	(Note 8)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2009	16,866	16,466	2.2	July 30, 2018	(Note 9)	(Note 10)	Unsecured and unguaranteed
	American Family Life Assurance Company of Columbus	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 30, 2009	3,143	3,143	1.1 (Note 4)	September 30, 2014	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 2)		2,714	2,714					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,143	2,143					
	Mizuho Corporate Bank, Ltd.	February 7, 2011	5,000	5,000	0.7 (Note 4)	February 5, 2016	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Shinkumi Federation Bank		3,000	3,000					
	The Hiroshima Bank Ltd.		1,500	1,500					
	The Senshu Ikeda Bank, Ltd.		1,000	1,000					
	The Minato Bank, Ltd.		500	500					

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2013 (Millions of yen)	February 28, 2014 (Millions of yen)					
	Name of lender								
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	5,550	5,550	0.7 (Note 4)	September 28, 2018	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,710	4,710					
	Sumitomo Mitsui Trust Bank, Limited		3,740	3,740					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	7,930	7,930	1.5 (Note 4)	March 29, 2019	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		6,730	6,730					
	Sumitomo Mitsui Trust Bank, Limited		5,340	5,340					
	Sumitomo Mitsui Banking Corporation	March 31, 2011	5,000	5,000	0.8 (Note 4)	March 30, 2018	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	1,982	1,982	0.8	September 22, 2021	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,682	1,682					
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,965	3,965	0.8	March 22, 2021	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	The Bank of Fukuoka, Ltd.	September 22, 2011	2,000	2,000	0.6 (Note 4)	September 22, 2016	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,875	3,875	0.7	September 18, 2020	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	3,487					
	Sumitomo Mitsui Trust Bank, Limited		2,712	2,712					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	5,000	5,000	0.7	March 19, 2020	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,500	4,500					
	Sumitomo Mitsui Trust Bank, Limited		3,500	3,500					
	Sumitomo Mitsui Banking Corporation	September 30, 2011	2,000	2,000	0.8	September 30, 2020	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	September 30, 2011	3,500	3,500	0.7 (Note 4)	March 30, 2018	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	2,500	2,500	0.8 (Note 4)	September 28, 2018	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	4,000	4,000	0.8 (Note 4)	September 28, 2018	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Resona Bank, Limited.	September 30, 2011	2,500	2,500	0.6 (Note 4)	September 30, 2016	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2011	1,000	1,000	0.6 (Note 4)	September 30, 2016	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	3,172	3,172	0.6	December 20, 2019	Lump sum (Note 6)	(Note 12)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,692	2,692					
	Sumitomo Mitsui Trust Bank, Limited		2,136	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	2,775	2,775	0.6	June 21, 2019	Lump sum (Note 6)	(Note 12)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,355	2,355					
	Sumitomo Mitsui Trust Bank, Limited		1,869	1,869					
	The Chugoku Bank, LTD.	December 21, 2011	3,000	3,000	0.8 (Note 4)	December 21, 2016	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Resona Bank, Limited.	December 21, 2011	2,000	2,000	0.8 (Note 4)	December 21, 2016	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%)	Due date	Repayment method	Use	Remarks
			August 31, 2013	February 28, 2014					
	Name of lender		(Millions of yen)	(Millions of yen)	(Note 1)				
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	2,180	2,180	0.8	May 20, 2022	Lump sum (Note 6)	(Note 12)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	0.8	May 20, 2022	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	3,570	3,570	0.6 (Note 4)	November 22, 2017	Lump sum (Note 6)	(Note 12)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,030	3,030					
	Sumitomo Mitsui Trust Bank, Limited		2,400	2,400					
	The Joyo Bank, Ltd.	May 22, 2012	1,000	1,000	0.6 (Note 4)	November 22, 2017	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	May 22, 2012	2,000	2,000	0.6 (Note 4)	November 22, 2017	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 14, 2012	3,000	3,000	0.5 (Note 4)	September 14, 2017	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 28, 2012	2,000	2,000	0.5	September 29, 2017	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2012	1,000	1,000	0.5 (Note 4)	October 2, 2017	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 11)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 11)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 2, 2012	2,000	2,000	1.0 (Note 4)	October 2, 2020	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,190	1,190	1.0 (Note 4)	October 2, 2020	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,010	1,010					
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,784	1,784	0.6	April 2, 2020	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,514	1,514					
	Sumitomo Mitsui Trust Bank, Limited		1,202	1,202					
	Sumitomo Mitsui Banking Corporation	October 2, 2012	3,000	3,000	0.6	April 2, 2020	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	2,974	2,974	0.5	October 2, 2019	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,524	2,524					
	Sumitomo Mitsui Trust Bank, Limited		2,002	2,002					
	The Daishi Bank, Ltd.	October 2, 2012	1,500	1,500	0.5 (Note 4)	October 2, 2017	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	1,000					
	The Bank of Yokohama, Ltd.		500	500					
	Shinkin Central Bank	December 28, 2012	2,500	2,500	0.5	December 29, 2017	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Gunma Bank, Ltd.	December 28, 2012	500	500	0.6 (Note 4)	December 28, 2018	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.		500	500					
	The Higashi-Nippon Bank, Ltd.		500	500					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2013 (Millions of yen)	February 28, 2014 (Millions of yen)					
Long-term	Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 4)	February 28, 2022	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 4)	March 31, 2022	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	-	3,000	1.3	April 7, 2023	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	-	1,000	2.2 (Note 4)	October 6, 2028	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	-	1,500	1.5	April 5, 2024	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	-	1,000	1.3	October 6, 2023	Lump sum	(Note 11)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	-	1,189	1.4 (Note 4)	October 6, 2023	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,009					
	Sumitomo Mitsui Trust Bank, Limited		-	801					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	-	1,387	1.3 (Note 4)	April 7, 2023	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,177					
	Sumitomo Mitsui Trust Bank, Limited		-	934					
	Development Bank of Japan Inc.	October 7, 2013	-	1,500	1.3	April 7, 2023	Lump sum	(Note 10)	Unsecured and unguaranteed
	Mizuho Corporate Bank, Ltd.	October 7, 2013	-	1,500	1.2 (Note 4)	October 7, 2022	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	-	1,000	1.2 (Note 4)	October 7, 2022	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 7, 2013	-	2,000	1.2 (Note 4)	October 7, 2022	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	-	1,000	1.0	October 7, 2021	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Nishi-Nippon City Bank, Ltd.	October 7, 2013	-	1,000	1.0 (Note 4)	October 7, 2021	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	-	1,189	0.9 (Note 4)	April 7, 2021	Lump sum (Note 6)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,009					
	Sumitomo Mitsui Trust Bank, Limited		-	801					
	Shinkin Central Bank	October 7, 2013	-	1,500	0.8	October 7, 2020	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	-	1,500	0.8 (Note 4)	April 7, 2020	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Joyo Bank, Ltd.	October 7, 2013	-	1,000	0.8 (Note 4)	April 7, 2020	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2013	-	1,000	0.7 (Note 4)	October 7, 2019	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	October 7, 2013	-	1,000	0.7 (Note 4)	October 7, 2019	Lump sum (Note 6)	(Note 10)	Unsecured and unguaranteed
	Sub-total		268,551	294,751					
	Total		279,751	294,751					

- Note 1 The average interest rate indicates a weighted average of interest rates, rounded to the first decimal place.
- Note 2 The balances as of February 28, 2014 are included in current portion of long-term borrowings in the balance sheets.
- Note 3 A portion of the borrowings amounting to ¥4,050 million is hedged by interest rate swaps and the average interest rates of the borrowings are calculated adjusting the effect of the interest rate swaps.
- Note 4 The borrowings are hedged by interest rate swaps and the average interest rates of the borrowings are calculated adjusting the effect of the interest rate swaps.
- Note 5 JRF had repaid all principal of the borrowings on December 30, 2013 in advance of the due date.
- Note 6 JRF may repay all or part of principal of the borrowings on interest payment date.
- Note 7 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥5,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is June 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date.
- Note 8 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥15,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of February 28, 2014, includes ¥600 million of current portion of long-term borrowings.
- Note 9 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥20,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of February 28, 2014, includes ¥800 million of current portion of long-term borrowings.
- Note 10 The funds were mainly appropriated to repayment of borrowings.
- Note 11 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.
- Note 12 The funds were appropriated to repayments of corporate bonds.

3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
		August 31, 2013 (Millions of yen)	February 28, 2014 (Millions of yen)					
Second series unsecured investment corporation bonds (Note 1)	February 9, 2005	15,000	15,000	1.730	February 9, 2015	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Third series unsecured investment corporation bonds	February 22, 2006	10,000	10,000	2.020	February 22, 2016	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Sixth series unsecured investment corporation bonds	May 23, 2007	15,000	15,000	2.170	May 23, 2017	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Seventh series unsecured investment corporation bonds	December 18, 2013	-	7,500	1.108	December 18, 2023	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Total		40,000	47,500					

- Note 1 Maturity date of the second series unsecured investment corporation bonds is within one year from February 28, 2014.
- Note 2 JRF may repurchase bonds at any time on or after the next day of issuance except for the case that transferring term is otherwise limited.
- Note 3 The funds were appropriated to repayment of borrowings or working capital.

4. Short-term investment corporation bonds

None

Condition of investment transactions

1. Transactions of property and asset-backed securities, etc.

(Millions of yen)

Name of real property, etc.	Acquisition		Disposal			
	Date of acquisition	Acquisition cost	Date of disposal	Disposal amount	Net book value	Gain (loss) on disposal
G-Bldg. Ginza 01	October 3, 2013	5,500	-	-	-	-
Round1 Kyoto Kawaramachi	October 3, 2013	2,800	-	-	-	-
Round1 Hiroshima	October 3, 2013	2,970	-	-	-	-
Colline Bajikouen	October 3, 2013	3,100	-	-	-	-
KAMISHIN PLAZA	October 3, 2013	3,900	-	-	-	-
Summit Store Nakano Minamidai	October 3, 2013	3,100	-	-	-	-
KAWASAKI Le FRONT	October 7, 2013	30,000	-	-	-	-
G-Bldg. Shinsaibashi 03	October 7, 2013	22,300	-	-	-	-
G DINING SAPPORO	-	-	January 31, 2014	6,560 (Note 2)	2,933	25 (Note 2)
G-Bldg. Jingumae 04	-	-	January 31, 2014		869	
G-Bldg. Jingumae 05	-	-	January 31, 2014		2,704	
Total	-	73,670	-	6,560	6,508	25

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

Note 2 Disposal amounts of each property are not disclosed because the consent from the counter party has not been obtained. Gross amounts of gains and losses on sales of property are ¥870,564 thousand and ¥844,698 thousand, respectively.

2. Transactions of other assets

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

3. Research for specified assets value, etc.

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposal	Name of property	Date of acquisition /disposal	Acquisition Cost /Disposal amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	G-Bldg. Ginza 01	October 3, 2013	5,500	5,780	Japan Real Estate Institute	August 1, 2013
Acquisition	Round1 Kyoto Kawaramachi	October 3, 2013	2,800	3,050	Tanizawa Sōgō Appraisal Co., Ltd.	August 1, 2013
Acquisition	Round1 Hiroshima	October 3, 2013	2,970	3,610	Tanizawa Sōgō Appraisal Co., Ltd.	August 1, 2013
Acquisition	Colline Bajikouen	October 3, 2013	3,100	3,580	Japan Real Estate Institute	August 1, 2013
Acquisition	KAMISHIN PLAZA	October 3, 2013	3,900	4,160	Daiwa Real Estate Appraisal Co., Ltd.	August 1, 2013
Acquisition	Summit Store Nakano Minamidai	October 3, 2013	3,100	3,180	Japan Real Estate Institute	August 1, 2013
Acquisition	KAWASAKI Le FRONT	October 7, 2013	30,000	35,200	Tanizawa Sōgō Appraisal Co., Ltd.	August 1, 2013
Acquisition	G-Bldg. Shinsaibashi 03	October 7, 2013	22,300	23,100	CBRE K.K.	August 1, 2013
Disposal	G DINING SAPPORO	January 31, 2014	6,560 (Note 2)	2,110	Japan Real Estate Institute	August 31, 2013
Disposal	G-Bldg. Jingumae 04	January 31, 2014		1,250	Japan Real Estate Institute	August 31, 2013
Disposal	G-Bldg. Jingumae 05	January 31, 2014		3,730	Japan Real Estate Institute	August 31, 2013

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

Note 2 Disposal amount of each property is not disclosed because the consent from the counter party has not been obtained.

(2) Other transaction

For those transactions that are required to be investigated pursuant to Article 201 of the Act on Investments Trusts and Investment Corporation of Japan and not disclosed above in (1) Property (Appraisal Value), the asset manager (Mitsubishi Corp. – UBS Realty Inc.) contracted PricewaterhouseCoopers Arata to perform investigations.

The transactions subject to such investigation during the six months ended February 28, 2014, were 12 interest rate swap contracts, for which the asset manager received the investigation report from PricewaterhouseCoopers Aarata.

For this purpose, investigation was performed with respect to details of the interest swap contracts, such as the name of counter parties, contract amounts, type of the financial instrument or index, or the period of transactions.

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

Classification	Acquisition cost / Disposal amount	
	Acquisition cost (Note 2 and 3)	Disposal amount (Note 3)
Total amount	¥73,670,000 thousand	¥6,560,000 thousand
	Acquisition cost from interested parties	Disposal amount to interested parties
	¥18,400,000 thousand (25.0%)	¥ - thousand (-)
<i>Breakdown for transactions with interested parties</i>		
<i>Ginza 651 LLC</i>	¥5,500,000 thousand (7.5%)	¥ - thousand (-)
<i>SSG4 LLC</i>	¥5,900,000 thousand (8.0%)	¥ - thousand (-)
<i>Brightmoon Kamishinjo LLC</i>	¥3,900,000 thousand (5.3%)	¥ - thousand (-)
<i>Brightmoon Nakano LLC</i>	¥3,100,000 thousand (4.2%)	¥ - thousand (-)
<i>Total</i>	¥18,400,000 thousand (25.0%)	¥ - thousand (-)

(2) Amounts of fees paid and other expenses

(Thousands of yen)

Classification	Total amounts (A)	Transactions with interested parties or major shareholders		(B) / (A) (%)
		Name of counter party	Amount of payment (B)	
Property management fees	707,052	Mitsubishi Corporation Urban Development, Inc.	53,274	7.5
Facility management fees	1,257,939	Mitsubishi UFJ Lease & Finance Company Limited	494	0.0
Utilities	1,685,282	Japan Facility Solutions, Inc.	16,299	1.0
Repair costs	188,892	Mitsubishi Corporation Urban Development, Inc.	677	0.4
Other rental expenses	664,313	Mitsubishi Shoji & Sun Co., Ltd.	1,143	0.2
		Mitsubishi Corporation Urban Development, Inc.	940	0.1
		Mitsubishi Corporation	161	0.0
Other operating expenses	169,313	Mitsubishi Corporation	53	0.0

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

Note 2 In addition to above transaction, JRF paid Mitsubishi Corporation and MC Architects, Inc. for research fees which were capitalized as a cost of property amounting to ¥3,416 thousand and ¥581 thousand, respectively. JRF also paid Mitsubishi Corporation Urban Development, Inc. for ¥3,071 thousand of fees relating to capital expenditures.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Other information

1. Investment units held by the asset manager

Investment units held by the asset manager (Mitsubishi Corp. - UBS Realty Inc.) were as follows:

(1) Transactions of investment units held by the asset manager

Date	Number of units increased (Units)	Number of units decreased (Units)	Number of units held (Units)
March 1, 2012 (Note 1)	2,400	-	3,200
Accumulated number	2,400	-	3,200

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

(2) Number of investment units held by the asset manager

Date	Number of units held at end of period (Units)	Aggregated value of units held at end of period (Note 1) (Thousands of yen)	Ratio of number of units held to number of units issued and outstanding
The 15th fiscal period (March 1, 2009 to August 31, 2009)	800	396,800	0.2%
The 16th fiscal period (September 1, 2009 to February 28, 2010)	800	337,280	0.2%
The 17th fiscal period (March 1, 2010 to August 31, 2010)	(Note 2) 3,200	360,320	0.2%
The 18th fiscal period (September 1, 2010 to February 28, 2011)	3,200	449,280	0.2%
The 19th fiscal period (March 1, 2011 to August 31, 2011)	3,200	368,320	0.2%
The 20th fiscal period (September 1, 2011 to February 29, 2012)	3,200	389,440	0.2%
The 21st fiscal period (March 1, 2012 to August 31, 2012)	3,200	428,160	0.2%
The 22nd fiscal period (September 1, 2012 to February 28, 2013)	3,200	579,840	0.2%
The 23rd fiscal period (March 1, 2013 to August 31, 2013)	3,200	577,920	0.2%
The 24th fiscal period (September 1, 2013 to February 28, 2014)	3,200	642,560	0.2%

Note 1 "Aggregated value of units held at end of period" is calculated by market price of the investment securities on Tokyo Stock Exchange REIT Market at end of each fiscal period.

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

2. Notice

(1) The General Meeting for Unitholders

The 9th General Meeting of Unitholders was held on November 29, 2013 and following matters were resolved at the meeting.

Resolution proposal	Summary
Resolution Proposal 1 - Partial amendment of the Articles of Incorporation	Following amendments were resolved as proposal. (1) Amendment in association with the transition of The Investment Trusts Association, Japan from an incorporated association to a general incorporated association (2) Amendment in response to the partial revision of the Rules on Real Estate Investment Trust and Real Estate Investment Corporations” made by The Investment Trusts Association, Japan (3) Establishment of new provisions in response to the revisions to the “Act on Investment Trusts and Investment Corporations” (Law No.198 of 1951, as amended) passed by the Diet (4) Other amendments in order to modify the words and phrases and to adjust provisions
Resolution Proposal 2 - Appointment of one executive director	Shuichi Namba was appointed as proposal.
Resolution Proposal 3 - Appointment of two supervisory directors	Masahiko Nishida and Masaharu Usuki were appointed as proposal.
Resolution Proposal 4 - Appointment of one alternate executive director	Fuminori Imanishi was appointed as proposal.
Resolution Proposal 5 - Appointment of one alternate supervisory director	Shuhei Murayama was appointed as proposal.

(2) The Board of Directors Meeting

Execution or modification of significant agreement approved by the Board of Directors of JRF for the six months ended February 28, 2014 was as follows:

Approval day	Item	Summary
September 12, 2013	Underwriting agreements of new investment units in connection with the global offering	In connection with the global offering of new investment units, the Board of Directors of JRF approved entering into the underwriting agreements with SMBC Nikko Securities Inc., UBS Securities Japan Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as joint domestic coordinator, and UBS Limited, SMBC Nikko Capital Markets Limited and Morgan Stanley & Co. International plc as international joint lead managers.
November 22, 2013	Comprehensive approval of issuance of investment corporation bonds and appointment of administrators	The Board of Directors of JRF approved issuance of investment corporation bonds within ¥30 billion in total from November 22, 2013 to November 21, 2014, and appointment of underwriters, financial agency and other general administrator regarding investment corporation bonds. Other relating matters were entrusted to Executive Director.

Note With above comprehensive approval on November 22, 2013, JRF issued the 7th series Unsecured Investment Corporation Bond (¥7.5 billion of 10-year) on December 18, 2013. Administrators relating to the investment corporation bonds were appointed as follows.

(i) Underwriter	Mizuho Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
(ii) Financial agency and other general administrator	The Bank of Tokyo-Mitsubishi UFJ, Ltd.

3. Other

Figures less than unit indicated in each statement have been rounded down for amounts and rounded for ratio unless otherwise indicated in this presentation.



Report of Independent Auditors

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

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as at February 28, 2014 and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2014 and its financial performance and cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 25 to the financial statements, which states that the Company has completed sale of a property.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended February 28, 2014 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata

May 19, 2014

PricewaterhouseCoopers Aarata

Sumitomo Fudosan Shiodome Hamarikyu Bldg., 8-21-1 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel: +81 (3) 3546 8450, Fax: +81 (3) 3546 8451, www.pwc.com/jp/assurance

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of August 31, 2013 and February 28, 2014

	As of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 24,221	¥ 26,279	\$ 257,788
Restricted bank deposits (Note 4).....	558	558	5,473
Rental receivables	1,049	1,202	11,791
Consumption tax refundable	-	68	667
Derivatives (Note18).....	-	2	19
Other current assets	1,314	1,648	16,166
Total current assets	27,143	29,759	291,926
Non-current assets:			
Property and equipment (Notes 4, 5, 7 and 10), at cost:			
Land.....	434,269	494,054	4,846,517
Buildings.....	291,402	300,616	2,948,950
Building improvements.....	15,429	15,426	151,324
Machinery and equipment.....	1,670	1,727	16,941
Furniture and fixtures.....	3,783	3,808	37,355
	746,556	815,633	8,001,108
Less: Accumulated depreciation.....	(74,807)	(79,918)	(783,970)
Net property and equipment	671,749	735,715	7,217,137
Other assets:			
Leasehold rights (Notes 4, 6 and 7).....	6,826	6,812	66,823
Other intangible assets (Notes 4, 6 and 7).....	136	115	1,128
Lease deposits (Note 4).....	1,359	1,644	16,127
Long-term prepaid expenses	3,063	2,879	28,242
Derivatives (Note18).....	363	24	235
Bonds issuance costs	29	73	716
Units issuance costs	147	234	2,295
Other	534	447	4,384
Total other assets	12,460	12,232	119,992
TOTAL ASSETS	¥ 711,352	¥ 777,706	\$ 7,629,056

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS

As of August 31, 2013 and February 28, 2014

	As of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 8).....	¥ 11,200	¥ -	\$ -
Current portion of long-term borrowings (Note 8).....	8,550	13,450	131,940
Current portion of long-term bonds issued — unsecured (Note 9).....	-	15,000	147,145
Current portion of tenant leasehold and security deposits (Notes 4 and 10).....	2,610	3,417	33,519
Accounts payable — operating	1,363	1,510	14,812
Accounts payable — other	4	6	58
Accrued expenses	1,825	1,877	18,412
Consumption tax payable	817	-	-
Rent received in advance	2,234	2,609	25,593
Deposits received	2,330	1,004	9,848
Current portion of asset retirement obligations (Note 19).....	-	355	3,482
Other current liabilities	104	192	1,883
Total current liabilities	31,041	39,424	386,737
Non-current liabilities:			
Long-term borrowings (Note 8).....	260,001	281,301	2,759,476
Long-term bonds issued — unsecured (Note 9).....	40,000	32,500	318,814
Tenant leasehold and security deposits (Notes 4 and 10).....	58,121	57,735	566,362
Deferred tax liabilities (Note 15).....	513	487	4,777
Asset retirement obligations (Note 19).....	352	360	3,531
Derivatives liabilities (Note 18).....	-	56	549
Other	-	-	-
Total non-current liabilities	358,989	372,441	3,653,531
TOTAL LIABILITIES	390,030	411,866	4,040,278
Net Assets (Note 11):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,079,198 units as of August 31, 2013 and 2,308,198 units as of February 28, 2014 issued and outstanding.....	295,474	338,940	3,324,896
Capital surplus.....	14,986	14,986	147,008
Reserve for dividends.....	2,326	2,326	22,817
Retained earnings.....	8,170	9,615	94,320
Total unitholders' equity	320,958	365,869	3,589,062
Valuation and translation adjustments:			
Deferred gains (losses) on hedges.....	363	(29)	(284)
Total valuation and translation adjustments	363	(29)	(284)
TOTAL NET ASSETS	321,322	365,840	3,588,777
TOTAL LIABILITIES AND NET ASSETS	¥ 711,352	¥ 777,706	\$ 7,629,056

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the six months ended August 31, 2013 and February 28, 2014

	For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rental and other operating revenues (Note 13).....	¥ 26,130	¥ 29,058	\$ 285,050
Gain on sales of property (Note 14).....	-	25	245
	<u>26,130</u>	<u>29,083</u>	<u>285,295</u>
Operating expenses			
Property-related expenses (Note 13).....	13,034	14,328	140,553
Asset management fees	2,149	2,324	22,797
Custodian fees	26	26	255
General administration fees	112	112	1,098
Other	141	175	1,716
	<u>15,465</u>	<u>16,966</u>	<u>166,431</u>
Operating income.....	<u>10,665</u>	<u>12,116</u>	<u>118,854</u>
Non-operating revenues			
Non-operating revenues.....	14	7	68
	<u>14</u>	<u>7</u>	<u>68</u>
Non-operating expenses			
Interest expense	1,506	1,576	15,460
Corporate bonds interest	398	405	3,972
Amortization of bonds issuance costs	4	5	49
Amortization of units issuance costs	49	71	696
Loan-related costs	545	472	4,630
Other non-operating expenses	4	4	39
	<u>2,508</u>	<u>2,535</u>	<u>24,867</u>
Ordinary income.....	<u>8,171</u>	<u>9,588</u>	<u>94,055</u>
Income before income taxes.....	<u>8,171</u>	<u>9,588</u>	<u>94,055</u>
Income taxes (Note 15):			
Current.....	-	-	-
Deferred.....	-	(26)	(255)
	<u>-</u>	<u>(25)</u>	<u>(245)</u>
Net income.....	<u>8,170</u>	<u>9,614</u>	<u>94,310</u>
Unappropriated earnings at beginning of period.....	<u>-</u>	<u>1</u>	<u>9</u>
Retained earnings at end of period (Note 12).....	<u>¥ 8,170</u>	<u>¥ 9,615</u>	<u>\$ 94,320</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
For the six months ended August 31, 2013 and February 28, 2014

	Unitholders' equity						Valuation and translation adjustments		Total net assets
	Surplus					Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	
	Unitholders' capital	Capital surplus	Reserve for dividends	Retained earnings	Total surplus				
Balance as of February 28, 2013.....	¥ 295,474	¥ 14,986	¥ 2,326	¥ 8,042	¥ 25,355	¥ 320,830	¥ 27	¥ 27	¥ 320,857
Changes during the period									
Cash distribution declared.....	-	-	-	(8,042)	(8,042)	(8,042)	-	-	(8,042)
Net income.....	-	-	-	8,170	8,170	8,170	-	-	8,170
Net changes of items other than unitholders' equity...	-	-	-	-	-	-	335	335	335
Total changes during the period	-	-	-	128	128	128	335	335	464
Balance as of August 31, 2013.....	¥ 295,474	¥ 14,986	¥ 2,326	¥ 8,170	¥ 25,484	¥ 320,958	¥ 363	¥ 363	¥ 321,322
Changes during the period									
Issuance of new investment units.....	43,465	-	-	-	-	43,465	-	-	43,465
Cash distribution declared.....	-	-	-	(8,169)	(8,169)	(8,169)	-	-	(8,169)
Net income.....	-	-	-	9,614	9,614	9,614	-	-	9,614
Net changes of items other than unitholders' equity...	-	-	-	-	-	-	(392)	(392)	(392)
Total changes during the period	43,465	-	-	1,445	1,445	44,910	(392)	(392)	44,518
Balance as of February 28, 2014.....	¥ 338,940	¥ 14,986	¥ 2,326	¥ 9,615	¥ 26,929	¥ 365,869	¥ (29)	¥ (29)	¥ 365,840

	Unitholders' equity					Valuation and translation adjustments		Total net assets	
	Surplus				Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments		
	Unitholders' capital	Capital surplus	Reserve for dividends	Retained earnings					Total surplus
Balance as of August 31, 2013.....	\$ 2,898,508	\$ 147,008	\$ 22,817	\$ 80,145	\$ 249,990	\$ 3,148,499	\$ 3,560	\$ 3,560	\$ 3,152,069
Changes during the period									
Issuance of new investment units.....	426,378	-	-	-	-	426,378	-	-	426,378
Cash distribution declared.....	-	-	-	(80,135)	(80,135)	(80,135)	-	-	(80,135)
Net income.....	-	-	-	94,310	94,310	94,310	-	-	94,310
Net changes of items other than unitholders' equity...	-	-	-	-	-	-	(3,845)	(3,845)	(3,845)
Total changes during the period	426,378	-	-	14,175	14,175	440,553	(3,845)	(3,845)	436,707
Balance as of February 28, 2014.....	\$ 3,324,896	\$ 147,008	\$ 22,817	\$ 94,320	\$ 264,165	\$ 3,589,062	\$ (284)	\$ (284)	\$ 3,588,777

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the six months ended August 31, 2013 and February 28, 2014

	For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S.dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 8,171	¥ 9,588	\$ 94,055
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,685	5,926	58,132
Amortization of bonds issuance costs.....	4	5	49
Amortization of units issuance costs.....	49	71	696
Gain on sales of property.....	-	(25)	(245)
Loss on disposal of fixed assets.....	55	237	2,324
Interest income.....	(1)	(4)	(39)
Interest expense.....	1,904	1,981	19,432
Changes in assets and liabilities:			
Decrease (increase) in Rental receivables.....	35	(152)	(1,491)
Decrease (increase) in Consumption tax refundable.....	865	(68)	(667)
Decrease in Long-term prepaid expenses.....	245	183	1,795
Increase in Accounts payable - operating.....	149	28	274
(Decrease) increase in Accounts payable - other.....	(2)	1	9
Increase in Accrued expenses.....	32	74	725
Increase (decrease) in Consumption tax payable.....	817	(817)	(8,014)
(Decrease) increase in Rent received in advance.....	(30)	375	3,678
Increase (decrease) in Deposits received.....	1,056	(1,326)	(13,007)
Other, net.....	33	(293)	(2,874)
Sub total.....	19,071	15,786	154,855
Interest received.....	1	4	39
Interest expenses paid.....	(1,886)	(2,004)	(19,658)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	17,186	13,786	135,236
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(2,328)	(76,073)	(746,252)
Proceeds from sales of property and equipment.....	-	6,526	64,018
Purchase of intangible assets.....	(26)	-	-
Proceeds from sales of intangible assets.....	-	8	78
Payments of tenant leasehold and security deposits.....	(1,039)	(2,671)	(26,201)
Proceeds from tenant leasehold and security deposits.....	232	3,092	30,331
Payments for restricted bank deposits.....	(93)	-	-
Proceeds from restricted bank deposits.....	186	-	-
Proceeds from deposits and others.....	7	94	922
Payments of deposits and others.....	(2)	(292)	(2,864)
Net cash used in investing activities.....	(3,064)	(69,316)	(679,968)
Cash Flows from Financing Activities:			
Repayments of short-term borrowings.....	-	(11,200)	(109,868)
Proceeds from long-term borrowings.....	5,000	34,000	333,529
Repayments of long-term borrowings.....	(5,800)	(7,800)	(76,515)
Proceeds from issuance of corporate bonds.....	-	7,451	73,092
Proceeds from issuance of investment units.....	-	43,306	424,818
Distribution payments.....	(8,044)	(8,169)	(80,135)
Net cash (used in) provided by financing activities.....	(8,844)	57,587	564,910
Net change in cash and cash equivalents.....	5,277	2,057	20,178
Cash and cash equivalents at beginning of period.....	18,944	24,221	237,600
Cash and cash equivalents at end of period.....	¥ 24,221	¥ 26,279	\$ 257,788

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended August 31, 2013 and February 28, 2014

Note 1 — Organization

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

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

On March 1, 2010, the Company merged with LaSalle Japan REIT Inc.

The total assets managed by the Company at the end of the 24th fiscal period (February 28, 2014) amounted to ¥787.6 billion (US\$7,726 million) (the total acquisition price of 81 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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.

The usage of Restricted bank deposits is limited to repayments of tenant leasehold and security deposits.

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Bonds Issuance Costs

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

(i) Units Issuance Costs

Units issuance costs are capitalized and amortized over three years.

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

Property and equipment are subject to various taxes, such as property taxes and urban planning taxes on an annual basis. An owner of a property is registered in the record maintained by the local government in each jurisdiction, and such taxes are imposed on the owner registered in the record as of January 1st of each year based on the assessment made by the local government.

Under the above tax rules, a seller of a property at the time of disposal is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued tax liabilities and the amount of settlement reflects this adjustment. For the purchaser, a portion of such taxes calculated from the acquisition date to the end of the calendar year is capitalized as a cost of the property in accordance with Japanese GAAP. In subsequent calendar years, half of such taxes on property and equipment for each calendar year are charged as operating expenses in each fiscal period.

Taxes on property and equipment capitalized amounted to ¥3 million and ¥117 million (US\$1,147 thousand) for the six months ended August 31, 2013 and February 28, 2014, respectively.

(m) Revenue Recognition

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

(n) Hedge Accounting

In accordance with the Company's risk management policy and its internal rules, the Company uses derivative instruments for the purpose of hedging risks that are prescribed in the Company's articles of incorporation. The Company hedges fluctuations in interest rates of borrowings through the use of interest rate swaps as hedging instruments, to which deferred hedge accounting is applied, where gains or losses on derivatives qualifying for hedge accounting are deferred as valuation and translation adjustments within net assets until maturity of the hedge transaction. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments and those of the hedged items.

For the interest rate swaps which qualify for hedge accounting and meet specific criteria, the Company applies the special treatment provided under Japanese GAAP 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 measured separately. The assessment of hedge effectiveness is not performed when the interest rate swaps meet the specific criteria required for such special treatment.

(o) Equipment Leases

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

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥101.94 = US\$1, the effective rate of exchange prevailing at February 28, 2014. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended February 28, 2014 is solely for the convenience of readers outside Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents.....	¥ 9,391	¥ 7,947	\$ 77,957
Restricted bank deposits.....	558	558	5,473
Property and equipment, at cost:			
Land.....	407,604	467,388	4,584,932
Buildings.....	289,232	298,444	2,927,643
Building improvements.....	15,353	15,349	150,568
Machinery and equipment.....	1,670	1,727	16,941
Furniture and fixtures.....	3,764	3,790	37,178
	717,625	786,701	7,717,294
Less: Accumulated depreciation.....	(74,555)	(79,627)	(781,116)
Net property and equipment.....	643,070	707,073	6,936,168
Other assets:			
Leasehold rights.....	6,806	6,792	66,627
Other intangible assets.....	136	115	1,128
Lease deposits.....	1,359	1,644	16,127
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	2,610	3,417	33,519
Non-current liabilities:			
Tenant leasehold and security deposits.....	56,362	55,975	549,097

Note 5 — Schedule of Property and Equipment

(i) Schedule of Property and Equipment as of August 31, 2013 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	¥ 433,868	¥ 401	¥ -	¥ 434,269	¥ -	¥ -	¥ 434,269
Buildings.....	289,498	2,003	98	291,402	67,516	5,149	223,886
Building improvements.....	15,345	84	-	15,429	4,544	307	10,885
Machinery and equipment.....	1,663	7	-	1,670	688	49	982
Furniture and fixtures.....	3,649	135	1	3,783	2,059	151	1,724
Total.....	¥ 744,024	¥ 2,631	¥ 100	¥ 746,556	¥ 74,807	¥ 5,658	¥ 671,749

(ii) Schedule of Property and Equipment as of February 28, 2014 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	¥ 434,269	¥ 63,868	¥ 4,083	¥ 494,054	¥ -	¥ -	¥ 494,054
Buildings.....	291,402	12,387	3,174	300,616	72,208	5,392	228,407
Building improvements.....	15,429	82	86	15,426	4,821	299	10,605
Machinery and equipment.....	1,670	56	-	1,727	739	51	987
Furniture and fixtures.....	3,783	203	177	3,808	2,148	155	1,660
Total.....	¥ 746,556	¥ 76,598	¥ 7,521	¥ 815,633	¥ 79,918	¥ 5,899	¥ 735,715

	At cost			Ending balance (in thousands of U.S. dollars (Note 3))	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	\$ 4,260,045	\$ 626,525	\$ 40,052	\$ 4,846,517	\$ -	\$ -	\$ 4,846,517
Buildings.....	2,858,563	121,512	31,135	2,948,950	708,338	52,893	2,240,602
Building improvements.....	151,353	804	843	151,324	47,292	2,933	104,031
Machinery and equipment.....	16,382	549	-	16,941	7,249	500	9,682
Furniture and fixtures.....	37,110	1,991	1,736	37,355	21,071	1,520	16,284
Total.....	\$ 7,323,484	\$ 751,402	\$ 73,778	\$ 8,001,108	\$ 783,970	\$ 57,867	\$ 7,217,137

Note 6 — Schedule of Intangible Assets

(i) Schedule of Intangible Assets as of August 31, 2013 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	¥ 7,035	¥ -	¥ 16	¥ 7,019	¥ 192	¥ 13	¥ 6,826
Other intangible assets.....	288	3	-	292	155	12	136
Total.....	¥ 7,324	¥ 3	¥ 16	¥ 7,311	¥ 348	¥ 26	¥ 6,962

(ii) Schedule of Intangible Assets as of February 28, 2014 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	¥ 7,019	¥ -	¥ -	¥ 7,019	¥ 206	¥ 13	¥ 6,812
Other intangible assets.....	292	-	12	280	164	13	115
Total.....	¥ 7,311	¥ -	¥ 12	¥ 7,299	¥ 371	¥ 26	¥ 6,928

	At cost			Ending balance (in thousands of U.S. dollars (Note 3))	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	\$ 68,854	\$ -	\$ -	\$ 68,854	\$ 2,020	\$ 127	\$ 66,823
Other intangible assets.....	2,864	-	117	2,746	1,608	127	1,128
Total.....	\$ 71,718	\$ -	\$ 117	\$ 71,600	\$ 3,639	\$ 255	\$ 67,961

Note 7 — Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment properties in the aggregate for the six months ended August 31, 2013 and February 28, 2014.

	As of / For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 681,823	¥ 678,711	\$ 6,657,945
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(3,112)	63,931	627,143
Balance at the end of the period.....	<u>¥ 678,711</u>	<u>¥ 742,642</u>	<u>\$ 7,285,089</u>
Fair value⁽ⁱⁱⁱ⁾	¥ 685,097	¥ 769,387	\$ 7,547,449

Notes:

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

For the six months ended August 31, 2013:		Increase (decrease) in net book value (in millions)
Acquisition:		
AEON MALL Itami (leased portion of the land of existing property).....	¥	391
Capital expenditures:		
Renewal construction at Kyoto Family.....		349
Total of capital expenditures for the period (including above expenditure).....		2,233

For the six months ended February 28, 2014:		Increase (decrease) in net book value (in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:			
KAWASAKI Le FRONT.....	¥	30,684	\$ 301,000
G-Bldg. Shinsaibashi 03.....		22,511	220,825
G-Bldg. Ginza 01.....		5,558	54,522
KAMISHIN PLAZA.....		3,954	38,787
Colline Bajikouen.....		3,140	30,802
Summit Store Nakano Minamidai.....		3,134	30,743
Round1 Hiroshima.....		3,006	29,487
Round1 Kyoto Kawaramachi.....		2,840	27,859
Capital expenditures:			
Earthquake-resistant construction of unqualified elevator at AEON MALL Higashiura.....		278	2,727
Total of capital expenditures for the period (including above expenditure).....		1,768	17,343
Disposals:			
G DINING SAPPORO.....		(2,933)	(28,771)
G-Bldg. Jingumae 05.....		(2,704)	(26,525)
G-Bldg. Jingumae 04.....		(869)	(8,524)

- (iii) Fair value has been determined based on independent real estate appraisers. For AEON TOWN Ogaki that have been sold subsequently on March 24, 2014, the selling prices have been used as a reference to determine fair value as of February 28, 2014.

For rental revenues and expenses for the six months ended August 31, 2013 and February 28, 2014, please refer to “Note 13 — Breakdown of Rental and Other Operating Revenues and Property-Related Expenses”.

Note 8 — Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of August 31, 2013 and February 28, 2014 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ 11,200	¥ -	\$ -
Long-term borrowings.....	268,551	294,751	2,891,416
Total.....	¥ 279,751	¥ 294,751	\$ 2,891,416
Average interest rates range for the period.....	From 0.5% to 3.0%	From 0.5% to 3.0%	

As of August 31, 2013 and February 28, 2014, the Company entered into credit facilities and committed lines of credit as follows:

	As of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 348,244
Borrowings drawn down.....	(11,200)	-	-
Unused credit facilities.....	¥ 24,300	¥ 35,500	\$ 348,244
Commitment Lines			
Total amount of committed lines of credit.....	¥ 50,000	¥ 50,000	\$ 490,484
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 50,000	¥ 50,000	\$ 490,484

Note 9 — Corporate Bonds

The details of unsecured corporate bonds issued and outstanding as of August 31, 2013 and February 28, 2014 were as follows:

	Balance as of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Long-term bonds — unsecured			
¥15 billion of 10-year bonds, issued on February 9, 2005, maturing on February 9, 2015			
with a coupon of 1.73%.....	¥ 15,000	¥ 15,000	\$ 147,145
¥10 billion of 10-year bonds, issued on February 22, 2006, maturing on February 22, 2016			
with a coupon of 2.02%.....	10,000	10,000	98,096
¥15 billion of 10-year bonds, issued on May 23, 2007, maturing on May 23, 2017			
with a coupon of 2.17%.....	15,000	15,000	147,145
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023			
with a coupon of 1.108%.....	-	7,500	73,572
Total.....	¥ 40,000	¥ 47,500	\$ 465,960

Note 10 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥248,412 million and ¥246,636 million (US\$2,419,423 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥37,059 million and ¥35,156 million (US\$344,869 thousand) as of August 31, 2013 and February 28, 2014, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for a total amount of ¥691 million and ¥691 million (US\$6,778 thousand) and a former owner's payment of retirement benefit obligation for an amount of ¥350 million and ¥350 million (US\$3,433 thousand) as of August 31, 2013 and February 28, 2014, respectively.

Note 11 — Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$490 thousand) as required by the Investment Trust Act.

The units issued and outstanding were 2,079,198 units and 2,308,198 units as of August 31, 2013 and February 28, 2014, respectively.

Note 12 — Appropriation of Retained Earnings

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

Because the gain on negative goodwill did not qualify as distributable profit as defined in the Special Taxation Measures Act of Japan for the six months ended August 31, 2010, the Company transferred ¥6,918 million from retained earnings to reserve for dividends on October 13, 2010 instead of declaring dividends for that fiscal period. Subsequently, ¥4,592 million of the reserve for dividends was appropriated to dividends declared during the six months ended February 29, 2012.

The following table shows the distributions of retained earnings for the six months ended August 31, 2013 and February 28, 2014, respectively.

	For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 8,170	¥ 9,615	\$ 94,320
Cash distribution declared.....	(8,169)	(9,509)	(93,280)
Reserve for dividends.....	-	(103)	(1,010)
Retained earnings carried forward.....	¥ 1	¥ 2	\$ 19

Because the reversal of deferred tax liabilities did not qualify as distributable profit as defined in the Special Taxation Measures Act of Japan for the six months ended February 28, 2014, the Company transferred ¥103 million (US\$1,010 thousand) from retained earnings at the end of the period in the amount of ¥9,615 million (US\$94,320 thousand) to reserve for dividends and declared a total dividend of ¥9,509 million (US\$93,280 thousand) representing substantially all of remaining retained earnings after transferring to reserve for dividend with approval of the board of directors meeting held on April 14, 2014. These financial statements do not reflect this appropriation of retained earnings.

Cash distributions per investment unit were ¥3,929 and ¥4,120 (US\$40) for the six months ended August 31, 2013 and February 28, 2014, respectively.

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

Rental and other operating revenues and property-related expenses for the six months ended August 31, 2013 and February 28, 2014 consist of the following:

	For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rental and other operating revenues:			
Rental and parking revenue.....	¥ 23,501	¥ 26,012	\$ 255,169
Common area charges.....	1,095	1,332	13,066
Other.....	1,534	1,713	16,804
Total rental and other operating revenues.....	¥ 26,130	¥ 29,058	\$ 285,050
Property-related expenses:			
Property management fees.....	¥ 604	¥ 707	\$ 6,935
Facility management fees.....	1,141	1,257	12,330
Utilities.....	1,252	1,685	16,529
Property-related taxes.....	2,597	2,598	25,485
Repair and maintenance.....	170	188	1,844
Insurance.....	53	53	519
Trust fees.....	94	87	853
Rent expense ⁽ⁱ⁾	850	921	9,034
Other.....	528	664	6,513
Depreciation.....	5,685	5,926	58,132
Loss on disposal of property.....	55	237	2,324
Total property-related expenses.....	¥ 13,034	¥ 14,328	\$ 140,553
Operating income from property leasing activities.....	¥ 13,096	¥ 14,729	\$ 144,486

Note:

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

Note 14 — Breakdown of Gain on Sales of Property

Breakdown of gain on sales of property for six months ended February 28, 2014 was as follows:

	For the six months ended	
	February 28, 2014	February 28, 2014
	(in millions)	(in thousands of U.S. dollars (Note 3))
Sale of land and building.....	¥ 6,560	\$ 64,351
Cost of land and building.....	(6,508)	(63,841)
Other sales expenses.....	(25)	(245)
Gain on sales of property, net.....	¥ 25	\$ 245

Disposal amounts of each property are not disclosed because the consent from the counter party has not been obtained. Gross amounts of gains and losses on sales of property are ¥870 million (US\$8,534 thousand) and ¥844 million (US\$8,279 thousand), respectively.

Note 15 — Income Taxes

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

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

Deferred tax assets or liabilities are recognized where assets or liabilities have different accounting and tax bases. The tax rate used for the

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

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

	For the six months ended	
	August 31, 2013	February 28, 2014
	(Rate)	
Statutory tax rate.....	36.59%	36.59%
Deductible cash distributions.....	(36.58)	(36.29)
Change in valuation allowance (for deferred tax assets).....	(0.09)	(0.12)
Other.....	0.09	(0.45)
Effective tax rate.....	0.01%	(0.27%)

Deferred tax assets and liabilities consist of the followings:

	As of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Current:			
Tax loss carryforwards.....	¥ 3,290	¥ 3,231	\$ 31,695
Current portion of asset retirement obligations.....	-	130	1,275
Other.....	2	26	255
Sub total.....	3,292	3,388	33,235
Valuation allowance.....	(3,292)	(3,388)	(33,235)
Total.....	-	-	-
Non-current:			
Amortization of leasehold rights.....	110	143	1,402
Asset retirement obligations.....	120	123	1,206
Valuation difference on assets acquired by the merger.....	6,108	6,096	59,799
Other.....	21	19	186
Sub total.....	6,360	6,382	62,605
Valuation allowance.....	(6,360)	(6,382)	(62,605)
Total.....	-	-	-
Total deferred tax assets.....	-	-	-
Net deferred tax assets.....	¥ -	¥ -	\$ -
Deferred tax liabilities:			
Non-current:			
Valuation difference on assets acquired by the merger (not offset by other tax deductible items) ⁽ⁱ⁾	¥ 513	¥ 410	\$ 4,021
Asset retirement costs (not offset by other tax deductible items) ⁽ⁱ⁾	-	77	755
Total deferred tax liabilities.....	513	487	4,777
Net deferred tax liabilities.....	¥ 513	¥ 487	\$ 4,777

Note:

- (i) The Company recorded these deferred tax liabilities because the Company's position of not being subject to any income tax in the future may be unsustainable.

On March 31, 2014, the Japanese government announced an act to partially amend income tax act (Act No.10 of 2014) which results in changes in the statutory tax rate over the forthcoming years. As a consequence of the effects of this act, the statutory tax rate will change from 39.43% to 37.11% for temporary differences which will reverse in the six months ending February 28, 2015 and August 31, 2015. This change in the statutory tax rate did not have any impact on deferred tax assets and liabilities as of February 28, 2014 or income taxes for the period then ended.

Note 16 — Leases

(a) Lease Rental Revenues

The Company leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2013 and February 28, 2014 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 30,107	¥ 32,096	\$ 314,851
Due after one year.....	102,820	106,496	1,044,692
Total.....	¥ 132,927	¥ 138,593	\$ 1,359,554

(b) Lease Commitments

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

Note 17 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

Although borrowings with floating interest rates are subject to fluctuations in market interest rates, the Company manages to keep an appropriate level of liabilities ratio in order to manage its exposure to the potential rise in the market interest rates. In addition, a certain portion of long-term borrowings with floating interest rates is hedged by derivatives (interest rate swaps) as hedging instruments. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative 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 the Company's risk management policy and internal rules, the Company uses derivative instruments for the purpose of hedging risks that are prescribed in the Company's articles of incorporation.

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of August 31, 2013 and February 28, 2014.

	As of								
	August 31, 2013			February 28, 2014			February 28, 2014		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands of U.S. dollars (Note 3))		
Assets:									
(1) Cash and cash equivalents.....	¥ 24,221	¥ 24,221	¥ -	¥ 26,279	¥ 26,279	¥ -	\$ 257,788	\$ 257,788	\$ -
(2) Restricted bank deposits.....	558	558	-	558	558	-	5,473	5,473	-
Total.....	¥ 24,779	¥ 24,779	¥ -	¥ 26,837	¥ 26,837	¥ -	\$ 263,262	\$ 263,262	\$ -
Liabilities:									
(1) Short-term borrowings.....	¥ 11,200	¥ 11,200	¥ -	¥ -	¥ -	¥ -	\$ -	\$ -	\$ -
(2) Current portion of long-term borrowings.....	8,550	8,565	(15)	13,450	13,464	(14)	131,940	132,077	(137)
(3) Current portion of long-term bonds issued.....	-	-	-	15,000	15,199	(199)	147,145	149,097	(1,952)
(4) Current portion of tenant leasehold and security deposits.....	2,563	2,579	(15)	3,347	3,460	(112)	32,833	33,941	(1,098)
(5) Long-term borrowings.....	260,001	262,314	(2,313)	281,301	284,188	(2,887)	2,759,476	2,787,796	(28,320)
(6) Long-term bonds issued.....	40,000	41,504	(1,504)	32,500	33,732	(1,232)	318,814	330,900	(12,085)
(7) Tenant leasehold and security deposits.....	12,870	13,360	(490)	11,195	11,586	(390)	109,819	113,655	(3,825)
Total.....	¥ 335,184	¥ 339,524	¥ (4,339)	¥ 356,794	¥ 361,632	¥ (4,838)	\$ 3,500,039	\$ 3,547,498	\$ (47,459)
Derivative instruments*.....	¥ 363	¥ 363	¥ -	¥ (29)	¥ (29)	¥ -	\$ (284)	\$ (284)	\$ -

* Net assets and liabilities arising from derivative transactions are presented after setting off against each other, with amounts in parentheses representing liabilities.

Notes:

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

Assets

- (1) Cash and cash equivalents and (2) Restricted bank deposits

The carrying amounts of cash and cash equivalents or restricted bank deposits are deemed to approximate their fair value.

Liabilities

- (1) Short-term borrowings

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

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

Long-term borrowings with floating interest rates are stated at their carrying amounts as their carrying amounts approximate their fair values. When long-term borrowings with floating interest rates are hedged by interest rate swaps that qualify for hedge accounting and meet special criteria, the fair value of the hedged long-term borrowings is determined based on the present value of contractual cash flows in conjunction with the hedging interest rate swaps discounted at current market interest rates that 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 long-term bonds issued and (6) Long-term bonds issued

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

- (4) Current portion of tenant leasehold and security deposits and (7) Tenant leasehold and security deposits

The fair value is determined based on the present value of contractual cash flows discounted at current interest rates that would be applicable to contracts with similar terms and credit risk.

Derivative instruments

Please refer to "Note 18 — Derivatives" for disclosure of the fair value of the interest rate swaps that is based on the amount calculated by the counterparty to the swap contracts.

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

	As of		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Current portion of tenant leasehold and security deposits.....	¥ 46	¥ 70	\$ 686
Tenant leasehold and security deposits.....	45,251	46,539	456,533
Total liabilities.....	¥ 45,298	¥ 46,610	\$ 457,229

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

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

As of August 31, 2013:		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in millions)					
Cash and cash equivalents.....	¥ 24,221	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	558	-	-	-	-	-	-
Total.....	¥ 24,779	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 28, 2014:		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in millions)					
Cash and cash equivalents.....	¥ 26,279	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	558	-	-	-	-	-	-
Total.....	¥ 26,837	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 28, 2014:		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in thousands of U.S. dollars (Note 3))					
Cash and cash equivalents.....	\$ 257,788	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits.....	5,473	-	-	-	-	-	-
Total.....	\$ 263,262	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

<i>As of August 31, 2013:</i>	<u>Up to 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>Over 5 years</u>
			(in millions)			
Short-term borrowings	¥ 11,200	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings	8,550	-	-	-	-	-
Current portion of tenant leasehold and security deposits	1,521	-	-	-	-	-
Long-term borrowings	-	33,710	23,250	11,300	45,666	146,075
Long-term bonds issued	-	15,000	10,000	15,000	-	-
Tenant leasehold and security deposits	-	1,354	1,548	1,531	1,447	5,499
Total	¥ 21,271	¥ 50,064	¥ 34,798	¥ 27,831	¥ 47,113	¥ 151,574
<i>As of February 28, 2014:</i>	<u>Up to 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>Over 5 years</u>
			(in millions)			
Current portion of long-term borrowings	¥ 13,450	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term bonds issued	15,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits	1,305	-	-	-	-	-
Long-term borrowings	-	36,710	22,450	24,300	43,766	154,075
Long-term bonds issued	-	10,000	-	15,000	-	7,500
Tenant leasehold and security deposits	-	1,548	1,531	1,447	1,447	4,505
Total	¥ 29,755	¥ 48,258	¥ 23,981	¥ 40,747	¥ 45,213	¥ 166,080
<i>As of February 28, 2014:</i>	<u>Up to 1 year</u>	<u>1-2 years</u>	<u>2-3 years</u>	<u>3-4 years</u>	<u>4-5 years</u>	<u>Over 5 years</u>
			(in thousands of U.S. dollars (Note 3))			
Current portion of long-term borrowings	\$ 131,940	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term bonds issued	147,145	-	-	-	-	-
Current portion of tenant leasehold and security deposits	12,801	-	-	-	-	-
Long-term borrowings	-	360,113	220,227	238,375	429,330	1,511,428
Long-term bonds issued	-	98,096	-	147,145	-	73,572
Tenant leasehold and security deposits	-	15,185	15,018	14,194	14,194	44,192
Total	\$ 291,887	\$ 473,396	\$ 235,246	\$ 399,715	\$ 443,525	\$ 1,629,193

Note 18 — Derivatives

Information on derivative transactions undertaken by the Company as of August 31, 2013 and February 28, 2014 was as follows. Derivative instruments are used for hedging purposes only and are subject to hedge accounting.

As of August 31, 2013:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)	
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 76,550	¥ 72,500	¥ 363
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	41,500	41,500	(555)
Total			¥ 118,050	¥ 114,000	¥ (192)

As of February 28, 2014:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱⁱ⁾		
			Total	Over 1 year (in millions)		Total	Over 1 year (in thousands of U.S. dollars (Note 3))	Fair value ⁽ⁱⁱⁱ⁾
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 76,550	¥ 64,500	¥ (29)	\$ 750,931	\$ 632,725	\$ (284)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	62,000	62,000	(1,143)	608,200	608,200	(11,212)
Total			¥ 138,550	¥ 126,500	¥ (1,172)	\$ 1,359,132	\$ 1,240,926	\$ (11,496)

Notes:

- The interest rate swaps for which the Company applies the special treatment provided under the Accounting Standard Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, are not required to be separately recorded in the Company's balance sheets.
- The notional amounts relating to derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- The fair value is measured at the amount calculated by the counterparty to the interest rate swaps contracts based on the prevailing market interest rates and other assumptions.

Note 19 — Asset Retirement Obligations

The Company has an obligation under a fixed-term leasehold agreement to restore the leased land where AEON TOWN Ogaki is located upon the termination of the agreement, and contractual or legal obligations to remove asbestos contained in the buildings of KAWASAKI Le FRONT. The estimated period of use of the properties are estimated at 29 years for AEON TOWN Ogaki based on the lease period per the agreement, and 24 years for KAWASAKI Le FRONT based on the useful life of buildings containing asbestos. The asset retirement obligations for the restoration or removal are recognized as liability using discount rates at 1.789% and 1.584%, respectively.

Movements of asset retirement obligations for the six months ended August 31, 2013 and February 28, 2014 were as follows:

	For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 349	¥ 352	\$ 3,453
Increase due to acquisition of properties.....	-	358	3,511
Adjustment for passage of time.....	3	5	49
Balance at the end of the period.....	¥ 352	¥ 716	\$ 7,023

Note 20 — Contingent Liabilities

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

If their claim by Tokyu Hands Inc. were allowed, the Company would be obliged to pay the rent and parking fee reduction totaling of ¥829 million and ¥951 million (US\$9,329 thousand) (calculated up to August 31, 2013 and February 28, 2014, respectively) and interest on the obligation.

On November 21, 2012, OPA Co., Ltd., a tenant of Kawaramachi OPA (held by the Company in form of trust beneficiary interest in real estate trust), brought a case in Kyoto District Court against the Company through a trustee of the property, to demand reduction of the rent for the period from March 1, 2011 to July 31, 2011 by about 9%, and for a period after August 1, 2011 by about 10% compared to the amounts as stated on the current lease contract. On June 28, 2013, the initial date of the period for rent reduction claim was changed from March 1, 2011 to March 31, 2011 by the request of the tenant.

If the claim by OPA Co., Ltd. were allowed, the Company would be obliged to pay the rent reduction totaling of ¥177 million and ¥214 million (US\$2,099 thousand) (calculated from March 31, 2011 up to August 31, 2013 and February 28, 2014, respectively) and interest on the obligation.

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

Note 21 — Related-Party Transactions

(a) Real Estate Acquisition

The Company acquired certain properties from SSG4 LLC for ¥ 5,900 million (US\$57,877 thousand) and from Ginza 651 LLC for ¥5,500 million (US\$53,953 thousand) during the six months ended February 28, 2014. For the six months ended August 31, 2013, there were no acquisition transactions with related parties.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,149 million and ¥2,324 million (US\$22,797 thousand) were paid by the Company for the six months ended August 31, 2013 and February 28, 2014, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥589 million (US\$5,777 thousand) were paid by the Company for the six months ended February 28, 2014. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥112 million and ¥111 million (US\$1,088 thousand) for general administration fees, ¥44 million and ¥45 million (US\$441 thousand) for custodian fees, and ¥158 million and ¥158 million (US\$1,549 thousand) for interest expense for the six months ended August 31, 2013 and February 28, 2014, respectively.

In addition, the Company obtained long-term borrowings of ¥4,542 million (US\$44,555 thousand) from Mitsubishi UFJ Trust and Banking Corporation for the six months ended February 28, 2014. The Company repaid ¥3,767 million (US\$36,953 thousand) of short-term borrowings and ¥1,346 million (US\$13,203 thousand) of long-term borrowings for the six months ended February 28, 2014.

The ending balances of accrued general administration fees, accounts payable for custodian fees, accrued interest expense and long-term borrowings as of February 28, 2014 were ¥37 million (US\$362 thousand), ¥7 million (US\$68 thousand), ¥49 million (US\$480 thousand) and ¥45,361 million (US\$444,977 thousand), respectively.

Note 22 — Per Unit Information

The following table shows the net asset value per unit as of August 31, 2013 and February 28, 2014 and net income per unit for the six months then ended.

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

	As of / For the six months ended		
	August 31, 2013	February 28, 2014	February 28, 2014
	(Yen)		(US\$ (Note 3))
The net asset value per unit.....	¥ 154,541	¥ 158,495	\$ 1,554
Net income per unit.....	¥ 3,929	¥ 4,237	\$ 41
Weighted average number of units.....	2,079,198	2,268,977	

Note 23 — Segment Information

Segment information for the six months ended August 31, 2013 and February 28, 2014 is as follows:

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Oversea Customers:

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

Tangible Fixed Assets:

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

(c) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	August 31, 2013	February 28, 2014	February 28, 2014	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
AEON Retail Co., Ltd.	¥ 4,886	¥ 4,898	\$ 48,047	Property rental business
AEON Mall Co., Ltd.	4,013	4,012	39,356	Property rental business

Note 24 — Significant Non-cash Transactions

Due to the recognition of asset retirement obligations for a property acquired in the current fiscal period, the balances of buildings and asset retirement obligations increased by ¥358 million (US\$3,511 thousand) and ¥360 million (US\$3,531 thousand), respectively, as of February 28, 2014.

Note 25 — Subsequent Events

Sale of Property

The Company has completed sale of a property as follows:

- | | |
|-------------------------|--|
| (i) Type of asset: | Trust beneficiary interests in real estate |
| (ii) Property name: | AEON TOWN Ogaki |
| (iii) Sale price: | ¥3,430 million (US\$33,647 thousand) |
| (iv) Date of contract: | December 19, 2013 |
| (v) Date of transfer: | March 24, 2014 |
| (vi) Buyer: | Sumitomo Mitsui Finance and Leasing Company, Limited. |
| (vii) Gain on the sale: | Approximately ¥46 million (US\$451 thousand) will be recognized as operating revenues for the six months ending August 31, 2014. |