

Translation

JAPAN RETAIL FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED AUGUST 31, 2014

October 14, 2014

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	http://www.jrf-reit.com
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Toru Tsuji, President & CEO
Contact:	Fuminori Imanishi, Head of Retail Division
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Scheduled date for filing of securities report:	November 17, 2014
Scheduled date for distributions payment:	November 18, 2014
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended August 31, 2014 (March 1, 2014 to August 31, 2014)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended August 31, 2014	29,562	1.6	12,223	0.9	9,613	0.3	9,613	-0.0
February 28, 2014	29,083	11.3	12,116	13.6	9,588	17.3	9,614	17.7

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen		%		%		%	
For the six months ended August 31, 2014	4,165		2.6		1.2		32.5	
February 28, 2014	4,237		2.8		1.3		33.0	

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended August 31, 2014	4,165	9,613	0	0	100.0	2.6
February 28, 2014	4,120	9,509	0	0	98.9	2.6

Note 1: Payout ratio for the six months ended February 28, 2014 is calculated by following formula because new investment units were issued.

Payout ratio = Total of distributions ÷ Net income × 100

Note 2: Total distributions for the six months ended February 28, 2014 consist of retained earnings at the end of the period after transferring ¥103 million to reserve for dividends, excluding fractional distribution per unit less than one yen.

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2014	785,442	365,878	46.6	158,512
February 28, 2014	777,706	365,840	47.0	158,495

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the six months ended August 31, 2014	19,548	(19,280)	(4,812)	21,734
February 28, 2014	13,786	(69,316)	57,587	26,279

2. Outlook for the six months ending February 28, 2015 (September 1, 2014 to February 28, 2015) and August 31, 2015 (March 1, 2015 to August 31, 2015)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2015	30,695	3.8	12,793	4.7	10,148	5.6	10,133	5.4
August 31, 2015	30,811	0.4	12,745	-0.4	10,138	-0.1	10,138	0.0

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
February 28, 2015	4,169		4,170		0	
August 31, 2015	4,171		4,172		0	

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of units issued

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

As of August 31, 2014 2,308,198 units

As of February 28, 2014 2,308,198 units

Number of treasury units at end of period:

As of August 31, 2014 0 units

As of February 28, 2014 0 units

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 30.

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook of next period” on page 6.

1. Summary of related corporations of JRF

There have been no significant changes to the “structure of JRF” since the most recent financial report (submitted May 26, 2014), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management Policies

There have been no significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted May 26, 2014), and hence, description of these matters is omitted.

(2) State of operations

A. Operations during the period

i. Principal Activities

Japan Retail Fund Investment Corporation (“JRF”) was 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 real estate assets. It was listed on the Real Estate Investment Trust (“REIT”) Section of the Tokyo Stock Exchange (securities code: 8953) on March 12, 2002.

In the fiscal period ended February 28, 2014, the 12th year after its listing, JRF issued new investment units in October 2013 for the third consecutive year. Combining the proceeds from this issuance with the funds obtained through borrowings, JRF acquired eight properties for a total acquisition price of 73.6 billion yen. Also, in line with its asset replacement strategy, JRF disposed of four properties for a total sales price of 9.9 billion yen in January 2014 and March 2014, and acquired four properties for a total acquisition price of 19.4 billion yen in March 2014 and April 2014, using the proceeds from the dispositions and other funding including new borrowings.

As a result, the total assets managed by JRF as at the end of the 25th fiscal period (August 31, 2014) amounted to 802.3 billion yen (the total acquisition price for 84 properties), and JRF is ranked third among all REITs listed in Japan (“J-REIT”) in terms of asset size.

ii. Investment environment and results

(1) Investment environment

(Macroeconomic trends)

GDP in real terms for the first quarter of 2014 (i.e., before the consumption tax increase) rose by 1.5% from the same quarter in the previous year, but that for the second quarter of 2014 (i.e., after the consumption tax increase) declined by 1.8% (preliminary estimate) from the same quarter in the previous year, indicating effects of a last-minute demand surge and its backlash in demand in response to the consumption tax increase.

In 2014, the consumer price index excluding fresh foods (the general index) has gradually increased in comparison with that for the previous year, with a drastic increase after the consumption tax increase that took effect in April. This is due to the yen’s depreciation and higher energy costs since the beginning of the year,

expectations toward economic recovery, etc. However, excluding the effects of the tax increase, the index level is below the inflation target that the Bank of Japan initially aimed for. Looking at the index of wages, which significantly affects consumption trends, fixed wages have continuously increased since March 2014 at a higher rate than the previous year's due to the effects of increase in special bonuses and overtime wages, although a substantial recovery has not yet appeared (source of total cash earnings: Report of Monthly Labour Survey, Ministry of Health, Labour and Welfare).

According to the Cabinet Office's Economy Watchers Index, the diffusion indexes (DI) for both current and future business conditions tentatively declined due to the consumption tax increase, but DI for the latter conditions has remained at a level exceeding 50 (i.e., at a similar level), with a rapid recovery since April 2014.

(Trends in the retail sector)

According to the Current Survey of Commerce released by the Ministry of Economy, Trade and Industry, retail sales have been clearly affected by the consumption tax increase. More specifically, retail sales for the three months from January to March 2014 significantly increased from the same period in the previous year due to a last-minute surge in demand, but turned to a decline in and after April due to a backlash in demand. However, these sales have basically remained solid although the pace of recovery has been slow. This is partly due to the rainy season that ended much later than last year and changeable weather conditions thereafter. Department store and supermarket sales also declined significantly immediately after the consumption tax increase, but have gradually increased thereafter, although the pace of recovery varies depending on items and regions.

(Trends in the real estate sector)

Following the favorable fund procurement conditions that have been continuing since last year, the real estate market has been revitalized in 2014, and competition among J-REITs, private placement funds and others for acquiring commercial properties, mainly in urban areas, has been increasing. As a result, cap rate levels (Note) at the time of acquisition are on a declining trend. The acquisition of commercial properties in suburban areas is not as competitive as that in urban areas, but cap rate levels are also decreasing.

According to the land prices as of July 1, 2014 published by the Ministry of Land, Infrastructure, Transport and Tourism in September 2014, the appreciation rate of commercial land prices in the three major metropolitan areas increased to 1.7% from 0.6% in the previous year. Commercial land prices, however, on a national basis have continued to fall, but the rate of decrease has continued to decline.

Note: "Cap rate" is same as NOI yield, which is calculated by dividing NOI by the (estimated) acquisition price.

(2) Results

Under the circumstances described above, in order to improve overall portfolio profitability and stability, JRF newly acquired four properties, namely G-Bldg. Shibuya 01, G-Bldg. Omotesando 02, Round1 Stadium Takatsuki and G-Bldg. Kichijoji, using the proceeds from the disposition of three properties (G DINING SAPPORO, G-Bldg. Jingumae 04 and G-Bldg. Jingumae 05) in the previous fiscal period (in January 2014)

and another property, AEION Town Ogaki in March 2014, as well as new borrowings and internal reserves. As for existing properties, utilizing the SC management (Note 1) method, JRF conducted renovation of Oyama Yuen Harvest Walk. The renovation included the renewal of the environmental design (including partial extension and reconstruction of the existing buildings) and retention of new tenants. Oyama Yuen Harvest Walk had its grand opening in April 2014 with the occupancy rate of 100%.

The occupancy rate of the properties owned by JRF as at the end of the fiscal period was stably maintained. The occupancy rate for 30 urban retail properties remained high at 98.8% together with 100% occupancy rate maintained for 51 suburban retail properties.

As a result of the above, the total assets managed by JRF at the end of the fiscal period came to 84 properties with a total value of 802.3 billion yen in acquisition price and 792.4 billion yen in appraisal value. The total leasable area was 3,067,166.11 m² with the total number of tenants standing at 1,037, and the occupancy rate of the overall portfolio was 99.9%.

As for unrealized losses/gains of the overall portfolio at the end of the fiscal period (Note 2), unrealized gains increased by 9.9 billion yen from the end of the previous fiscal period to 36.7 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 urban areas in regions outside of Tokyo, 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.

iii. Funding

To repay the existing 4.05 billion yen debt in the fiscal period, JRF raised 4 billion yen as long-term borrowings on March 31, 2014. On April 1, 2014, JRF raised an additional 5.5 billion yen as long-term borrowings, and used a portion of that amount to acquire G-Bldg. Omotesando 02.

In June 2014, JRF successfully issued super-long-term investment corporation bonds (12-year bonds amounting to 8 billion yen). They are the longest investment corporation bonds ever issued by JRF. Using the proceeds from this bond issuance, JRF repaid the existing debt amounting to 8 billion yen before maturity.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period under review amounted to 347 billion yen, consisting of 291.5 billion yen (long-term borrowings) and 55.5 billion yen (investment corporation bonds).

Consequently, the ratio of long-term borrowings, the ratio of fixed interest rates of borrowings (Note 1), and LTV (Note 2) were 100%, 73.7%, and 52.0%, respectively, at the end of the fiscal period under review.

Note 1: The ratio of fixed interest rates of borrowings is calculated by dividing the total of fixed-rate debt (including debt issued under an interest rate swap agreement), investment corporation bonds and tenant leasehold and security deposits (including those in trust) by the total of interest-bearing debt and tenant leasehold and security deposits (including those in trust).

Note 2: LTV is calculated by dividing the total of interest-bearing debt and tenant leasehold and security deposits (including those in trust) by total assets.

iv. Results and distributions

As a result of the above management actions, the operating revenue for the period was 29,562 million yen,

and operating income was 12,223 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 9,613 million yen, and net income was 9,613 million yen.

With regard to distributions for the fiscal period, in accordance with the distribution policy set forth in Article 26, Paragraph 1, Item 2 of the Articles of Incorporation, JRF intends to distribute in excess of 90% of distributable profit under Article 67-15, Paragraph 1 of the Special Taxation Measures Law of Japan. Based on such distribution policy, the total of cash distributions declared for the six months ended August 31, 2014 amounted to 9,613 million yen, excluding a fractional distribution per unit of less than one yen from 9,615 million yen obtained by deducting the appropriation of reserve for distributions totaling 0.5 million yen, which was the sum of items credited to income taxes deferred to the statement of income for partial reversal of deferred tax liability, from unappropriated retained earnings for the fiscal period of 9,615 million yen. As a result, distribution per unit amounted to 4,165 yen for the six months ended August 31, 2014.

B. Outlook of next period

i. Outlook of overall operation

As for the outlook of economic trends, JRF needs to continuously assess the effects of the April 2014 consumption tax increase on consumer spending fundamentals, and also pay close attention to the final decision to be made to increase the consumption tax to 10%. While the consumer spending appears to be recovering from a tentative backlash in demand after the consumption tax increase, JRF considers it necessary to continue to watch over the medium- and long-term trend of overall consumption and the macroeconomic trends.

Regarding the earnings of leading retailers that are also tenants of retail properties owned by JRF, their latest financial results indicate that their sales are growing steadily and profits are improving. JRF will continue to pay close attention to their earnings trends.

As for the leasing environment of retail properties, given that earnings of retailers are generally robust and consumption is remaining relatively strong mainly for big-ticket items in urban areas; increased willingness to open specialty stores is seen in JRF's properties, mainly in urban retail properties. JRF believes that the market environment is starting to show improvement in lease terms mainly in urban areas. Meanwhile, leading developers are successively opening commercial properties mainly in suburban areas. Therefore, JRF will keep a close watch on the competitive environment of commercial properties and the supply and demand conditions for opening specialty stores.

ii. Issues to be addressed

JRF's asset size (total acquisition costs) is ranked third in the entire J-REIT market at the end of August 2014, and ranked first among J-REITs specializing in retail properties. JRF has distinctive features in its investment portfolio targeting retail properties that belong to a variety of industries and business categories, including largest-class regional suburban retail properties generating solid sales in major cities across Japan and roadside shops and specialty buildings in good locations that are let out to tenants such as luxury brand shops.

When investing in retail properties, JRF considers it important to accurately assess changes in medium- and long-term population movements and consumer trends and to acquire properties by carefully examining locations, industries to which tenants belong and also business conditions of retail properties from longer perspectives. Accordingly, JRF's flexible asset allocation is considered to be a competitive advantage as a J-REIT specializing in retail properties.

JRF has also taken active measures to raise the competitiveness of retail properties by utilizing its SC management ability built based on its past management experiences. This SC management ability will be the foundation for JRF's external and internal growth.

From this standpoint, JRF is a J-REIT specializing in investing in overall retail properties that belong to a variety of industries and business categories in various regions, and its asset manager actively participates in the operations of these retail properties. In other words, JRF is considered to have built its unique position even in comparison with other domestic and foreign REITs.

JRF aims to grow further by ensuring stability supported by its distinguishing asset size as a J-REIT, diversified investment in retail properties belonging to a variety of industries and business categories and long-term lease contracts, and by pursuing both external and internal growth while controlling downside risks.

(1) External growth strategy

JRF aims to strengthen the profitability and stability of its portfolio by expanding its asset size through the acquisition of retail properties of various industries and business categories.

With regard to investment targets, JRF will carefully select prime real estate in the four categories of large-scale retail properties which are the largest class in their respective areas, retail properties in densely-populated areas, retail properties in favorable locations adjacent to major stations, and roadside shops and specialty buildings in good locations. In addition to investing in conventional general merchandise retailers in product sales comprising various specialty stores and strong core stores, JRF will also target retail properties with high customer attraction. Such properties are mainly comprised of non-product selling businesses such as restaurants, services, relaxation, entertainment, medical clinics, and education, or contain a relatively high number of such businesses. Based on the basic strategy described above, JRF will acquire properties in a flexible and timely manner, suitably adjusting to the changing market conditions.

As to the strategy for the acquisition of new properties, JRF, as one of the largest domestic buyers of retail properties, makes use of its diverse deal sources based on its own network, CRE (Corporate Real Estate) strategies and sponsor networks, and using bridge structures to apply the optimal investment methodology in acquiring prime properties in a timely manner.

JRF considers property replacements that take account of its portfolio's overall profitability, stability and diversification as one of its external growth strategies. In line with this strategy, JRF disposed of four properties and acquired four properties from the previous fiscal period to the current fiscal period to increase the profitability and stability of its portfolio.

(2) Internal growth strategy

JRF continues to actively conduct SC management, aiming to improve its asset value by maintaining and strengthening the competitiveness of retail properties amid changes in various market environments. JRF has also actively taken various measures to improve the medium- and long-term competitiveness of retail properties by establishing a necessary operational system for SC management, aiming to improve the profitability and stability of its portfolio.

JRF also conducts daily management of existing properties focusing on SC management measures, and formulates and implements action plans to maintain and improve asset values. For these purposes, JRF assesses tenants' business conditions, building and facility management at each property, competitive environments, changes in consumer trends, and other factors. Since JRF considers that action plans for improving asset values can be divided into measures for revenue improvement and those for revenue stability, it aims to improve both the profitability and stability of its portfolio by combining these two measures through the management of the entire portfolio.

From the viewpoint of operating retail properties while being mindful of environmental and social responsibilities, JRF focuses on greening of facilities, energy conservation and reduction of CO2 emission. In the GRESB (Global Real Estate Sustainability Benchmark) Survey 2014 that evaluates the environmental responsiveness of real estate operators, JRF was designated as "Green Talk" company, which is the rating given to real estate operators making 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 2014, over 130 leading institutional investors are members of GRESB, which has a total of about 890 trillion yen (about 8.9 trillion U.S. dollars; converted at 1 U.S. dollar = 100 yen) in assets under management.

(3) Financial strategy

JRF works to lengthen the term of its borrowing, diversify repayment dates, and fix interest rates to further enhance its financial base, and will move forward in strengthening and stabilizing its financial base over the long term while continuing to place emphasis on debt cost control. JRF will strive to moderately decrease its LTV level by 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.

On September 4, 2014, JRF decided to acquire five real estate properties and real estate trust beneficiary rights in total (acquisition costs totaling 46.7 billion yen). For this purpose, JRF issued new investment units (see the notice titled "Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units" announced on September 4, 2014 for more details), and also obtained new long-term borrowings amounting to 26 billion yen. By obtaining these new borrowings, JRF was able to strengthen its stable financial base from a long-term perspective. More specifically, JRF has reduced its average debt costs and LTV levels, maintained the level of the long-term debt ratio, improved the fixed rate debt ratio, and also maintained the average remaining maturity.

To establish a faster financing method and a more solid financial base, JRF has implemented new measures. More specifically, JRF originally entered into a commitment line agreement for the maximum amount of 50 billion yen (1-year commitment period), but has established a long-term commitment line for the portion worth 15 billion yen of the said maximum amount. The commitment period for that portion is 3 years, and the borrowing period ranges from one month to five years.

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

iii. Earnings forecast

With regard to the asset management operation in the fiscal period ending February 28, 2015 (26th fiscal period), JRF expects to post operating revenue of 30,695 million yen, ordinary income of 10,148 million yen, and net income of 10,133 million yen with distribution per unit of 4,170 yen. Also, as to the asset management operation in the fiscal period ending August 31, 2015 (27th fiscal period), JRF expects to post an operating revenue of 30,811 million yen, ordinary income of 10,138 million yen, and net income of 10,138 million yen with distribution per unit of 4,172 yen. Please refer to the “Assumptions underlying the Forecast of operation for the Fiscal period ending February 28, 2015 (26th Fiscal Period: September 1, 2014 to February 28, 2015) and the Fiscal Period Ending August 31, 2015 (27th Fiscal Period: March 1, 2015 to August 31, 2015)” on the following page for the assumptions of the forecast.

Note: The above forecasts are calculated based on current assumptions in light of currently available information and resources, and they are subject to change due to changes in the situation.

Note also that as described in “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2015 (26th Fiscal Period: September 1, 2014 to February 28, 2015) and the Fiscal Period Ending August 31, 2015 (27th Fiscal Period: March 1, 2015 to August 31, 2015)” below, JRF has issued new investment units and acquired properties after this fiscal period.

(1) Issuance of new investment units

At the Board of Directors' meeting held on September 4, 2014 and September 17, 2014, approval was given for issuance of new investment units as follows, and payment for the new investment units through public offering was completed on September 25, 2014. As a result, as of September 25, 2014, the total unitholders' capital was 362,756,415,160 yen and the total number of issued and outstanding investment units was 2,427,698 units. In the case where new investment units are issued by third-party allocation by the allottee, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. in connection with the secondary offering of units by over-allotment, the (scheduled) payment date is October 22, 2014. The terms for the issuance of the investment units are as follows.

[Issuance of new investment units through public offering]

(Solicitation in domestic and overseas markets, the U.S. and European markets in particular; however, the sale of units in the U.S. will be limited to qualified institutional buyers as per rule 144A of the U.S. Securities Act.)

Number of new units to be issued	: 119,500 units (Domestic: 58,500 units, Overseas: 61,000 units (comprising 58,500 units to be underwritten and purchased by the international managers, and up to 2,500
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	units to be additionally issued pursuant to a purchase right to be granted to the international managers))
Issue price (offer price)	: 205,702 yen per unit
Total issue price (offer price)	: 24,581,389,000 yen
Issue value (amount paid in)	: 199,300 yen per unit
Total issue value (amount paid in)	: 23,816,350,000 yen
Payment date	: September 25, 2014
Commencement of distributions	: September 1, 2014

[Issuance of new investment units through a third-party allotment]

Number of new units to be issued	: 2,500 units
Issue value (amount paid in)	: 199,300 yen per unit
Total issue value (amount paid in) (maximum)	: 498,250,000 yen
Payment date	: October 22, 2014 (scheduled)
Commencement of distribution period	: September 1, 2014
Allottee	: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

(2) Acquired Assets

JRF acquired the trust beneficial interest in real property outlined in the chart below from the funding acquired from the issuance of new units in (1) above and from new borrowings. (For details of acquired asset, please refer to the press release titled “JRF to Acquire and Lease 5 Properties in Japan” dated September 4, 2014.)

Property Name	Location	Acquisition Price (¥ million)	Acquisition Date
DFS T GALLERIA OKINAWA (real estate trust beneficiary interest) (Note 1)	Naha-shi, Okinawa	13,130	Oct. 1, 2014
CUTE CUBE HARAJUKU (real estate trust beneficiary interest)	Shibuya-ku, Tokyo	8,520	
G-Bldg. Omotesando 02 (real estate trust beneficiary interest) (Note 2)	Shibuya-ku, Tokyo	5,311	
mozo wonder city (real estate trust beneficiary interest) (Note 3)	Nishi-ku, Nagoya, Aichi	11,740	
m-city Toyonaka (real estate trust beneficiary interest)	Toyonaka-shi, Osaka	5,570	
Total		44,271	

Note 1: A certain portion of underlying land of DFS T GALLERIA OKINAWA is intended to be acquired on January 15, 2016 (type of asset: real estate, anticipated acquisition price: 2,470 million yen) and the expected total acquisition price is 15,600 million yen.

Note 2: This is the acquisition of 15% co-ownership interest of trust beneficiary right in G-Bldg. Omotesando 02.

Note 3: For mozo wonder city, the applicable purchase agreement is with respect to a 40% co-ownership interest in the trust beneficiary right of the property, and the date of acquisition listed in the above table is with respect to a 20% co-ownership interest (out of the total 40% co-ownership interest to be acquired) that is to be acquired in connection with the issuance of new investment units and the secondary offering of investment units in accordance with a resolution that JRF passed at its Board of Directors' meeting held on September 4, 2014. While the remaining 20% co-ownership interest is expected to be acquired on a date between November 1, 2014 and March 31, 2016, that is agreed by JRF's asset manager, Mitsubishi Corp.-UBS Realty Inc. and the seller, which is an SPC established by Mitsubishi Corporation; this portion is not included in the acquired assets above.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2015 (26th Fiscal Period: September 1, 2014 to February 28, 2015) and the Fiscal Period ending February 28, 2015 (27th Fiscal Period: September 1, 2014 to February 28, 2015)

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending February 28, 2015 (26th fiscal period: September 1, 2014 to February 28, 2015) (181 days) - Fiscal period ending August 31, 2015 (27th fiscal period: March 1, 2015 to August 31, 2015) (184 days)
Assets owned	<ul style="list-style-type: none"> - The forecast was calculated based on 87 properties after acquiring five new properties in the 26th fiscal period (two are additional acquisition of co-ownership interests) in addition to the 84 properties owned by JRF as of August 31, 2014. - This may change as we may acquire new properties or dispose of existing properties.
Issue of units	<ul style="list-style-type: none"> - There are 2,308,198 units issued and outstanding as of August 31, 2014, but this number will increase by 122,000 due to the issuance of 119,500 new units through public offering and the issuance of 2,500 new units through third-party allotment in accordance with sales via overallotment, as the resolution was passed at the Board of Directors meeting held on September 4, 2014. - The number of units issued at the end of the fiscal period is assumed as 2,430,198 units, and it is assumed that there will be no additional issuance of new investment units.
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debts as of August 31, 2014 stood at 347,001 million yen; however, as a result of the loan agreements concluded on September 4, 2014 and took effect on October 1, 2014, and the repayment of the loans in the amount of 350 million yen, which had matured on September 30, 2014, the interest bearing debt as of the date of this document is 372,651 million yen, which is comprised of long-term borrowings and investment corporation bonds in the amount of 317,151 million yen and 55,500 million yen, respectively. - Out of the above interest-bearing debt outstanding as of the date of this document, 25,360 million yen in long-term debt and 15,000 million yen in investment corporation bonds will mature within the 26th and 27th fiscal periods. We assume that we will repay part of these debts with our own funds, and the remainder will be repaid through borrowings, etc.
Operating revenues	<ul style="list-style-type: none"> - We assume that operating revenues will consist principally of rental revenues generated by the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations we conducted with our tenants and other relevant factors until the said date. - We assume that there will be no arrears or nonpayment of rent by our tenants.

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> - We assume that taxes and public charges will be 2,799 million yen in the 26th fiscal period and 2,962 million yen in the 27th fiscal period. - Fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes, etc.”) on property owned by the Investment Corporation assessed and payable have been calculated as leasing business expenses for the accounting period. However, should any need arise for settlement, such as a need to pay fixed asset taxes, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to fixed asset taxes, etc.”), they are taken into account in the acquisition price of the properties and therefore are not listed as expenses for the period. - We assume that depreciation will be 6,144 million yen in the 26th fiscal period and 6,183 million yen in the 27th fiscal period. - We assume that property management fees will be 790 million yen in the 26th fiscal period and 710 million yen in the 27th fiscal period, and building maintenance fees will be 1,373 million yen in the 26th fiscal period and 1,376 million yen in the 27th fiscal period. - We assume that we would incur 36 million yen in expenses for the loss on disposal of property related to the removal of interior decorations in connection with a tenant vacating the property for Kishiwada CanCan Bayside Mall in the February 2015 (26th) fiscal period.
Non-operating expenses	<ul style="list-style-type: none"> - We assume that expenses associated with the issuance and secondary offering of new investment units approved at the Board of Directors' meeting held on September 4, 2014 will be 141 million yen. - Expenses for issuance and secondary offering of new investment units are based on the assumption of depreciation by the straight-line method over three years. - We assume that non-operating expenses (including interest expenses, loan-related costs and interest expenses on investment corporation bonds) will be 2,648 million yen in the 26th fiscal period and 2,610 million yen in the 27th fiscal period.
Income taxes	<ul style="list-style-type: none"> - We assume that we would record an expense of 14 million yen as deferred income tax for the February 2015 (26th) fiscal period arising from a future taxable temporary difference due to depreciation of buildings corresponding to the asset retirement obligation expected to be recognized with respect to DFS T GALLERIA OKINAWA, the property newly acquired.
Distribution per unit	<ul style="list-style-type: none"> - Distribution per unit is calculated according to the cash distribution policy stipulated in the Articles of Incorporation of JRF. For the 26th and 27th fiscal periods, we do not assume to make distribution from reserve for distribution derived from the gain on negative goodwill, which was booked in the 17th fiscal period.

Item	Assumptions
Distribution in excess of profit per unit	<ul style="list-style-type: none"> - We will not implement distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that there will be no revisions of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

3. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	February 28, 2014	August 31, 2014
ASSETS		
Current assets:		
Cash and bank deposits	18,331,514	11,101,534
Cash and bank deposits in trust (Note 1)	8,505,964	11,145,992
Rental receivables	1,202,306	1,182,212
Income taxes receivable	621	321
Consumption tax refundable	68,216	-
Derivatives	2,978	-
Other current assets	1,647,405	1,277,992
Total current assets	29,759,006	24,708,054
Non-current assets:		
Property and equipment (Note 1):		
Buildings	2,171,153	2,176,106
Accumulated depreciation	(270,720)	(306,630)
Buildings, net	1,900,433	1,869,475
Building improvements	76,431	76,431
Accumulated depreciation	(13,059)	(14,644)
Building improvements, net	63,371	61,786
Furniture and fixtures	18,715	18,875
Accumulated depreciation	(6,658)	(7,744)
Furniture and fixtures, net	12,056	11,130
Land	26,665,440	26,665,440
Buildings in trust (Note 2)	298,444,910	298,182,844
Accumulated depreciation	(71,937,897)	(75,774,025)
Buildings in trust, net	226,507,012	222,408,819
Building improvements in trust	15,349,829	15,814,286
Accumulated depreciation	(4,808,118)	(5,007,511)
Building improvements in trust, net	10,541,711	10,806,774
Machinery and equipment in trust	1,727,526	1,750,269
Accumulated depreciation	(739,988)	(787,880)
Machinery and equipment in trust, net	987,538	962,388
Furniture and fixtures in trust	3,790,201	3,860,467
Accumulated depreciation	(2,141,646)	(2,261,878)
Furniture and fixtures in trust, net	1,648,554	1,598,589
Land in trust	467,388,968	484,844,710
Total property and equipment	735,715,087	749,229,115
Intangible assets:		
Leasehold rights	19,803	19,803
Leasehold rights in trust	6,792,739	6,374,880
Other intangible assets in trust	115,798	112,829
Total intangible assets	6,928,340	6,507,513
Investment and other assets:		
Lease deposits in trust	1,644,546	1,637,046
Long-term prepaid expenses	2,879,730	2,626,939
Derivatives	24,798	12,281
Other investments (Note 1)	447,043	446,445
Total investment and other assets	4,996,119	4,722,713
Total non-current assets	747,639,547	760,459,342
Deferred charges:		
Units issuance costs	234,613	158,403
Bonds issuance costs	73,131	116,961
Total deferred charges	307,744	275,365
TOTAL ASSETS	777,706,299	785,442,762

(To be continued on the following page)

(Thousands of yen)

	As of	
	February 28, 2014	August 31, 2014
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	1,510,900	1,970,616
Current portion of long-term bonds issued – unsecured	15,000,000	15,000,000
Current portion of long-term borrowings	13,450,000	25,710,000
Accounts payable – other	6,569	11,706
Accrued expenses	1,877,086	2,032,016
Income taxes payable	402	500
Consumption tax payable	-	946,270
Rent received in advance	2,609,688	2,795,771
Deposits received	1,004,032	2,617,764
Current portion of tenant leasehold and security deposits in trust (Note 1)	3,417,871	2,236,929
Current portion of asset retirement obligations	355,997	-
Derivatives liabilities	379	-
Other current liabilities	191,906	136,324
Total current liabilities	39,424,833	53,457,899
Non-current liabilities:		
Long-term bonds issued – unsecured	32,500,000	40,500,000
Long-term borrowings	281,301,000	265,791,000
Deferred tax liabilities	487,556	487,044
Tenant leasehold and security deposits	1,760,224	1,777,498
Tenant leasehold and security deposits in trust (Note 1)	55,975,239	57,081,552
Asset retirement obligations	360,926	362,431
Derivatives liabilities	56,407	106,414
Total non-current liabilities	372,441,354	366,105,941
TOTAL LIABILITIES	411,866,187	419,563,840
Net Assets (Note 5)		
Unitholders' equity:		
Unitholders' capital	338,940,065	338,940,065
Surplus:		
Capital surplus	14,986,826	14,986,826
Reserve for dividends	2,326,376	2,430,164
Retained earnings	9,615,853	9,615,998
Total surplus	26,929,056	27,032,988
Total unitholders' equity	365,869,121	365,973,053
Valuation and translation adjustments:		
Deferred gains or losses on hedges	(29,010)	(94,132)
Total valuation and translation adjustments	(29,010)	(94,132)
TOTAL NET ASSETS	365,840,111	365,878,921
TOTAL LIABILITIES AND NET ASSETS	777,706,299	785,442,762

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	February 28, 2014	August 31, 2014
Operating revenues		
Rental and other operating revenues (Note 6)	29,058,063	29,516,340
Gain on sales of property (Note 7)	25,866	46,625
Total operating revenues	29,083,929	29,562,965
Operating expenses		
Property-related expenses (Note 6)	14,328,424	14,657,068
Asset management fees	2,324,887	2,387,662
Custodian fees	26,287	28,251
General administration fees	112,083	119,095
Compensation for Directors	5,940	5,940
Other operating expenses	169,313	141,263
Total operating expenses	16,966,936	17,339,280
Operating income	12,116,993	12,223,685
Non-operating revenues		
Interest income	4,061	2,106
Other non-operating revenues	3,100	4,003
Total non-operating revenues	7,162	6,110
Non-operating expenses		
Interest expense	1,576,468	1,599,821
Corporate bonds interest	405,220	458,308
Amortization of bonds issuance costs	5,247	7,539
Amortization of units issuance costs	71,783	76,209
Loan-related costs	472,459	469,579
Other non-operating expenses	4,463	4,536
Total non-operating expenses	2,535,641	2,615,994
Ordinary income	9,588,513	9,613,801
Income before income taxes	9,588,513	9,613,801
Income taxes		
Current	605	605
Deferred	(26,302)	(511)
Total income taxes	(25,697)	93
Net income	9,614,210	9,613,708
Unappropriated earnings at beginning of period	1,642	2,290
Retained earnings at the end of period	9,615,853	9,615,998

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity					Total unitholders' equity	Valuation and translation adjustments		Total net assets
	Unitholders' capital (Note 5)	Capital surplus	Reserve for dividends	Retained earnings	Total surplus		Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of August 31, 2013	295,474,720	14,986,826	2,326,376	8,170,811	25,484,014	320,958,734	363,300	363,300	321,322,034
<u>Changes during the period</u>									
Issuance of new investment units	43,465,345	-	-	-	-	43,465,345	-	-	43,465,345
Cash distribution declared	-	-	-	(8,169,168)	(8,169,168)	(8,169,168)	-	-	(8,169,168)
Net income	-	-	-	9,614,210	9,614,210	9,614,210	-	-	9,614,210
Net changes of items other than unitholders' equity	-	-	-	-	-	-	(392,310)	(392,310)	(392,310)
<u>Total changes during the period</u>	43,465,345	-	-	1,445,042	1,445,042	44,910,387	(392,310)	(392,310)	44,518,076
Balance as of February 28, 2014	338,940,065	14,986,826	2,326,376	9,615,853	26,929,056	365,869,121	(29,010)	(29,010)	365,840,111
<u>Changes during the period</u>									
Appropriation of reserve for dividends	-	-	103,787	(103,787)	-	-	-	-	-
Cash distribution declared	-	-	-	(9,509,775)	(9,509,775)	(9,509,775)	-	-	(9,509,775)
Net income	-	-	-	9,613,708	9,613,708	9,613,708	-	-	9,613,708
Net changes of items other than unitholders' equity	-	-	-	-	-	-	(65,122)	(65,122)	(65,122)
<u>Total changes during the period</u>	-	-	103,787	144	103,932	103,932	(65,122)	(65,122)	38,809
Balance as of August 31, 2014	338,940,065	14,986,826	2,430,164	9,615,998	27,032,988	365,973,053	(94,132)	(94,132)	365,878,921

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

(4) Statements of cash distributions

	(Yen)	
	For the six months ended	
	February 28, 2014	August 31, 2014
	(Note 1)	(Note 2)
Retained earnings at the end of period	9,615,853,868	9,615,998,295
Cash distribution declared	9,509,775,760	9,613,644,670
<i>(Cash distribution declared per unit)</i>	<i>(4,120)</i>	<i>(4,165)</i>
Reserve for dividends	103,787,854	511,648
Retained earnings carried forward	2,290,254	1,841,977

Note 1: In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, JRF transferred ¥103,787,854 from retained earnings at end of the period of ¥9,615,853,868 to reserve for dividends corresponding to decrease of deferred tax liabilities, and declared a total of ¥9,509,775,760 for cash distributions which is substantially all of the remaining retained earnings amounted to ¥9,512,066,014 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

Note 2: In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, JRF transferred ¥511,648 from retained earnings at end of the period of ¥9,615,998,295 to reserve for dividends corresponding to decrease of deferred tax liabilities, and declared a total of ¥9,613,644,670 for cash distributions which is substantially all of the remaining retained earnings amounted to ¥9,615,486,647 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	February 28, 2014	August 31, 2014
Cash Flows from Operating Activities:		
Income before income taxes	9,588,513	9,613,801
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,926,440	5,888,859
Amortization of bonds issuance costs	5,247	7,539
Amortization of units issuance costs	71,783	76,209
Gain on sales of property	(25,866)	(46,625)
Loss on disposal of fixed assets	237,237	72,441
Interest income	(4,061)	(2,106)
Interest expense	1,981,688	2,058,129
Changes in assets and liabilities:		
(Increase) decrease in Rental receivables	(152,775)	19,523
(Increase) decrease in Income taxes receivable	(317)	299
(Increase) decrease in Consumption tax refundable	(68,216)	68,216
Decrease in Long-term prepaid expenses	183,390	252,791
Increase in Accounts payable - operating	28,968	367,042
(Decrease) increase in Consumption tax payable	(817,014)	946,270
Increase in Accounts payable - other	1,829	6,702
Increase in Accrued expenses	74,471	82,760
Increase in Rent received in advance	375,302	186,082
(Decrease) increase in Deposits received	(1,326,423)	1,613,731
Other, net	(293,350)	321,407
Sub total	15,786,848	21,533,076
Interest received	4,061	2,106
Interest expenses paid	(2,004,200)	(1,985,959)
Income taxes paid	(708)	(507)
Net cash provided by operating activities	13,786,000	19,548,716
Cash Flows from Investing Activities:		
Purchase of property and equipment	(8,254)	(5,112)
Purchase of property and equipment in trust	(76,064,995)	(22,709,339)
Proceeds from sales of property and equipment in trust	6,526,560	3,013,294
Purchase of intangible assets in trust	(614)	(8,761)
Proceeds from sales of intangible assets in trust	8,029	412,666
Payments of tenant leasehold and security deposits	(24,875)	(11,094)
Proceeds from tenant leasehold and security deposits	16,371	20,468
Payments of tenant leasehold and security deposits in trust	(2,646,653)	(2,431,784)
Proceeds from tenant leasehold and security deposits in trust	3,076,281	2,385,607
Payments of lease deposits in trust	(292,774)	-
Proceeds from lease deposits in trust	7,550	7,500
Payments for restricted bank deposits in trust	(57)	-
Proceeds from restricted bank deposits in trust	-	45,000
Other proceeds	87,324	597
Net cash used in investing activities	(69,316,106)	(19,280,957)
Cash Flows from Financing Activities:		
Repayments of short-term borrowings	(11,200,000)	-
Proceeds from long-term borrowings	34,000,000	9,500,000
Repayments of long-term borrowings	(7,800,000)	(12,750,000)
Proceeds from issuance of corporate bonds	7,451,147	7,948,630
Proceeds from issuance of investment units	43,306,011	-
Distribution payments	(8,169,292)	(9,511,340)
Net cash provided by (used in) financing activities	57,587,866	(4,812,710)
Net change in cash and cash equivalents	2,057,760	(4,544,950)
Cash and cash equivalents at beginning of period	24,221,660	26,279,420
Cash and cash equivalents at end of period (Note 8)	26,279,420	21,734,469

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

(6) Note relating to going concern assumption

Nothing to be noted.

(7) Summary of significant accounting policies

(a) Property and equipment

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

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

(b) Other intangible assets in trust

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

(c) Long-term prepaid expenses

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

(d) Units issuance costs

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

(e) Bonds issuance costs

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

(f) Taxes on property and equipment

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

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

Taxes on property and equipment capitalized amounted to ¥117,503 thousand and ¥31,380 thousand for the six months ended February 28, 2014 and August 31, 2014, respectively.

(g) Hedge accounting

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

JRF applies, however, the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under such swap contracts is recognized and added to or reduced from any interest earned or incurred on the hedged asset or liability as appropriate, and the fair value of the interest rate swaps is not required to be evaluated separately. The assessment of hedge effectiveness is not performed when the interest rate swaps meet the specific criteria required for such special treatment.

(h) Cash and cash equivalents

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

(i) Accounting treatment of trust beneficiary interests in real estate trusts

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

(j) Consumption tax

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

(8) Notes to financial information

Note 1 — Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥35,156,637 thousand and ¥34,426,764 thousand as of February 28, 2014 and August 31, 2014, respectively.

	(Thousands of yen)	
	As of	
	February 28, 2014	August 31, 2014
Cash and bank deposits in trust	558,057	513,057
Buildings in trust	76,428,525	75,181,131
Buildings improvements in trust	4,223,306	4,126,248
Machinery and equipment in trust	299,100	283,329
Furniture and fixtures in trust	532,272	489,782
Land in trust	164,149,487	164,149,487
Other	445,456	445,456
Total	246,636,207	245,188,493

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for a total amount of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for an amount of ¥350,000 thousand as of February 28, 2014 and August 31, 2014.

Note 2 — Roll-over Relief for Property

Acquisition costs of certain properties were offset by government subsidies received. The accumulated amounts of such roll-over relief were as follows:

	(Thousands of yen)	
	As of	
	February 28, 2014	August 31, 2014
Buildings in trust	-	31,458

Note 3 — Credit facilities and commitment lines

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

	(Thousands of yen)	
	As of	
	February 28, 2014	August 31, 2014
Credit facilities		
Total amount of credit facilities	35,500,000	35,500,000
Borrowings drawn down	-	-
Unused credit facilities	35,500,000	35,500,000
Commitment lines		
Total amount of committed lines of credit	50,000,000	50,000,000
Borrowings drawn down	-	-
Unused committed lines of credit	50,000,000	50,000,000

Note 4 — Contingent liabilities

For the six months ended February 28, 2014

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

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

If the claim by Tokyu Hands Inc. were allowed, JRF would be obliged to pay the rent and parking fee reduction totaling ¥951 million (calculated up to February 28, 2014) and interest on the obligation.

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

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

On November 21, 2012, OPA Co., Ltd., a tenant of Kawaramachi OPA (held by JRF in form of trust beneficiary interest in real estate trust), brought a case to Kyoto District Court against JRF through a trustee of the property, to demand reduction of the rent for the period from March 1, 2011 to July 31, 2011 by about 9%, and for a period after August 1, 2011 by about 10% compared to 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, JRF would be obliged to pay the rent and parking fee reduction totaling ¥214 million (calculated up to February 28, 2014) and interest on the obligation.

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

For the six months ended August 31, 2014

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

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

If the claim by Tokyu Hands Inc. were allowed, JRF would be obliged to pay the rent and parking fee reduction totaling ¥1,073 million (calculated up to August 31, 2014) and interest on the obligation.

Although the outcome of this case may have impact on operating results or financial position of JRF, it is too difficult to estimate the amount of the impact at this point.

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

On November 21, 2012, OPA Co., Ltd., a tenant of Kawaramachi OPA (held by JRF in form of trust beneficiary interest in real estate trust), brought a case to Kyoto District Court against JRF through a trustee of the property, to demand reduction of the rent for the period from March 1, 2011 to July 31, 2011 by about 9%, and for a period after August 1, 2011 by about 10% compared to 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, JRF would be obliged to pay the rent and parking fee reduction totaling ¥252 million (calculated up to August 31, 2014) and interest on the obligation.

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

Note 5 — Net assets

(1) Number of units

	As of	
	February 28, 2014	August 31, 2014
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,308,198 units	2,308,198 units

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

Note 6 — Breakdown of rental and other operating revenues and property-related expenses

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2014	August 31, 2014
Rental and other operating revenues:		
Rental and parking revenue	26,012,663	26,115,507
Common area charges	1,332,195	1,608,691
Other	1,713,204	1,792,141
Total rental and other operating revenues	29,058,063	29,516,340
Property-related expenses:		
Property management fees	707,052	680,365
Facility management fees	1,257,939	1,329,814
Utilities	1,685,282	1,959,461
Property-related taxes	2,598,534	2,813,599
Repair and maintenance	188,892	217,736
Insurance	53,608	55,022
Trust fees	87,936	84,119
Rent expense	921,321	857,618
Other	664,313	698,148
Depreciation	5,926,305	5,888,742
Loss on disposal of property	237,237	72,441
Total property-related expenses	14,328,424	14,657,068
Operating income from property leasing activities	14,729,638	14,859,271

Note 7 — Breakdown of gain on sales of property

Breakdown of gain on sales of property were as follows:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2014	August 31, 2014
Sale of land and building	6,560,000	3,430,000
Cost of land and building	(6,508,724)	(3,735,728)
Other sales expenses	(25,409)	(4,038)
Derecognition of asset retirement obligation	-	356,392
Gain on sales of property, net	25,866	46,625

For the six months ended February 28, 2014, 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.

Note 8 — Cash and cash equivalents

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

	(Thousands of yen)	
	As of	
	February 28, 2014	August 31, 2014
Cash and bank deposits	18,331,514	11,101,534
Cash and bank deposits in trust	8,505,964	11,145,992
Restricted bank deposits in trust ⁽ⁱ⁾	(558,057)	(513,057)
Cash and cash equivalents	26,279,420	21,734,469

Note:

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

Note 9 — Significant non-cash transactions

Due to the recognition of asset retirement obligations for a property acquired for the six months ended February 28, 2014, the balances of buildings and asset retirement obligations increased by ¥358,669 thousand and ¥360,926 thousand, respectively, at the period then ended.

Note 10 — Leases**(a) Lease rental revenues**

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

	(Thousands of yen)	
	As of	
	February 28, 2014	August 31, 2014
Due within one year	32,096,698	30,331,549
Due after one year	106,496,897	96,958,048
Total	138,593,595	127,289,597

(b) Lease commitments

Finance lease transactions that do not transfer ownership of the leased property to the lessee, are capitalized and depreciated on a straight-line basis, assuming no residual value, over the lease term. Such capitalized leased properties are copying machines.

Note 11 — Financial instruments**(a) Qualitative information for financial instruments****(i) Policy for financial instrument transactions**

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

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

The funds raised through borrowings or issuance of corporate bonds are mainly used to acquire real estate properties or properties in trust, and for the repayment of existing borrowings or corporate bonds. Tenant leasehold and security deposits are deposits from tenants. Although borrowings with floating interest rate are subject to fluctuations in market interest rates, JRF manages to keep an appropriate level of liabilities ratio in order to manage its exposure to the potential rise in market interest rates. In addition, a certain portion of long-term borrowings with floating interest rates is hedged by derivatives (interest rate swaps) as hedging instruments. The hedge effectiveness of the interest rate swaps is assessed by comparing the 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 JRF's risk management policy and internal rules, JRF uses derivative instruments for the purpose of hedging risks that are prescribed in JRF's articles of incorporation.

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

	As of February 28, 2014			As of August 31, 2014		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	18,331,514	18,331,514	-	11,101,534	11,101,534	-
(2) Cash and bank deposits in trust	8,505,964	8,505,964	-	11,145,992	11,145,992	-
Total assets	26,837,478	26,837,478	-	22,247,527	22,247,527	-
(1) Current portion of long-term bonds issued	15,000,000	15,199,800	(199,800)	15,000,000	15,100,950	(100,950)
(2) Current portion of long-term borrowings	13,450,000	13,464,739	(14,739)	25,710,000	25,725,591	(15,591)
(3) Current portion of tenant leasehold and security deposits in trust	3,347,441	3,460,192	(112,751)	2,189,975	2,205,228	(15,252)
(4) Long-term bonds issued	32,500,000	33,732,575	(1,232,575)	40,500,000	41,763,130	(1,263,130)
(5) Long-term borrowings	281,301,000	284,188,757	(2,887,757)	265,791,000	269,678,289	(3,887,289)
(6) Tenant leasehold and security deposits in trust	11,195,790	11,586,569	(390,779)	10,680,127	11,218,171	(538,043)
Total liabilities	356,794,231	361,632,632	(4,838,401)	359,871,103	365,691,360	(5,820,256)
Derivatives (derivatives liabilities), net	(29,010)	(29,010)	-	(94,132)	(94,132)	-

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

Assets

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

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

Liabilities

(1) Current portion of long-term bonds issued and (4) Long-term bonds issued

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

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

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

(3) Current portion of tenant leasehold and security deposits in trust and (6) Tenant leasehold and security deposits in trust

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

Derivatives

Please refer to "Note 12—Derivatives".

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

	As of	
	February 28, 2014	August 31, 2014
Current portion of tenant leasehold and security deposits in trust	70,429	46,953
Tenant leasehold and security deposits	1,760,224	1,777,498
Tenant leasehold and security deposits in trust	44,779,449	46,401,424
Total	46,610,104	48,225,876

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

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

	As of					
	February 28, 2014	Up to 1 year	1-2 years	2-3 years	3-4 years	Over 5 years
Cash and bank deposits	18,331,514	-	-	-	-	-
Cash and bank deposits in trust	8,505,964	-	-	-	-	-
Total	26,837,478	-	-	-	-	-
	As of					
	August 31, 2014	Up to 1 year	1-2 years	2-3 years	3-4 years	Over 5 years
Cash and bank deposits	11,101,534	-	-	-	-	-
Cash and bank deposits in trust	11,145,992	-	-	-	-	-
Total	22,247,527	-	-	-	-	-

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

	As of					
	February 28, 2014	Up to 1 year	1-2 years	2-3 years	3-4 years	Over 5 years
Current portion of long-term bonds issued	15,000,000	-	-	-	-	-
Current portion of long-term borrowings	13,450,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	1,305,724	-	-	-	-	-
Long-term bonds issued	-	10,000,000	-	15,000,000	-	7,500,000
Long-term borrowings	-	36,710,000	22,450,000	24,300,000	43,766,000	154,075,000
Tenant leasehold and security deposits in trust	-	1,548,139	1,531,415	1,447,970	1,447,970	4,505,164
Total	29,755,724	48,258,139	23,981,415	40,747,970	45,213,970	166,080,164
	As of					
	August 31, 2014	Up to 1 year	1-2 years	2-3 years	3-4 years	Over 5 years
Current portion of long-term bonds issued	15,000,000	-	-	-	-	-
Current portion of long-term borrowings	25,710,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	1,354,855	-	-	-	-	-
Long-term bonds issued	-	10,000,000	15,000,000	-	-	15,500,000
Long-term borrowings	-	23,250,000	15,300,000	45,666,000	49,000,000	132,575,000
Tenant leasehold and security deposits in trust	-	1,548,139	1,531,415	1,447,970	1,447,970	4,051,178
Total	42,064,855	34,798,139	31,831,415	47,113,970	50,447,970	152,126,178

Note 12 — Derivatives

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

As of February 28, 2014

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	76,550,000	64,500,000	(29,010)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	62,000,000	62,000,000	— ⁽ⁱ⁾	-
Total			138,550,000	126,500,000	(29,010) ⁽ⁱ⁾	-

As of August 31, 2014

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	64,500,000	64,500,000	(94,132)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	63,500,000	63,500,000	— ⁽ⁱ⁾	-
Total			128,000,000	128,000,000	(94,132) ⁽ⁱ⁾	-

Note:

- (i) As disclosed in "(7) Summary of significant accounting policies (g) Hedge accounting", JRF applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, is determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term borrowings as hedged item is calculated together as one and disclosed as such under Note (i) in "Note 11 Financial instruments (b) Quantitative information for financial instruments".
- (ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- (iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts.

Note 13 — Related-party transaction

There was no related-party transaction to be disclosed for the six months ended February 28, 2014 and August 31, 2014.

Note 14 — Income taxes

Deferred tax assets and liabilities consist of the followings:

(Thousands of yen)

	As of	
	February 28, 2014	August 31, 2014
Deferred tax assets:		
Current:		
Tax loss carryforwards	3,231,869	3,017,236
Current portion of asset retirement obligations	130,259	-
Other	26,074	30,038
Sub total	3,388,204	3,047,274
Valuation allowance	(3,388,204)	(3,047,274)
Total current deferred tax assets	-	-
Non-current:		
Amortization of leasehold rights	143,069	37,159
Asset retirement obligations	123,292	123,806
Valuation difference on assets acquired by merger	6,096,723	6,087,719
Other	19,268	36,351
Sub total	6,382,354	6,285,036
Valuation allowance	(6,382,354)	(6,285,036)
Total non-current deferred tax assets	-	-
Total deferred tax assets	-	-
Net deferred tax assets	-	-
Deferred tax liabilities:		
Non-current:		
Valuation difference on assets acquired by merger (not offset by other tax deductible items)	410,507	410,317
Asset retirement costs (not offset by other deductible items)	77,048	76,726
Total deferred tax liabilities	487,556	487,044
Net deferred tax liabilities	487,556	487,044

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

(%)

	For the six months ended	
	February 28, 2014	August 31, 2014
Statutory tax rate	36.59	36.59
Deductible cash distributions	(36.29)	(35.07)
Change in valuation allowance (for deferred tax assets)	(0.12)	(3.76)
Other	(0.45)	2.24
Effective tax rate	(0.27)	0.00

Note 15 — Asset retirement obligations

JRF has contractual or legal obligations to remove asbestos contained in the buildings of KAWASAKI Le FRONT. The estimated period of use of the property is estimated at 24 years based on the useful life of buildings containing asbestos. The asset retirement obligations for the removal are recognized as liability for amounts representing the present value of estimated future cash flows discounted at 1.584%.

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

(Thousands of yen)

	For the six months ended	
	February 28, 2014	August 31, 2014
Balance at the beginning of the period	352,866	716,923
Increase due to acquisition of properties	358,669	-
Adjustment for passage of time	5,387	3,273
Derecognition due to sales of properties	-	(356,392)
Derecognition due to settlement of obligations	-	(1,373)
Balance at the end of the period	716,923	362,431

Note 16 — Fair value of investment and rental property

JRF has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment properties in the aggregate for the six months ended February 28, 2014 and August 31, 2014.

	(Thousands of yen)	
	For the six months ended	
	February 28, 2014	August 31, 2014
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	678,711,171	742,642,958
Net increase during the period ⁽ⁱⁱ⁾	63,931,787	13,093,317
Balance at the end of the period	742,642,958	755,736,276
Fair value⁽ⁱⁱⁱ⁾	769,387,000	792,437,000

Note:

(i) The net book value includes leasehold rights and other intangible assets.

(ii) Changes in the net book value are mainly due to the following transactions (except for depreciation):

	(Thousands of yen)
	Increase (decrease) in net book value
For the six months ended February 28, 2014:	
Acquisitions:	
KAWASAKI Le FRONT.....	30,684,514
G-Bldg. Shinsaibashi 03.....	22,511,279
G-Bldg. Ginza 01.....	5,558,037
KAMISHIN PLAZA.....	3,954,053
Colline Bajikouen.....	3,140,256
Summit Store Nakano Minamidai.....	3,134,990
Round1 Hiroshima.....	3,006,518
Round1 Kyoto Kawaramachi.....	2,840,976
Capital expenditures:	
Earthquake-resistant construction of unqualified elevator at AEON MALL Higashiura.....	278,360
Total of capital expenditures for the period (including above expenditure).....	1,768,041
Disposals:	
G DINING SAPPORO.....	(2,933,999)
G-Bldg. Jingumae 05.....	(2,704,928)
G-Bldg. Jingumae 04.....	(869,796)
For the six months ended August 31, 2014:	
Acquisitions:	
G-Bldg. Omotesando 02.....	12,505,629
G-Bldg. Shibuya 01.....	3,270,974
Round1 Stadium Takatsuki.....	2,121,926
G-Bldg. Kichijoji 01.....	1,774,365
Oyama Yuen Harvest Walk (additional acquisition).....	258,621
Capital expenditures:	
Renewal construction of Oyama Yuen Harvest Walk.....	719,348
Total of capital expenditures for the period (including above expenditure).....	2,887,855
Disposal:	
AEON TOWN Ogaki.....	(3,735,728)

(iii) Fair value has been determined based on independent real estate appraisers. For AEON TOWN Ogaki sold on March 24, 2014, the selling price is used as fair value as of February 28, 2014.

For rental revenues and expenses for the six months ended February 28, 2014 and August 31, 2014, please refer to “Note 6 — Breakdown for rental and other operating revenues and property-related expenses”.

Note 17 — Segment information

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

(a) Operating segment information

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

(b) Enterprise-wide disclosures**(i) Information about products and services**

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

(ii) Information about geographic areas**Revenues from overseas customers:**

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

Tangible fixed assets:

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

(c) Information about major customers

(Thousands of yen)

Name of customer	Revenues for the six months ended		Relating segment
	February 28, 2014	August 31, 2014	
AEON Retail Co., Ltd.	4,898,160	4,912,071	Property rental business
AEON Mall Co., Ltd.	4,012,383	4,012,117	Property rental business

Note 18 — Per unit information

The net asset value per unit as of February 28, 2014 and August 31, 2014 was ¥158,495 and ¥158,512, respectively. Net income per unit for the six months ended February 28, 2014 and August 31, 2014 was ¥4,237 and ¥4,165, respectively.

Net income per unit is calculated by dividing the net income attributable to unitholders by the weighted-average number of units outstanding during the six months period.

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

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

(Thousands of yen)

	For the six months ended	
	February 28, 2014	August 31, 2014
Net income	9,614,210	9,613,708
Effect of dilutive unit	-	-
Net income available to common unitholders	9,614,210	9,613,708
Weighted-average number of units outstanding for the period	2,268,977 units	2,308,198 units

Note 19 — Subsequent events

Issuance of new investment units

The Board of Directors of JRF, at its meeting held on September 4, 2014 and September 17, 2014, resolved to issue new investment units as follows:

(a) Issuance of new investment units through public offering

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

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

119,500 investment units, out of which 58,500 new units to be offered through the Domestic Public Offering and 61,000 new units to be offered through the Overseas Offering consisting of 58,500 new units to be underwritten and purchased by overseas underwriters and an option to purchase up to an aggregate of 2,500 additional new units granted to the overseas underwriters.

(ii) Offer price: ¥205,702 per unit

(iii) Total offering amount: ¥24,581,389,000

(iv) Issue price (amount to be paid in): ¥199,300 per unit

(v) Total amount to be paid in: ¥23,816,350,000

(vi) Payment date: September 25, 2014

(vii) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on September 1, 2014 and ending on February 28, 2015.

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

(i) Number of new investment units: 2,500 investment units

(ii) Issue price (amount to be paid in): ¥199,300 per unit

(iii) Total amount to be paid in: ¥498,250,000

(iv) Payment date: Scheduled on October 22, 2014

(v) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on September 1, 2014 and ending on February 28, 2015.

(iv) Allottee: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

(c) Use of proceeds

JRF will use the net proceeds from the Offerings partially for acquisition of additional specified assets. The proceeds from the issuance of new investment units through the third-party allotment will be used partially for the acquisition of the specified assets. Remaining proceeds, if any, will be appropriated an acquisition of specified assets in the future.

As a result of the Offerings, unitholders' capital increased to ¥362,756,415,160 and number of investment units issued and outstanding increased to 2,427,698 units on September 25, 2014.

The issuance of new investment units through the third-party allotment scheduled on October 22, 2014.

(9) Changes in unit issued and outstanding

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

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 1, 2010	Unit split	1,159,506	1,546,008	-	250,764	Note 1
March 1, 2010	Merger	142,190	1,688,198	-	250,764	Note 2
September 14, 2011	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 public offering in order to raise funds for acquiring new real property.

Note 4 New investment units were issued at a price of ¥104,107 per unit through the allocation of investment units to a third party in order to raise funds for miscellaneous expenses relating to the acquisition of new real property.

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

Note 6 New investment units were issued at a price of ¥124,230 per unit through the allocation of investment units to a third party in order to raise funds for miscellaneous expenses relating to the acquisition of new real property and the issuance of the new investment units, or refund existing debts.

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

4. Changes in officers

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

5. Additional information

(1) Composition of assets

Classification of Assets	Region	As of February 28, 2014		As of August 31, 2014	
		Total of net book value (Note 1) (Millions of yen)	Composition ratio (%)	Total of net book value (Note 1) (Millions of yen)	Composition ratio (%)
Real property	Tokyo metropolitan area	23,695	3.1	23,662	3.0
	Osaka and Nagoya metropolitan areas	4,965	0.6	4,965	0.6
	Sub-total	28,661	3.7	28,627	3.6
Trust beneficial interest in real property	Tokyo metropolitan area	339,271	43.6	355,538	45.3
	Osaka and Nagoya metropolitan areas	287,262	36.9	283,897	36.1
	Other metropolitan areas	87,447	11.3	87,671	11.2
	Sub-total	713,981	91.8	727,108	92.6
Sub-total		742,642	95.5	755,736	96.2
Bank deposits and other assets		35,063	4.5	29,706	3.8
Total assets		777,706	100.0	785,442	100.0
Total liabilities (Notes 2)		411,866	53.0	419,563	53.4
Total net assets		365,840	47.0	365,878	46.6

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.

Note 2 Total liabilities include tenant leasehold and security deposits and those in trust.

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of August 31, 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)	47,592	109,365.50	109,365.50	100.0	4.6	Retail facilities
Nara Family (trust beneficial interest)	33,239	85,030.68	84,891.81	99.8	6.8	Retail facilities
mozo wonder city (Note 4) (trust beneficial interest)	31,102	86,722.88	86,666.97	99.9	6.7	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	30,523	56,084.97	55,371.77	98.7	6.3	Retail facilities
AEON MALL Yachiyo Midorigaoka (trust beneficial interest)	28,366	132,294.48	132,294.48	100.0	2.3	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	27,940	137,466.97	137,466.97	100.0	3.2	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	26,112	138,538.63	138,538.63	100.0	3.0	Retail facilities
G-Bldg. Shinsaibashi 03 (Note 5) (trust beneficial interest)	22,429	4,631.13	4,631.13	100.0	-	Retail facilities
GYRE (trust beneficial interest)	22,109	4,814.03	4,579.90	95.1	1.5	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,377	157,904.26	157,904.26	100.0	2.0	Retail facilities
Total	288,793	912,853.53	911,711.42	99.9	-	

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.

The retail facilities as of August 31, 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	10,900	9,052
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,320	13,943
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	14,000	12,683
Narupark (Note 4)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,238.59	4,980	7,863
G-Bldg. Minami Aoyama 02	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	5,370	5,264
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	85,030.68	36,600	33,239
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,548.63	12,400	9,681
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,920	1,394
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	6,670	6,144
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,000	10,913
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,390	1,227
AEON MALL Higashiura	13-2, Aza-asahi, Oaza-ogawa, Higashiura-cho, Chita-gun, Aichi, etc.	Trust beneficial interest	129,124.73	10,400	7,426
AEON MALL Kashiihama	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	14,200	11,893
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,660	6,902
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,814.03	22,800	22,109
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,780	4,745
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	12,300	11,368
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,000	11,278
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,420	954
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,300	15,501
SEIYU Hibiyaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,830	5,061
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,330	5,621
AEON Takatsuki	47-2, Haginoshio 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,770	10,355
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,817.65	3,312	2,504
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,310	3,482
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,300	10,353
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	3,980	3,990
AEON Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	11,000	12,274
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,677.43	5,780	6,850
Higashi-Totsuka Aurora City	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	40,800	47,592
AEON Omiya	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	6,000	5,801
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachidori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,600	18,490

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 Ueda	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,760	8,230
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,800	26,112
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,800	19,377
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,400	12,966
Oyama Yuen Harvest Walk (Note 5)	1475-52, Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	59,872.65	8,620	9,437
AEON MALL Yachiyo Midorigaoka	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	22,900	28,366
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,390	2,360
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	17,600	16,728
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,400	16,667
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,750	3,406
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,680	2,306
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	5,020	6,453
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,155.96	9,760	9,344
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,500	27,940
AEON MALL Kobe Kita	2-1, Kozudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,031.55	16,500	13,996
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	7,440	6,622
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	1,770	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	4,360	5,529
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,061.47	7,560	6,116
G-Bldg. Shinsaibashi 01	5-3, Shinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	1,880	1,602
Kishiwada CanCan Bayside Mall	2-1, Minatomidori machi, Kishiwada-shi, Osaka, etc.	Trust beneficial interest	38,302.92	7,400	7,111
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,542.93	6,440	5,562
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	2,950	2,429
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	4,550	2,791
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	2,980	2,333
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	2,910	2,398
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,260	1,842
G-Bldg. Shinsaibashi 02 (Note 6)	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	-	5,190	4,371
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	9,040	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

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)
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 (Note 5)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,722.88	35,600	31,102
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	4,250	3,718
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	4,770	3,901
G-Bldg. Omotesando 01 (Note 7)	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	6,900	5,911
Round1 Stadium Sakai Chuo Kanryo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,300	1,739
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,650	5,910
Tecc Land Fukuoka Shime Honten (Note 6)	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	-	4,970	4,046
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	6,120	5,548
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkakusagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,250	2,818
Round1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	3,750	2,974
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	3,720	3,128
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashi-odogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,809.69	4,230	3,978
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,180	3,120
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,084.97	36,800	30,523
G-Bldg. Shinsaibashi 03	2-17, Shinsaibashisuji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	4,631.13	23,500	22,429
G-Bldg. Shibuya 01	20-13 Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,582.08	3,740	3,258
G-Bldg. Omotesando 02	25-15 Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	13,300	12,500
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,720	2,110
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,474.98	1,885	1,771
Total			3,067,166.11	792,437	755,736

Note 1 "Location" means the residence indication or the location indicated in the land registry book

Note 2 Regardless of 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 Sogo 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 during the six months ended August 31, 2014.

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

Name of property	For the six months ended February 28, 2014				For the six months ended August 31, 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	421	1.5	2	100.0	423	1.4
Ito-Yokado Kawasaki	5	100.0	490	1.7	5	100.0	491	1.7
8953 Osaka Shinsaibashi Building	1	100.0	399	1.4	1	100.0	405	1.4
Narupark (Note 3)	48	100.0	360	1.2	47	98.2	369	1.2
G-Bldg. Minami Aoyama 02	4	100.0	87	0.3	3	90.4	85	0.3
Nara Family	130	100.0	2,003	6.9	129	99.8	2,012	6.8
Abiko Shopping Plaza	57	100.0	695	2.4	56	99.9	699	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	0.9	1	100.0	256	0.9
Ito-Yokado Nishikicho	1	100.0	445	1.5	1	100.0	445	1.5
G-Bldg. Daikanyama 01	1	100.0	40	0.1	1	100.0	42	0.1
G-Bldg. Jingumae 05 (Note 4)	-	-	84	0.3	-	-	-	-
AEON MALL Higashiura	1	100.0	481	1.7	1	100.0	488	1.7
AEON MALL Kashiihama	1	100.0	477	1.6	1	100.0	477	1.6
AEON MALL Sapporo Naebo	1	100.0	372	1.3	1	100.0	372	1.3
GYRE	21	89.8	681	2.3	22	95.1	434	1.5
G-Bldg. Jingumae 04 (Note 4)	-	-	28	0.1	-	-	-	-
Ito-Yokado Tsunashima	1	100.0	172	0.6	1	100.0	168	0.6
Bic Camera Tachikawa	2	100.0	388	1.3	2	100.0	388	1.3
AEON Itabashi Shopping Center	1	100.0	662	2.3	1	100.0	656	2.2
G-Bldg. Kita Aoyama 01	3	100.0	35	0.1	3	100.0	32	0.1
AEON MALL Yamato	1	100.0	537	1.9	1	100.0	536	1.8
SEIYU Hibarigaoka	1	100.0	261	0.9	1	100.0	261	0.9
AEON Tobata Shopping Center	1	100.0	315	1.1	1	100.0	330	1.1
AEON Takatsuki	1	100.0	414	1.4	1	100.0	414	1.4
G-Bldg. Jiyugaoka 01	10	100.0	90	0.3	10	100.0	88	0.3
AEON Yagoto	2	100.0	129	0.4	2	100.0	126	0.4
AEON Naha Shopping Center	1	100.0	373	1.3	1	100.0	373	1.3
Cheers Ginza	10	100.0	109	0.4	9	91.0	106	0.4
AEON Nishi-Otsu	1	100.0	375	1.3	1	100.0	380	1.3
Kyoto Family	70	100.0	591	2.0	69	99.3	603	2.0
Higashi-Totsuka Aurora City	4	100.0	1,373	4.7	4	100.0	1,369	4.6

Name of property	For the six months ended February 28, 2014				For the six months ended August 31, 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 Omiya	1	100.0	193	0.7	1	100.0	194	0.7
AEON TOWN Ogaki (Note 5)	1	100.0	325	1.1	-	-	37	0.1
Kawaramachi OPA	1	100.0	358	1.2	1	100.0	358	1.2
AEON Ueda	1	100.0	303	1.0	1	100.0	303	1.0
AEON MALL Tsurumi Ryokuchi	1	100.0	895	3.1	1	100.0	896	3.0
AEON MALL Itami	1	100.0	583	2.0	1	100.0	583	2.0
Ito-Yokado Yotsukaido	1	100.0	290	1.0	1	100.0	290	1.0
Oyama Yuen Harvest Walk (Note 6)	63	99.2	778	2.7	72	99.7	841	2.8
AEON MALL Yachiyo Midorigaoka	1	100.0	691	2.4	1	100.0	691	2.3
G-Bldg. Jingumae 06	4	100.0	49	0.2	4	100.0	51	0.2
AEON MALL Sapporo Hassamu	1	100.0	577	2.0	1	100.0	577	1.9
Ario Otori	1	100.0	555	1.9	1	100.0	580	2.0
G-Bldg. Jingumae 01	2	100.0	69	0.2	2	100.0	70	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)	-	-	102	0.4	-	-	-	-
G-Bldg. Minami Aoyama 01	3	100.0	50	0.2	3	100.0	50	0.2
La Porte Aoyama (Note 3)	21	90.5	268	0.9	22	93.6	283	1.0
AEON MALL Musashi Murayama	1	100.0	938	3.2	1	100.0	937	3.2
AEON MALL Kobe Kita	1	100.0	578	2.0	1	100.0	579	2.0
G-Bldg. Shinjuku 01	1	100.0	161	0.6	1	100.0	161	0.5
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	0.2	1	100.0	68	0.2
G-Bldg. Jingumae 03	6	93.3	76	0.3	7	100.0	77	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	7	88.8	240	0.8	8	100.0	247	0.8
G-Bldg. Shinsaibashi 01	2	100.0	61	0.2	2	100.0	60	0.2
Kishiwada CanCan Bayside Mall	112	99.1	794	2.7	110	98.8	793	2.7
Makuhari Plaza	6	100.0	221	0.8	6	100.0	201	0.7
MrMax Nagasaki (Note 7)	2	100.0	-	-	2	100.0	-	-
Urban Terrace Jingumae	2	100.0	100	0.3	2	100.0	101	0.3
Round1 StadiumItabashi	1	100.0	95	0.3	1	100.0	95	0.3
Round1 Machida	1	100.0	90	0.3	1	100.0	90	0.3

Name of property	For the six months ended February 28, 2014				For the six months ended August 31, 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) (%)
Arkangel Daikanyama(Land with leasehold interest) (Note 7)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Shinsaibashi 02 (Note 7)	1	100.0	-	-	1	100.0	-	-
Round1 Stadium Sennichimae(Land with leasehold interest)	1	100.0	240	0.8	1	100.0	240	0.8
Izumisano Shofudai(Land with leasehold interest) (Note 7)	2	100.0	-	-	2	100.0	-	-
Tecc Land Neyagawa(Land with leasehold interest) (Note 7)	1	100.0	-	-	1	100.0	-	-
mozo wonder city (Note 6)	224	99.8	1,995	6.9	224	99.9	1,969	6.7
G-Bldg. Sangenjaya 01	3	100.0	149	0.5	3	100.0	148	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 Kanjyo	1	100.0	82	0.3	1	100.0	85	0.3
pivo Izumi Chuo (Note 7)	17	100.0	-	-	17	100.0	-	-
Tecc Land Fukuoka Shime Honten (Note 7)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Ginza 01	8	100.0	120	0.4	8	100.0	147	0.5
Round1 Kyoto Kawaramachi	1	100.0	85	0.3	1	100.0	104	0.3
Round1 Hiroshima	1	100.0	98	0.3	1	100.0	119	0.4
Colline Bajikouen	10	100.0	116	0.4	10	100.0	144	0.5
KAMISHIN PLAZA	44	98.9	226	0.8	45	99.5	275	0.9
Summit Store Nakano Minamidai	1	100.0	69	0.2	1	100.0	84	0.3
KAWASAKI Le FRONT	66	98.5	1,464	5.0	67	98.7	1,862	6.3
G-Bldg. Shinsaibashi 03 (Note 7)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Shibuya 01 (Note 7)	-	-	-	-	1	100.0	-	-
G-Bldg. Omotesando 02	-	-	-	-	6	100.0	215	0.7
Round1 Stadium Takatsuki	-	-	-	-	1	100.0	76	0.3
G-Bldg. Kichijoji 01 (Note 7)	-	-	-	-	2	51.6	-	-
Total	1,021	99.9	29,058	100.0	1,037	99.9	29,516	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 The property was sold on March 24, 2014.

Note 6 “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 7 Rental revenue of the property is not disclosed because the consent from the tenant has not been obtained.