

Japan Retail Fund Investment Corporation
26th Semi-Annual Report

September 1, 2014 – February 28, 2015

Japan Retail Fund Investment Corporation (JRF)

J-REIT Specializing in Retail Properties

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 89 properties throughout Japan, with a value of approximately 850 billion yen, making it the largest J-REIT specializing in retail properties, and the third largest among all REITs listed in Japan. (As of April 2015)

Suburban + Urban

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

Stable Distributions

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

Strong Sponsors

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

To our Unitholders

JRF continues to provide stable distribution through measures to stabilize and diversify its portfolio, and worked to develop foundation for the next growth phase.

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

JRF increased distributions again for the current fiscal period by expanding its portfolio and improving quality.

During the fiscal period (period ended February 2015), in Japan's macro-economy, while there was a certain sense of stagnation, a sense of prosperity prevailed. With respect to the retail sector, in spite of mild sluggishness due to a downturn in consumer confidence triggered by the consumption tax hike, the sector has generally shown steady performance. In the J-REIT market, some activities have been observed such as successive announcement of public offering since the beginning of the period. The market has been generally stable.

Amid such an environment, JRF continued to generate stable rental revenues due to its large-scale, well-balanced portfolio. JRF achieved higher profitability and stability by acquiring five properties^{*1} (with a total acquisition price of 46.7 billion yen^{*2}) using the funds raised through the issuance of new investment units in September 2014, long-term borrowings and by implementing other strategies such as asset replacement. As a result, JRF's operating revenue for the period was 31,399 million yen, up 6.2% compared to the previous period, with net income for the period amounting to 10,658 million yen, up 10.9% compared to the previous period. The distribution per unit for the period was 4,180 yen, 15 yen higher than the previous period.

JRF will endeavor to further improve stability and profitability based on the current stable base.

JRF has secured stable profits in the medium- and long-term and achieved steady growth since listing. JRF acquired one property in March 2015 and as a result, had 89 managed properties with an asset size (on an acquisition price basis) of approximately 850 billion yen as of April, which enabled the establishment of a stable portfolio with a focus on diversification of areas and tenants.

While the favorable environment continues for the J-REIT market, competition over acquisitions is becoming more intense. In order to acquire prime properties without missing opportunities under such circumstances, our ability to collect information becomes an important factor. JRF, as one of the largest domestic buyers of retail properties, will acquire properties in a steady manner by making use of its network based on its track record for acquisitions, and sponsor networks of Mitsubishi Corporation Group and its diverse deal sources. In addition, JRF will continue to work on SC management and pursue development of attractive properties.

JRF will work to further improve stability and profitability under its multifaceted growth strategy in order to become a J-REIT more attractive to unitholders. We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

*1 Out of the five properties acquired, additional co-ownership interests were acquired for two current properties; mozo wonder city and G-Bldg Omotesando 02.

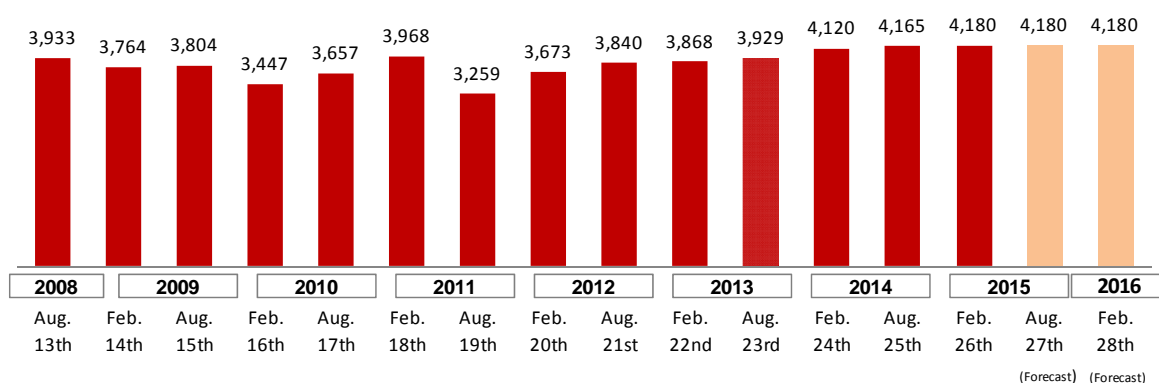
*2 Total acquisition price includes the anticipated acquisition price of a certain portion of underlying land of DFS T GALLERIA OKINAWA (2,470 million yen) which is intended to be acquired on January 15, 2016.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 26th Fiscal Period

- **Contribution of five newly acquired properties:** five properties (with a total acquisition price of 46.7 billion yen), which were acquired through the public offering implemented in September 2014, contributed to increase the operating income and distribution.
- **Implementation of asset replacement by utilizing gain on sales of property:** acquired two urban-type properties in Nagoya and Tokyo in January 2015, using the proceeds from the sale of AEON MALL Kobe Kita in December 2014*. Part of the proceeds was allocated to the payment of the settlement money for the rent reduction lawsuit related to one of the properties held by JRF.
- **Improvement of the ratio of fixed interest rates of borrowings:** increased the ratio of fixed interest rates of borrowings (including tenant leasehold and security deposits) from 73.7% at the end of the previous fiscal period to 92.8% as of the end of the fiscal period ended February 2015 in order to handle risks of future interest rate fluctuation.
- **Issuance of new investment corporation bonds followed by repayments of existing investment corporation bonds:** issued the ninth series unsecured investment corporation bonds (7 billion yen) in February 2015 and raised 15 billion yen, together with long-term borrowings of 8 billion yen, to finance the repayment of the second series unsecured investment corporation bonds (15 billion yen) which became due in the same month.

➤ Distribution per unit



* On March 1, 2010, JRF executed a four-to-one unit split.

➤ Financial results

	Aug. 2013 fiscal period	Feb. 2014 fiscal period	Aug. 2014 fiscal period	Feb. 2015 fiscal period
Operating revenue	26.1 billion yen	29.0 billion yen	29.5 billion yen	31.3 billion yen
Operating income	10.6 billion yen	12.1 billion yen	12.2 billion yen	13.6 billion yen
Net income	8.1 billion yen	9.6 billion yen	9.6 billion yen	10.6 billion yen
NAV per unit	154 thousand yen	158 thousand yen	158 thousand yen	160 thousand yen

➤ **Total assets and the number of properties**

— Total assets (100 million yen)

● Number of properties



Interview with the President of the Asset Management Company

JRF will strive to strengthen the quality of the portfolio and further increase and stabilize distributions by implementing various measures based on its strength.

Q1. Please start with a review of the 26th fiscal period (period ended February 2015).

JRF achieved further improvement in the quality and diversification of its portfolio and expanded its relationships with tenants with the expanded asset size by successfully completing a public offering for the fourth consecutive year and acquiring prime properties. We were successful in realizing the intended results and are very happy with it.

In September 2014, JRF completed a public offering for the fourth consecutive year and raised funds of 24.3 billion yen. Combined with the new borrowing of 26.0 billion yen obtained at the same time, we acquired five prime assets (for which additional co-ownership interest was acquired for two properties) for 46.7 billion yen* in total, which enabled us to realize further improvement of the quality of the overall portfolio while maintaining the level of the NOI yield (after depreciation).

In this acquisition, we focused our investments only on retail facilities located in areas expected to have steady consumption demand as well as those that have tenants with a strong brand, and acquired properties in a balanced manner considering diversification of areas, businesses and business categories. This allowed us to realize further improvement in the quality and diversification of the portfolio and expand relationships with tenants. While JRF successfully achieved further enhancement of the stable base it has established as the No.1 J-REIT specializing in retail properties in Japan, we felt it was a good response in terms of increased appeal for tenants.

* The total acquisition price includes the anticipated acquisition price for a certain portion of the underlying land of DFS T GALLERIA OKINAWA (2,470 million yen), which is intended to be acquired on January 15, 2016

Q2. It seems JRF has advanced property replacement continuing from the previous period.

JRF actively carries out property replacement, taking advantage of favorable opportunities. In the current fiscal period, JRF sold a part of “AEON MALL Kobe Kita” (Kobe-shi, Hyogo) in December 2014 and used the proceeds to acquire two prime commercial properties in urban areas. As such, JRF was committed to portfolio management to achieve sustainable growth of unitholder value.

In this property replacement, using the proceeds from the sale of part of its ownership interests in AEON MALL Kobe Kita (30%) totaling 4,950 million yen, JRF acquired G-Bldg. Nagoya Sakae 01 (Nagoya-shi, Aichi) and G-Bldg. Kichijoji 01 (50% co-ownership interest) (Musashino-shi, Tokyo) and part of the proceeds was allocated to the payment of settlement money for the rent reduction lawsuit related to 8953 Osaka Shinsaibashi Building (Osaka-shi, Osaka).

G-Bldg. Nagoya Sakae 01 was acquired in December 2014. The property is an urban retail facility located in Sakae, Nagoya-shi, one of the major shopping districts in the Nagoya region. Having a leading American sportswear brand as its main tenant, the property is drawing attention and has potential for the future. As for G-Bldg. Kichijoji 01, in which JRF acquired a 50% co-ownership interest of the trust beneficiary right in April 2014 with tenant replacement in mind, JRF has continued to put efforts into leasing from the time of the acquisition. As a result, JRF concluded a long-term lease agreement with one of the leading US apparel brands and as it is expected that the property will provide stable profits over a long period of time, JRF acquired the remaining ownership interest in the property and achieved full ownership of the property.

With regard to the lawsuit filed against JRF on rent reduction at 8953 Osaka Shinsaibashi Building that was settled in December 2014, although there was a payment of settlement money, there was no impact on the distribution

as the part of proceeds from the sale of AEON MALL Kobe Kita was allocated for the payment of the settlement money.

JRF carries out asset management with a central focus on portfolio management. JRF will promote portfolio management by taking advantage of asset size and combining its flexible fund procurement capabilities with SC management capabilities and high sourcing capabilities and work on measures for further growth, such as acquisition of new properties and property replacement while eliminating risks.

➤ **The example of portfolio management: achieved improvement in profitability and stability while persistently growing distributions**



Q3. JRF is actively conducting SC management as part of portfolio management.

JRF attracted highly competitive tenants, completed renewal of the facilities and reviewed the lease contract terms by taking advantage of its unique SC management capabilities. We will implement our internal growth strategy* in a steady manner from a long-term perspective to achieve improvement of the profitability and stability of the portfolio by raising the competitiveness of our properties.

In order to improve the profitability and stability of its portfolio, internal growth strategy, which aims to maintain and increase the competitiveness of existing properties owned by JRF, becomes essential.

During the period, JRF completed the full-renewal of AEON Yagoto in September 2014. We realized store revitalization led by the tenant while having discussions with the tenant and reviewing the economic requirements for the purpose of raising the competitiveness of the aging facility which opened 21 years ago and reducing future risks by stabilizing the lease contract.

Activities led by JRF include the aforementioned completion of tenant replacement and opening of a new store at “G-Bldg. Kichijoji 01” in April 2015, as well as preparation for opening of new tenants at “G-Bldg. Jiyugaoka 01 (A Building)” (Meguro-ku, Tokyo) and “Cheers Ginza” (Chuo-ku, Tokyo). In addition, a large-scale renewal with significant tenant replacement is planned for “mozo wonder city” (Nagoya-shi, Aichi) to further increase competitiveness as well as sales.

In order to advance these projects, it is needless to say that SC management capabilities which increase the value of each property owned become essential, but it is also necessary to deal with loss on disposal arising from construction

and a period of temporary vacancy during construction. Accordingly, we will leverage our portfolio management capabilities as mentioned above and improve profitability and stability from a long-term perspective.

* Internal growth strategy aims to maintain and improve the profitability as well as asset values by renewal and tenant replacement of existing properties owned.

Q4. What part of the portfolio that JRF has established do you think needs to be enhanced?

In carrying out our external growth strategy*, we focus on portfolio diversification. Recently, we increased the ratio of investment in urban properties and will implement strategic property acquisition in response to changes in the environment surrounding commercial properties. In addition, we will focus more on diversification of investment properties and strive to establish a high-quality portfolio, which will lead to increased cash flow.

JRF's basic strategy is to diversify investments in the four target categories for property acquisition, which are the largest class retail properties 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. With these targets in mind, if tenants are willing to open stores in the center of a city, JRF will establish a balanced portfolio based on strategic property acquisition which leverages its sourcing capabilities. For example, in addition to the two properties acquired by property replacement as mentioned above, JRF acquired "EDION Kyobashi (Land with leasehold interest)" (Osaka-shi, Osaka) in March 2015, which is near Kyobashi Station, an east gateway to Osaka, and faces a highway.

Furthermore, in order to meet consumer needs which are increasingly diversified and segmented, we feel it necessary to promote the establishment of a more diversified portfolio. Acquisition of "DFS T GALLERIA OKINAWA" (Naha-shi, Okinawa), the first case for a J-REIT to invest in duty-free shops, is an example of portfolio diversification. We will continue to actively explore opportunities to diversify investments in various businesses and business categories.

* External growth strategy aims to increase the profitability and enhance the stability of the portfolio by acquiring new properties and expanding the asset size.

Q5. What kind of measures do you take to maintain and enhance the stability of the financial base?

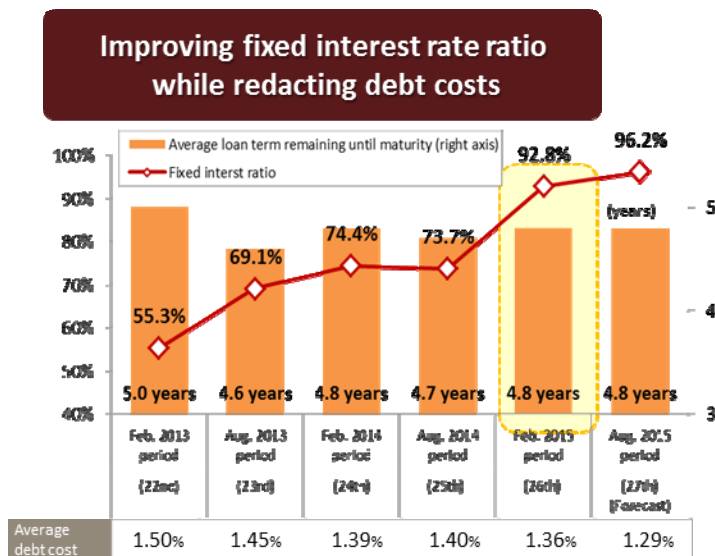
JRF works to build a stronger financial base by implementing a variety of financial strategies such as refinancing and issuance of investment corporation bonds, in addition to procurement of new funds. In the current fiscal period, JRF exercised initiatives to develop new lenders and greatly increase the ratio of fixed interest rates of borrowing, in addition to lengthening the term of the existing short-term commitment line, diversification of borrowing repayment dates and leveling of repayment amounts, and striving to further increase the stability of the financial base.

Major financial initiatives JRF implemented in the current fiscal period include the following.

Along with the public offering conducted in September 2014, JRF raised a total of 26.0 billion yen in long-term borrowings for an average borrowing period of 7.3 years. Subsequently, JRF entered into an agreement to renew the commitment line which expired in September and established a new long-term commitment line with a contract period of three years, in addition to the existing short-term commitment line with a contract period of one year.

In February 2015, JRF issued the ninth series unsecured investment corporation bonds (amount: 7 billion yen, term: 10 years, interest rate: 0.765%), borrowed new long-term debts totaling 8 billion yen, and allocated the funds for redemption of the second series unsecured investment corporation bonds totaling 15 billion yen. In addition, JRF borrowed new long-term debts (10-year) from financial institutions including Japan Post Insurance Co., Ltd. and conducted early repayment of existing long-term debt of 1.2 billion yen from Sumitomo Mitsui Trust Bank, Limited at the time of the public offering on October 1, 2014.

In March 2015, JRF obtained a new borrowing of 24.3 billion yen to finance the repayment of the long-term borrowing which succeeded the merger with LaSalle Japan REIT Inc. and concluded an interest rate swap contract for a part of the borrowing. Meanwhile, JRF also concluded an interest rate swap contract of 9.0 billion yen in October 2014 and of approximately 70.0 billion yen in January 2015 to hedge the existing borrowings. The purpose of these interest rate swap contracts is to increase the ratio of fixed interest rates of borrowings, in consideration of how to deal with risks of future interest rate fluctuation. The ratio of fixed interest rates of borrowings (including tenant leasehold and security deposits) is expected to increase from 73.7% at the end of the previous fiscal period to 92.8% as of the end of this fiscal period, and to 96.2% as of the end of the fiscal period ending August 2015, contributing to further improvement of the stability of the financial base.



Q6. Lastly, please tell us your message to investors.

In the J-REIT market which continued to stay active, we were able to increase distributions for the period. Going forward, JRF will implement the external growth strategy, internal growth strategy and financial strategy which leverage JRF's strengths, and continue to strive to maximize unitholder value without missing favorable opportunities as we pay close attention to sustainability of the environment and society as a whole.

With the largest asset size as a J-REIT specializing in retail properties, JRF is establishing a stable portfolio with a focus on diversification of areas and tenants. JRF also actively works on environmental friendliness such as energy-saving measures for properties it owns. For the first time for a J-REIT specializing in retail properties, six properties owned by JRF received the "DBJ Green Building Certification" in November 2014 and March 2015. In addition, for the first time for retail properties, four properties owned by JRF received the "CASBEE for Building Certification" in February 2015 (please refer to page A-11 for details).

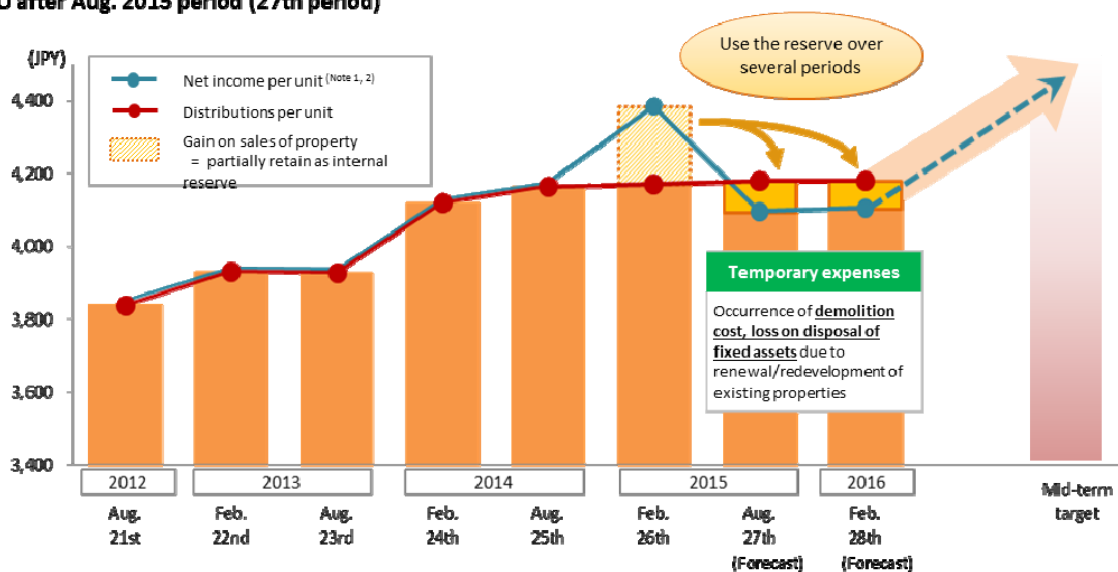
Going forward, JRF will strive to expand its portfolio and improve the quality by acquisition of prime properties and property replacement on a foundation of diverse asset structure and stable financial base, which are JRF's strength, and will also work to maintain and improve the profitability by taking advantage of its SC management capabilities. At the same time, JRF will secure growth opportunities while working to stabilize distributions through strategic portfolio management. For example, we believe it is possible to carry out bold measures for future growth through stabilization of distributions by retaining a part of the profit gained by sales of properties as reduction reserve and using such reserves when temporary expenses are incurred due to large-scale renewal and rebuilding of existing properties.

In February 2015, JRF established the Acquisition Division to expand the property sector managed by Mitsubishi Corp. – UBS Realty Inc., the asset manager of JRF, and increase sourcing of properties through further expansion of

the amount of information on real estate investment. JRF will make the utmost effort to meet the expectations of its unitholders by striving to maximize the unitholder value under the enhanced new structure. We look forward to receiving your continued support and guidance.

Toru Tsuji
President & CEO
Mitsubishi Corp. – UBS Realty Inc.

Future DPU after Aug. 2015 period (27th period)



(Note 1) Net income per unit is calculated by dividing net income by a number of units outstanding as of the end of each fiscal period and is not identical to net income per unit defined in The Summary of Financial Results and Asset Management Report (net income per unit / average number of units outstanding).

(Note 2) This graph does not reflect the reserves for dividends (105mm JPY) we have recorded in Feb. 2014 (24th) period.

Environment-Friendly Measures

JRF x Environment

Towards Sustainable Society

JRF endeavors to improve portfolio value and implements initiatives to secure sustainability of the environment and society as a whole to deliver stable distributions to unitholders. JRF reduces the environmental burdens of properties owned by implementing environmental and energy-saving measures in cooperation with tenants, and 10 properties received an environmental certification from two independent organizations.




First among J-REITs Specializing in Retail Sector Receives DBJ Green Building Certification in Six Properties

The DBJ Green Building Certification is a certification system established by DBJ in April 2011. The system assesses and certifies real estate properties based on the comprehensive evaluation of properties' environmentally friendly features and consideration to various stakeholders surrounding the properties. In November 2014, four properties owned by JRF received the certification and JRF became the first J-REIT specializing in retail sector to receive the certification. Subsequently, in March 2015, two properties were awarded certification.

Nara Family



The property received recognition for developing an attractive facility which also provides comfort. The property promotes energy and natural resource conservation by adopting rooftop vegetable garden, and incorporates an event square and a music hall.

Certification rank	Property Name	Location	Certification Date
Properties with exceptionally high environmental & social awareness 	Nara Family	Nara-shi, Nara	November 2014
	mozo wonder city	Nagoya-shi, Aichi	
	Abiiko Shopping Plaza	Abiko-shi, Chiba	March 2015
Properties with excellent environmental & social awareness 	Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	November 2014
	KAWASAKI Le FRONT	Kawasaki-shi, Kanagawa	March 2015
Properties with high environmental & social awareness 	GYRE	Shibuya-ku, Tokyo	November 2014

First in Retail Sector Receives CASBEE for Building Certification in Four Properties

CASBEE (Comprehensive Assessment System for Building Environmental Efficiency) is an evaluation system that evaluates and ranks building in terms of their environmental performance. In addition to each building's ability to reduce its environmental impact across a variety of areas including energy and resource conservation as well as recycling, this system comprehensively evaluates the environmental performance of building including its aesthetic appeal. In February 2015, four properties* owned by JRF received the CASBEE for Building certification and became the first retail properties to acquire the CASBEE for Building certification.

* AEON MALL Musashi Murayama, AEON MALL Tsurumi Ryokuchi, and AEON MALL Itami acquired the certificate through joint effort with AEON MALL Co. Ltd., the tenant of the properties.

AEON MALL Musashi Murayama



The property was highly recognized for the efficient operation between the owner and tenant, and environmental measures such as adaptation of waste water recycling system, separation and recycling of waste, and greening of the premises.

Certification Rank	Property Name	Location	Certification Date
 S Rank ★★★★★	Higashi-Totsuka Aurora City	Yokohama-shi, Kanagawa	February 2015
	AEON MALL Musashi Murayama	Musashimurayama-shi, Tokyo	
	AEON MALL Tsurumi Ryokuchi	Osaka-shi, Osaka	
 A Rank ★★★★★	AEON MALL Itami	Itami-shi, Hyogo	

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			22nd	23rd	24th	25th	26th
As of /for the six months ended			February 28, 2013	August 31, 2013	February 28, 2014	August 31, 2014	February 28, 2015
Operating revenues	Note 1	(Millions of yen)	25,642	26,130	29,083	29,562	31,399
(Rental revenues)	Note 1	(Millions of yen)	(25,642)	(26,130)	(29,058)	29,516	(30,614)
Operating expenses	Note 1	(Millions of yen)	15,068	15,465	16,966	17,339	17,707
(Rental expenses)	Note 1	(Millions of yen)	(12,688)	(13,034)	(14,328)	14,657	(14,906)
Operating income		(Millions of yen)	10,573	10,665	12,116	12,223	13,692
Ordinary income		(Millions of yen)	8,042	8,171	9,588	9,613	11,061
Net income	(a)	(Millions of yen)	8,041	8,170	9,614	9,613	10,658
Net assets	(b)	(Millions of yen)	320,857	321,322	365,840	365,878	390,928
(Period-on-period change)		(%)	(+8.7)	(+0.1)	(+13.9)	(+0.0)	(+6.8)
Total assets	(c)	(Millions of yen)	710,212	711,352	777,706	785,442	834,687
(Period-on-period change)		(%)	(+8.1)	(+0.2)	(+9.3)	(+1.0)	(+6.3)
Unitholders' capital		(Millions of yen)	295,474	295,474	338,940	338,940	363,254
(Period-on-period change)		(%)	(+9.1)	(0.0)	(+14.7)	(0.0)	(+7.2)
Number of units issued and outstanding	(d)	(Units)	2,079,198	2,079,198	2,308,198	2,308,198	2,430,198
Net asset value per unit	(b)/(d)	(Yen)	154,318	154,541	158,495	158,512	160,862
Total distributions	(e)	(Millions of yen)	8,042	8,169	9,509	9,613	10,158
Distribution per unit	(e)/(d)	(Yen)	3,868	3,929	4,120	4,165	4,180
(Profit distribution per unit)		(Yen)	(3,868)	(3,929)	(4,120)	(4,165)	(4,180)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 2	(%)	1.2 (2.4)	1.1 (2.3)	1.3 (2.6)	1.2 (2.4)	1.4 (2.8)
Return on unitholders' equity	Note 2	(%)	2.6 (5.3)	2.5 (5.0)	2.8 (5.6)	2.6 (5.2)	2.8 (5.7)
Ratio of net assets to total assets	(b)/(c)	(%)	45.2	45.2	47.0	46.6	46.8
(Period-on-period change)		(%)	(+0.3)	(+0.0)	(+1.8)	(-0.4)	(+0.2)
Payout ratio	(e)/(a)	(%)	100.0	100.0	98.9	100.0	95.3
Additional information:							
Rental net operating income (NOI)	Note 2	(Millions of yen)	18,552	18,782	20,655	20,748	21,805
Net profit margin	Note 2	(%)	31.4	31.3	Note 4 33.0	Note 4 32.5	Note 4 34.0
Debt service coverage ratio	Note 2	(Multiple)	8.2	8.3	Note 4 8.9	Note 4 8.6	Note 4 9.0
Funds from operation (FFO) per unit	Note 2	(Yen)	6,560	6,664	Note 4 6,710	Note 4 6,695	Note 4 6,582
FFO multiples	Note 2	(Multiple)	13.7	13.7	Note 4 14.8	Note 4 16.4	Note 4 19.3
Distributable income per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	3,826	3,928	4,114	4,158	4,359
FFO per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	6,519	6,662	Note 4 6,658	Note 4 6,688	Note 4 6,555

Note 1 Consumption taxes are not included.

Note 2 Figures are calculated as below formulas. Percentages in parentheses are annualized using 181,184,181,184 and 181 days for the 22nd, 23rd, 24th, 25th and 26th fiscal period, respectively.

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

Note 3 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property and equipment were not capitalized but charged to income in the periods in which were incurred. The distributable income is calculated as total of cash distributions declared plus retained earnings carried forward. These figures are unaudited.

Note 4 Net income used for calculation of "Net profit margin", "Debt service coverage ratio" and "FFO multiples" for the 24th, 25th and 26th fiscal period does not include deferred income taxes.

2. Outline of asset management operation for the 26th fiscal period

(1) 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, 2015, the 13th year after its listing, JRF issued new investment units in October 2014 for the fourth consecutive year. Combining the proceeds from this issuance with the funds obtained through borrowings, JRF acquired five properties for a total acquisition price of 44.2 billion yen. Also, in line with its asset replacement strategy, JRF disposed of a 30% ownership of trust beneficiary interest in a property for a total sales price of 4.9 billion yen in December 2014, and using the proceeds from the disposition, acquired one property for an acquisition price of 1.9 billion yen in December 2014 and additional co-ownership interest of an existing property for an acquisition price of 1.7 billion yen in January 2015, respectively.

As a result, the total assets managed by JRF as at the end of the 26th fiscal period (February 28, 2015) amounted to 845.6 billion yen (the total acquisition price for 88 properties), and JRF is ranked third among all REITs listed in Japan (“J-REIT”) in terms of asset size.

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

GDP in real terms for the fourth quarter of 2014 rose by 0.4% from the previous quarter, registering a positive year-on-year growth for the first time in three quarters to indicate signs of recovery from the backlash in demand in response to the last-minute demand surge before the consumption tax increase. According to the Economic Watchers Survey, the DI for the current economic conditions, which shows business confidence among consumers, rose by 4.5 points in February 2015 from the previous month to 50.1, for the third consecutive month of increase. The figure went above 50, indicating a levelling-off, for the first time in seven months, showing that business confidence is improving.

Crude oil prices started plummeting from the middle of 2014, while the yen weakened against the dollar, leading to the rise in prices mainly of imports as was reported in the media. As a result, the core consumer price index excluding fresh food was 102.6 in January 2015 (2010 average = 100) to register an increase by 2.2% from the same month of the previous year. The fact that macroeconomic trends are improving and inflation expectations of businesses and households have been maintained is underpinning the view that the underlying upward trend in prices will remain unchanged.

Looking at the wage index, which significantly affects consumption trends, the aggregate amount of cash salaries for January 2015, according to the Monthly Labor Survey, rose by 1.3% from the same month of the previous year, for the 11th consecutive month of increase. On the other hand, real wages dropped by 1.5% from the same month of the previous year to mark the 19th consecutive month of decrease, but the rate of decline has been decreasing for three consecutive months. In 2015, the negative effects of the consumption tax increase are forecast to shed and some companies are expected to give wage increases higher than the raises they offered last year, raising expectations for real wages to increase in future.

(Trends in the retail sector)

According to the Current Survey of Commerce released by the Ministry of Economy, Trade and Industry, retail sales decreased by 2.0% in January 2015 from the same period of the previous year, after marking a positive year-on-year growth from July to December 2014. Supermarket sales fell by 0.8% in February 2015 from a year earlier on a same-store basis, indicating a backlash in demand in response to the

last-minute surge in demand that occurred before the consumption tax hike in April last year. On the other hand, department store sales rose by 1.1% in February from a year earlier on a same-store basis, marking an increase for the first time in 11 months. Although there are some signs of pick-up in consumption, retail sales are expected to remain sensitive to consumer sentiment. There was a change in the consumption tax exemption system for foreign tourists in October 2014, and consumable goods were newly added to the list of items exempt from the consumption tax. Although consumption by foreign tourists (inbound demand) is limited to urban areas at this time, we will pay close attention to the future trends of inbound demand, which will be affected by the weaker yen trend and the relaxation of visa requirements.

(Trends in the real estate sector)

The real estate market was very strong in 2014, with the total price of commercial properties acquired by J-REITs alone exceeding 1,600 billion yen. The market remains buoyant in 2015 thanks to favorable fund procurement conditions, 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 (see Note) at the time of acquisition have been on a declining trend. According to the land prices as of 2014 published by the Ministry of Land, Infrastructure, Transport and Tourism in March 2015, commercial land prices began to increase on average for both residential and commercial areas in the three major metropolitan areas. Although land prices on a national level are on a declining trend, the rate of decrease is falling for both residential and commercial areas. The percentage of surveyed locations which saw their land prices grow is rising, and land prices of about two-thirds of surveyed locations in commercial areas in the three major metropolitan areas increased from the previous year.

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

ii. Results

Under the circumstances described above, JRF newly acquired three properties, namely DFS T GALLERIA OKINAWA, CUTE CUBE HARAJUKU and m-city Toyonaka, on October 1, 2014, using the proceeds from the issuance of new investment units in September 2014 and new borrowings. As for G-Bldg. Omotesando 02 and mozo wonder city, which are properties under management, JRF acquired 15% and 20%, respectively, of their co-ownership interest of real estate trust beneficiary rights on October 1, in an effort to expand its asset size and improving the quality and profitability of its portfolio. As part of JRF's efforts for asset replacement, which it regards as one of its external growth strategies, JRF disposed of 30% of its co-ownership interest of real estate trust beneficiary rights in AEON MALL Kobe Kita on December 5, 2014. In addition, JRF acquired G-Bldg. Nagoya Sakae 01 on December 26, 2014, and 50% of co-ownership interest of real estate trust beneficiary rights of G-Bldg. Kichijoji 01 on January 30, 2015. In the next fiscal period (the six months ending August 31, 2015), JRF acquired Edion Kyobashi (land with leasehold interest) by using borrowings and its own funds. 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 99.9% occupancy rate maintained for 52 suburban retail properties.

As a result of the above, the total assets managed by JRF at the end of the fiscal period came to 88 properties with a total value of 845.6 billion yen on an acquisition price basis and 847.6 billion yen on an appraisal value basis. The total leasable area was 3,144,932.25 m² with the total number of tenants standing at 1,040, and the occupancy rate of the overall portfolio was 99.8%.

As for unrealized losses/gains of the overall portfolio at the end of the fiscal period (Note), unrealized gains increased by 14.1 billion yen from the end of the previous fiscal period to 50.8 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: “Unrealized losses/gains” is the difference between the appraisal value or survey value, and book value of the overall portfolio or individual property.

(3) Funding

In order to acquire five new properties (with a total acquisition price of 46.7 billion yen; see Note 1), JRF procured a total of 24.3 billion yen by issuing new investment units (119,500 units) through the public offering in September 2014 for the fourth consecutive year and the issuance of new investment units through a third-party allotment (2,500 units) in October. In addition, JRF raised a total of 26.0 billion yen in long-term borrowings on October 1, 2014.

In order to diversify lenders, JRF raised 1.2 billion yen as long-term borrowings from Japan Post Life Insurance Co., Ltd. and others on February 2, 2015 and used the funds to repay the existing long-term borrowings of 1.2 billion yen before maturity.

On February 5, 2015, JRF raised a total of 8 billion yen as long-term borrowings and issued long-term corporate bonds (10-year bonds) in the amount of 7 billion yen in order to use the funds for redemption of the 2nd Unsecured Investment Corporation Bonds totaling 15 billion yen.

In addition, JRF concluded interest rate swap agreements for a total of 9 billion yen on October 14, 2014 and for a total of 70,075 million yen on January 30, 2015 of the existing long-term borrowings with variable interest rates, for the purpose of avoiding the risk of rising interest rates.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 372.3 billion yen, consisting of 324.8 billion yen of long-term borrowings and 47.5 billion yen of investment corporation bonds.

Consequently, the ratio of long-term borrowings, the ratio of fixed interest rates of borrowings (Note 2), and LTV (Note 3) were 100%, 92.8%, and 51.9%, respectively, at the end of the fiscal period.

Note 1: Includes the expected acquisition price of 2,470 million yen for the anticipated acquisition of DFS T GALLERIA OKINAWA on January 15, 2016.

Note 2: 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 3: LTV is calculated by dividing the total of interest-bearing debt and tenant leasehold and security deposits (including those in trust) by total assets.

(4) Results and distributions

As a result of the above management actions, the operating revenue for the period was 31,399 million yen, and operating income was 13,692 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 11,061 million yen, and net income was 10,658 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 cash distributions amounted to 10,158 million yen, by deducting the provision for reserve for advanced depreciation pursuant to Article 66-2 of the Act on Special Measures Concerning Taxation, from unappropriated retained earnings for the fiscal period of 10,660 million yen. As a result, distribution per unit amounted to 4,180 yen for the six months ended February 28, 2015.

3. Changes in unitholders' capital

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

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
March 1, 2010	Unit split	1,159,506	1,546,008	-	250,764	Note 1
March 1, 2010	Merger	142,190	1,688,198	-	250,764	Note 2
September 14, 2011	Global offering	187,500	1,875,698	19,520	270,284	Note 3
October 12, 2011	Allocation of investment units to a third party	4,500	1,880,198	468	270,752	Note 4
October 1, 2012	Global offering	194,500	2,074,698	24,162	294,915	Note 5
October 31, 2012	Allocation of investment units to a third party	4,500	2,079,198	559	295,474	Note 6
October 2, 2013	Global offering	229,000	2,308,198	43,465	338,940	Note 7
September 25, 2014	Global offering	119,500	2,427,698	23,816	362,756	Note 8
October 22, 2014	Allocation of investment units to a third party	2,500	2,430,198	498	363,254	Note 9

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

Note 2 JRF merged with LaSalle Japan REIT Inc. ("LJR") The merger was an absorption-type in accordance with Article 147 of the Act on Investment Trusts with JRF as the surviving corporation and LJR was dissolved.

Note 3 New investment units were issued at a price of ¥107,640 per unit (subscription price of ¥104,107 per unit) through a global offering in order to raise funds for acquiring new real property.

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

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

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

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

Note 8 New investment units were issued at a price of ¥205,702 per unit (subscription price of ¥199,300 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 9 New investment units were issued at a price of ¥199,300 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (or specified assets in the future).

Fluctuation in market price of the investment securities:

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

Fiscal period	(Yen)				
	22nd	23rd	24th	25th	26th
As of /for the six months ended	February 28, 2013	August 31, 2013	February 28, 2014	August 31, 2014	February 28, 2015
Highest price	184,500	249,300	217,000	232,900	269,900
Lowest price	125,600	172,600	179,000	195,600	209,300
Closing price at end of period	181,200	180,600	200,800	218,200	256,500

4. Distributions

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, JRF transferred a part of retained earnings as of February 28, 2015 in the amount of ¥10,660 million to reserve for reduction entry of property deducting distributable profit as defined in Article 66-2 of the Special Taxation Measures Act of Japan, and declared a total of ¥10,158 million for cash distributions which is all of the remaining retained earnings after transferring to reserve for reduction entry of property. As a result, distribution per unit amounted to ¥4,180 for the six months ended February 28, 2015.

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

Fiscal period	22nd	23rd	24th	25th	26th
As of /for the six months ended	February 28, 2013	August 31, 2013	February 28, 2014	August 31, 2014	February 28, 2015
Net income (Thousands of yen)	8,041,854	8,170,474	9,614,210	9,613,708	10,658,506
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	2,326,714	2,328,019	2,432,454	2,432,518	2,932,797
Total distributions (Thousands of yen)	8,042,337	8,169,168	9,509,775	9,613,644	10,158,227
(Distribution per unit) (Yen)	(3,868)	(3,929)	(4,120)	(4,165)	(4,180)
Profit distributions (Thousands of yen)	8,042,337	8,169,168	9,509,775	9,613,644	10,158,227
(Profit distribution per unit) (Yen)	(3,868)	(3,929)	(4,120)	(4,165)	(4,180)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Management circumstances

As for the outlook of economic trends, there are signs of recovery in consumer sentiment from the slump in personal consumption following the consumption tax increase implemented in April 2014. In the meantime, JRF needs to continue assessing the medium and long-term overall consumption trends, with a focus on the trends of real wages, and macroeconomic trends, in view of the prolonged effects of the temporary rise in demand and the backlash from such surge in demand around the time of the consumption tax hike.

Regarding the earnings of leading retailers that are also tenants of retail properties owned by JRF, the gap between successful companies and unsuccessful ones is widening and some of them are in difficult financial condition as can be seen from recent announcements of their financial results. JRF will continue to pay close attention to their earnings results.

As for the leasing environment of retail properties, earnings of retailers are generally robust and consumption is remaining relatively strong mainly for big-ticket items due to the polarization of consumption. In addition, inbound demand is strong. Therefore, JRF believes that the market environment is starting to show improvement in lease terms mainly in urban areas. In the meantime, competition is increasing among retail properties in suburban areas, and JRF will keep a close watch on the competitive environment of retail properties and the supply and demand conditions for opening specialty stores.

(2) Management policy and issues to be addressed

JRF's asset size (total acquisition costs) is ranked third in the entire J-REIT market at the end of February 2015, 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.

In order to maintain and increase the long-term competitiveness of retail properties it has acquired, JRF considers it necessary to select tenants and develop business categories appropriately in the constantly-changing commercial / retail industry. JRF has taken active measures to raise the competitiveness of retail properties by utilizing its SC management ability (Note) 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.

Note: "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.

i. External growth strategy

JRF aims to further diversify and 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 acquired a 30% ownership of an existing property (suburban retail property) and acquired two properties (both of which are urban retail properties and includes 50% co-ownership of an existing property) during this fiscal period to diversify and increase the profitability and stability of its portfolio.

JRF will continue to work on property replacements proactively with the aim of improving the quality and profitability of its portfolio by rebalancing the portfolio through diversification by type of retail properties, by type of tenants and by area.

ii. 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.

iii. 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.

As a new measure for this fiscal period, JRF has established a long-term commitment line for the portion worth 15 billion yen of the existing commitment line of 50 billion yen (1-year commitment period). The commitment period for that portion is three years, and the borrowing period ranges from one month to five years.

In addition, JRF has concluded a commitment line agreement for the maximum amount of 10 billion yen on March 27, 2015. The commitment period is one year and the borrowing period ranges from one month to three years. Through these measures, JRF is seeking to further strengthen its financial base.

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

iv. Measures for ensuring delivery of stable distribution

JRF aims to ensure delivery of stable distribution over the long term by utilizing reserve for distribution, as well as provision for / reversal of reserves for advanced depreciation by applying the Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010.

6. Subsequent events

None

Outline of JRF

1. Investment unit

Fiscal period	22nd	23rd	24th	25th	26th
As of	February 28, 2013	August 31, 2013	February 28, 2014	August 31, 2014	February 28, 2015
Number of units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of units issued and outstanding (Units)	2,079,198	2,079,198	2,308,198	2,308,198	2,430,198
Number of unitholders (People)	19,857	18,669	20,562	19,980	20,305

2. Unitholders

Major unitholders as of February 28, 2015 were as follows:

Name	Address	Number of units owned (Units)	Ratio of number of units owned to total number of units issued (Note 1) (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	430,332	17.70
Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	191,123	7.86
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	165,909	6.82
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	111,032	4.56
NOMURA BANK (LUXEMBOURG) S. A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	90,259	3.71
THE BANK OF NEW YORK MELLON SA/NV 10	RUE MONTROYERSTRAAT 46, 1000 BRUSSELS, BELGIUM	71,526	2.94
CBLDN - STICHTING PGGM DEPOSITARY - LISTED REAL ESTATE PF FUND	CITIGROUP CENTRE, CANADA SQUARE, CANARY WHARF, LONDON, E14 5LB, UK	42,763	1.75
STATE STREET BANK WEST CLIENT - TREATY	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	41,049	1.68
STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	38,320	1.57
STATE STREET BANK AND TRUST COMPANY 505223	P. O. BOX 351 BOSTON MASSACHUSETTS 02101 U. S. A.	34,855	1.43
Total		1,217,168	50.08

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended February 28, 2015 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata	-	42,350

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

Note 2 Compensation for Directors indicates actual payments, and the independent auditor's fees consist of estimated audit fees on an accrual basis and ¥25,350 thousand of fees for English financial statement audit and issuance of a comfort letter with respect to public offering of investment units issued in September 2014 and the ninth series unsecured investment corporation bonds issued in February 2015.

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

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

4. Name of asset manager and other administrator

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

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of August 31, 2014		As of February 28, 2015	
		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	23,662	3.0	23,625	2.8
	Osaka and Nagoya metropolitan areas	4,965	0.6	6,945	0.9
	Sub-total	28,627	3.6	30,571	3.7
Trust beneficial interest in real property	Tokyo metropolitan area	355,538	45.3	370,044	44.3
	Osaka and Nagoya metropolitan areas	283,897	36.1	295,524	35.4
	Other metropolitan areas	87,671	11.2	100,625	12.1
	Sub-total	727,108	92.6	766,193	91.8
Bank deposits and other assets		29,706	3.8	37,921	4.5
Total assets		785,442	100.0	834,687	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of February 28, 2015 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)	47,408	109,365.50	109,365.50	100.0	4.4	Retail facilities
mozo wonder city (Note 4) (trust beneficial interest)	42,586	86,722.88	86,552.76	99.8	8.0	Retail facilities
Nara Family (trust beneficial interest)	33,048	85,030.68	84,891.81	99.8	6.6	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	30,439	56,087.88	55,544.24	99.0	5.9	Retail facilities
AEON MALL Yachiyo Midorigaoka (trust beneficial interest)	28,213	132,294.48	132,294.48	100.0	2.3	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	27,652	137,466.97	137,466.97	100.0	3.1	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	25,794	138,538.63	138,538.63	100.0	2.9	Retail facilities
G-Bldg. Shinsaibashi 03 (Note 5) (trust beneficial interest)	22,386	4,631.13	4,631.13	100.0	-	Retail facilities
GYRE (trust beneficial interest)	22,023	4,815.02	4,547.12	94.4	1.7	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,386	157,904.26	157,904.26	100.0	1.9	Retail facilities
Total	298,939	912,857.43	911,736.90	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 "Leasable area" and "Leased area" for the property which is leased partially in the form of a pass-through master lease is presented on an end-tenant basis.

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

3. Details of property

The retail facilities as of February 28, 2015 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)
G-Bldg. Minami Aoyama 02	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	5,370	5,256
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,450	951
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,817.65	3,399	2,490
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,000	3,984
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,815.02	23,400	22,023
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,410	2,358
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,680	2,302
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	5,070	6,445
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,153.44	9,850	9,352
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,250	5,515
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,061.47	7,690	6,175
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	4,550	2,786
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	5,610	3,705
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	6,280	5,568
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,087.88	37,100	30,439
G-Bldg. Omotesando 02	25-18 Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	19,500	17,853
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,474.98	3,840	3,543
CUTE CUBE HARAJUKU	7-1, Omoromachi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.54	8,950	8,594
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	1,990	1,980
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	14,700	12,608
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	12,600	11,333
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,600	18,452
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,750	3,404
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	7,440	6,612
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuou-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	1,950	1,600
Arkangel Daikanyama(Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,330	1,842
G-Bldg. Shinsaibashi 02 (Note 5)	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	-	5,410	4,362
Round1 Stadium Sennichimae(Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	9,190	8,091
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	4,880	3,882
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	7,130	5,902
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,310	2,805

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Round1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	3,820	2,955
G-Bldg. Shinsaibashi 03	2-17, Shinsaibashisuji 1-chome, Chuo-ku, Osaka- shi, Osaka	Trust beneficial interest	4,631.13	24,700	22,386
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,430	1,223
G-Bldg. Shibuya 01	20-13 Jinnan1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,582.08	3,840	3,245
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	14,400	13,638
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	85,030.68	36,600	33,048
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,548.63	12,500	9,610
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,677.43	5,750	6,764
Higashi-Totsuka Aurora City	537-1, Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	41,100	47,408
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,400	13,893
Narupark (Note 4)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,238.59	4,950	7,789
Kishiwada CanCan Bayside Mall	2-1, Minatomidori machi, Kishiwada-shi, Osaka, etc.	Trust beneficial interest	38,302.92	6,520	7,295
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,542.93	6,670	5,543
Izumisano Shofudai(Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,800	2,657
mozo wonder city (Note 6)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,722.88	48,010	42,586
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,730	5,855
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	3,730	3,139
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,809.69	4,260	3,983
Oyama Yuen Harvest Walk (Note 6)	1457, Oaza-Kizawa, Oyama-shi, Tochigi	Trust beneficial interest	59,872.64	8,790	9,277
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,248.96	10,900	8,980
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,920	1,379
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	5,750	6,117
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,100	10,826
AEON MALL Higashiura	62-1, Aza-toueicho, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi, etc.	Trust beneficial interest	129,124.73	10,400	7,397
AEON MALL Kashiihama	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka- shi, Fukuoka	Trust beneficial interest	109,616.72	14,500	11,821
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,660	6,808
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,910	4,723
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,000	11,187
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,300	15,646
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,820	5,015
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,320	5,736
AEON Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	9,750	10,288

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 Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,420	3,454
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,400	10,311
AEON Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	11,000	12,232
AEON Omiya	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	5,700	5,793
AEON Ueda	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,790	8,130
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,700	25,794
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	19,000	19,386
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,600	12,889
AEON MALL Yachiyo Midorigaoka	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	23,300	28,213
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	17,800	16,540
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,500	16,419
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	31,100	27,652
AEON MALL Kobe Kita	2-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	11,760	9,674
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	1,780	1,717
LIFE Kishibe(Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,040	1,942
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,050	2,416
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,130	2,329
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	2,960	2,394
Neyagawa(Land with leasehold interest) (Note 7)	327-1, Taiseicho, Neyagawa-shi, Osaka, etc.	Trust beneficial interest	11,430.04	1,660	1,154
Round1 Stadium Sakai Chuo Kanjyo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,390	1,726
Tecc Land Fukuoka Shime Honten (Note 5)	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	-	5,110	4,007
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,180	3,111
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,820	2,097
m-city Toyonaka	18, 2-chome, Hinode-cho Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,060	5,607
Total			3,144,932.25	847,609	796,765

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

Note 2 Regardless the share of co-ownership or quasi-co-ownership, “Leasable area” means the total area of the building or land with leasehold interest of each property leasable as stores, offices, etc. indicated in the lease agreement or the plan of such property and it does not include the leasable area of warehouses and land (flat parking lots).

Note 3 “Appraisal value at end of period” shows the value appraised or researched by the real estate appraiser (CBRE K.K., Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and Tanizawa Sōgō Appraisal Co., Ltd.) in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of JRF as well as the regulations as stipulated by The Investment Trusts Association, Japan.

Note 4 “Leasable area” for a pass-through master leased property are presented on an end-tenant basis.

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

Note 6 “Leasable area” for the property which is leased partially in the form of a pass-through master lease is presented on an end-tenant basis.

Note 7 The property name was changed from Tecc Land Neyagawa(Land with leasehold interest) to Neyagawa(Land with leasehold interest) on April 1, 2015.

Operating results of each retail facility for the six months ended August 31, 2014 and February 28, 2015 were as follows:

Name of property	For the six months ended August 31, 2014				For the six months ended February 28, 2015			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
G-Bldg. Minami Aoyama 02	3	90.4	85	0.3	4	100.0	86	0.3
G-Bldg. Kita Aoyama 01	3	100.0	32	0.1	3	100.0	35	0.1
G-Bldg. Jiyugaoka 01	10	100.0	88	0.3	9	97.0	88	0.3
Cheers Ginza	9	91.0	106	0.4	7	72.1	96	0.3
GYRE	22	95.1	434	1.5	21	94.4	506	1.7
G-Bldg. Jingumae 06	4	100.0	51	0.2	4	100.0	54	0.2
G-Bldg. Jingumae 02	3	100.0	29	0.1	3	100.0	29	0.1
G-Bldg. Minami Aoyama 01	3	100.0	50	0.2	3	100.0	50	0.2
La Porte Aoyama (Note 3)	22	93.6	283	1.0	24	100.0	278	0.9
G-Bldg. Jingumae 03	7	100.0	77	0.3	7	100.0	79	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	247	0.8	8	100.0	262	0.9
Urban Terrace Jingumae	2	100.0	101	0.3	2	100.0	100	0.3
G-Bldg. Sangenjaya 01	3	100.0	148	0.5	3	100.0	147	0.5
G-Bldg. Ginza 01	8	100.0	147	0.5	8	100.0	145	0.5
KAWASAKI Le FRONT	67	98.7	1,862	6.3	69	99.0	1,812	5.9
G-Bldg. Omotesando 02	6	100.0	215	0.7	6	100.0	352	1.1
G-Bldg. Kichijoji 01 (Note 4)	2	51.6	-	-	0	0.0	-	-
CUTE CUBE HARAJUKU	-	-	-	-	9	96.7	164	0.5
G-Bldg. Nagoya Sakae 01	-	-	-	-	2	100.0	20	0.1
8953 Osaka Shinsaibashi Building	1	100.0	405	1.4	1	100.0	382	1.2
Bic Camera Tachikawa	2	100.0	388	1.3	2	100.0	388	1.3
Kawaramachi OPA	1	100.0	358	1.2	1	100.0	358	1.2
G-Bldg. Jingumae 01	2	100.0	70	0.2	2	100.0	76	0.2
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	161	0.5
G-Bldg. Shinsaibashi 01	2	100.0	60	0.2	2	100.0	60	0.2
Arkangel Daikanyama(Land with leasehold interest) (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Shinsaibashi 02 (Note 4)	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
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	0.4
Round1 Kyoto Kawaramachi	1	100.0	104	0.3	1	100.0	104	0.3
Round1 Hiroshima	1	100.0	119	0.4	1	100.0	119	0.4
G-Bldg. Shinsaibashi 03 (Note 4)	1	100.0	-	-	1	100.0	-	-

Name of property	For the six months ended August 31, 2014				For the six months ended February 28, 2015			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
G-Bldg. Daikanyama 01	1	100.0	42	0.1	1	100.0	42	0.1
G-Bldg. Shibuya 01 (Note 4)	1	100.0	-	-	1	100.0	-	-
DFS T GALLERIA OKINAWA	-	-	-	-	1	100.0	454	1.5
Nara Family	129	99.8	2,012	6.8	129	99.8	2,006	6.6
Abiko Shopping Plaza	56	99.9	699	2.4	54	99.6	710	2.3
Kyoto Family	69	99.3	603	2.0	69	99.9	584	1.9
Higashi-Totsuka Aurora City	4	100.0	1,369	4.6	4	100.0	1,360	4.4
Ito-Yokado Kawasaki	5	100.0	491	1.7	5	100.0	491	1.6
Narupark (Note 3)	47	98.2	369	1.2	48	99.5	363	1.2
Kishiwada CanCan Bayside Mall	110	98.8	793	2.7	106	93.6	719	2.3
Makuhari Plaza	6	100.0	201	0.7	6	100.0	215	0.7
Izumisano Shofudai(Land with leasehold interest) (Note 4)	2	100.0	-	-	2	100.0	-	-
mozo wonder city (Note 5)	224	99.9	1,969	6.7	223	99.8	2,460	8.0
pivo Izumi Chuo (Note 4)	17	100.0	-	-	17	100.0	-	-
Colline Bajikouen	10	100.0	144	0.5	10	100.0	141	0.5
KAMISHIN PLAZA	45	99.5	275	0.9	42	98.1	275	0.9
Oyama Yuen Harvest Walk (Note 5)	72	99.7	841	2.8	72	99.9	826	2.7
AEON Sendai Nakayama	2	100.0	423	1.4	2	100.0	417	1.4
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	217	0.7
Ito-Yokado Nishikicho	1	100.0	445	1.5	1	100.0	444	1.4
AEON MALL Higashiura	1	100.0	488	1.7	1	100.0	481	1.6
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	1.2
Ito-Yokado Tsunashima	1	100.0	168	0.6	1	100.0	168	0.5
AEON Itabashi Shopping Center	1	100.0	656	2.2	1	100.0	650	2.1
AEON MALL Yamato	1	100.0	536	1.8	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	330	1.1	1	100.0	339	1.1
AEON Takatsuki	1	100.0	414	1.4	1	100.0	414	1.3
AEON Yagoto	2	100.0	126	0.4	2	100.0	126	0.4
AEON Naha Shopping Center	1	100.0	373	1.3	1	100.0	373	1.2
AEON Nishi-Otsu	1	100.0	380	1.3	1	100.0	375	1.2
AEON Omiya	1	100.0	194	0.7	1	100.0	194	0.6

Name of property	For the six months ended August 31, 2014				For the six months ended February 28, 2015			
	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 TOWN Ogaki (Note 6)	-	-	37	0.1	-	-	-	-
AEON Ueda	1	100.0	303	1.0	1	100.0	303	1.0
AEON MALL Tsurumi Ryokuchi	1	100.0	896	3.0	1	100.0	895	2.9
AEON MALL Itami	1	100.0	583	2.0	1	100.0	582	1.9
Ito-Yokado Yotsukaido	1	100.0	290	1.0	1	100.0	290	0.9
AEON MALL Yachiyo Midorigaoka	1	100.0	691	2.3	1	100.0	691	2.3
AEON MALL Sapporo Hassamu	1	100.0	577	1.9	1	100.0	577	1.9
Ario Otori	1	100.0	580	2.0	1	100.0	544	1.8
AEON MALL Musashi Murayama	1	100.0	937	3.2	1	100.0	936	3.1
AEON MALL Kobe Kita (Note 7)	1	100.0	579	2.0	1	100.0	495	1.6
LIFE Taiheiji(Land with leasehold interest)	1	100.0	48	0.2	1	100.0	48	0.2
LIFE Shimodera(Land with leasehold interest)	1	100.0	56	0.2	1	100.0	56	0.2
LIFE Kishibe(Land with leasehold interest)	1	100.0	68	0.2	1	100.0	68	0.2
MrMax Nagasaki (Note 4)	2	100.0	-	-	2	100.0	-	-
Round1 Stadium Itabashi	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
Neyagawa(Land with leasehold interest) (Note 4)	1	100.0	-	-	1	100.0	-	-
Round1 Stadium Sakai Chuo Kanjyo	1	100.0	85	0.3	1	100.0	82	0.3
Tecc Land Fukuoka Shime Honten (Note 4)	1	100.0	-	-	1	100.0	-	-
Summit Store Nakano Minamidai	1	100.0	84	0.3	1	100.0	84	0.3
Round1 Stadium Takatsuki	1	100.0	76	0.3	1	100.0	91	0.3
m-city Toyonaka (Note 4)	-	-	-	-	1	100.0	-	-
Total	1,037	99.9	29,516	100.0	1,040	99.8	30,614	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 Rental revenue of the property is not disclosed because the consent from the tenant has not been obtained.

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

Note 6 The property was sold on March 24, 2014.

Note 7 JRF sold 30% quasi-co-ownership interest of the property on December 5, 2014.

4. Details of specified transaction

The details of specified transaction as of February 28, 2015 were as follows:

(Millions of yen)

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	252,075	241,075	(2,372)
Total		252,075	241,075	(2,372)

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

Note 2 The above table includes the interest rate swaps contracts of ¥20,000 million in notional amounts entered into on February 20, 2015 which are designated as hedging instruments for specific long-term borrowings funded on March 2, 2015 and subject to the special treatment provided under Japanese GAAP for the interest rate swaps.

Note 3 The interest rate swaps for which JRF had applied the special treatment provided under the Accounting Standard Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, are not required to be measured in the balance sheets.

5. Other assets

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

There was no other significant specified asset as of February 28, 2015.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended February 28, 2015	Total of advanced payment
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Construction for activating plan	April, 2015 to September, 2015	1,579	4	4
Kishiwada CanCan Bayside Mall	Kishiwada-shi, Osaka	Rezoning construction of tenant floor	January, 2016 to February, 2016	606	-	-
Ito-Yokado Kawasaki	Kawasaki-ku, Kawasaki-shi, Kanagawa	Earthquake-resistant construction of elevator	October, 2015 to January, 2016	175	-	-
Nara Family	Nara-shi, Nara	Renewal of disaster prevention equipment	October, 2014 to March, 2015	147	-	-
AEON MALL Itami	Itami-shi, Hyogo	Repair of outer wall	February, 2015 to July, 2015	103	-	-

2. Capital expenditures for the six months ended February 28, 2015

Maintenance expenditures on property for the six months ended February 28, 2015 were totaling to ¥2,597 million consisting of ¥2,402 million of capital expenditures stated as below and ¥194 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
AEON MALL Itami	Itami-shi, Hyogo	Repair of outer wall	September, 2014 to January, 2015	168
AEON Tobata Shopping Center	Tobata-ku, Kita-Kyushu-shi, Fukuoka	Installment of CGS equipment	September, 2014 to October, 2014	158
AEON MALL Yamato	Yamato-shi, Kanagawa	Earthquake-resistant construction of elevator	September, 2014 to February, 2015	136
AEON MALL Yamato	Yamato-shi, Kanagawa	Repair of outer wall	December, 2014	95
AEON Tobata Shopping Center	Tobata-ku, Kita-Kyushu-shi, Fukuoka	Repair of outer wall	August, 2014 to November, 2014	86
Others	-	-	-	1,757
Total				2,402

3. Reserved funds for long-term maintenance plan

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

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

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

There were no reserved funds for last five fiscal periods.

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	25th fiscal period	26th fiscal period
	For the six months ended August 31, 2014	For the six months ended February 28, 2015
Asset management fees	2,387,662	2,476,041
Custodian fees	28,251	28,204
General administration fees	119,095	118,271
Compensation for Directors	5,940	5,940
Other operating expenses	141,263	172,497
Total	2,682,211	2,800,955

2. Borrowings

Borrowings as of February 28, 2015 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 4)	Use (Note 7)	Remarks
			August 31, 2014 (Millions of yen)	February 28, 2015 (Millions of yen)					
Long-term	Sumitomo Mitsui Banking Corporation (Note 2)	November 4, 2008	24,310	24,310	0.9	March 1, 2015	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2009	12,050	11,750	1.8	July 30, 2016	Note 5	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2009	16,066	15,666	2.2	July 30, 2018	Note 6	(Note 7)	Unsecured and unguaranteed
	American Family Life Assurance Company of Columbus	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd. (Note 2)	February 7, 2011	5,000	5,000	0.7 (Note 3)	February 5, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Shinkumi Federation Bank (Note 2)		3,000	3,000					
	The Hiroshima Bank Ltd. (Note 2)		1,500	1,500					
	The Senshu Ikeda Bank, Ltd. (Note 2)		1,000	1,000					
	The Minato Bank, Ltd. (Note 2)		500	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	5,550	5,550	0.7 (Note 3)	September 30, 2014 (Note 4)	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,710	4,710					
	Sumitomo Mitsui Trust Bank, Limited		3,740	3,740					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	7,930	7,930	1.5 (Note 3)	March 29, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		6,730	6,730					
	Sumitomo Mitsui Trust Bank, Limited		5,340	5,340					
	Sumitomo Mitsui Banking Corporation	March 31, 2011	5,000	5,000	0.8 (Note 3)	March 30, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	1,982	1,982	0.8 (Note 3)	September 22, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,682	1,682					
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,965	3,965	0.8 (Note 3)	March 22, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2014 (Millions of yen)	February 28, 2015 (Millions of yen)					
Long-term	The Bank of Fukuoka, Ltd.	September 22, 2011	2,000	2,000	0.6 (Note 3)	September 22, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,875	3,875	0.7 (Note 3)	September 18, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	3,487					
	Sumitomo Mitsui Trust Bank, Limited		2,712	2,712					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	5,000	5,000	0.7 (Note 3)	March 19, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,500	4,500					
	Sumitomo Mitsui Trust Bank, Limited		3,500	3,500					
	Sumitomo Mitsui Banking Corporation	September 30, 2011	2,000	2,000	0.8 (Note 3)	September 30, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	September 30, 2011	3,500	3,500	0.7 (Note 3)	March 30, 2018	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	2,500	2,500	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	4,000	4,000	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2011	2,500	2,500	0.6 (Note 3)	September 30, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2011	1,000	1,000	0.6 (Note 3)	September 30, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	3,172	3,172	0.6 (Note 3)	December 20, 2019	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,692	2,692					
	Sumitomo Mitsui Trust Bank, Limited		2,136	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	2,775	2,775	0.6 (Note 3)	June 21, 2019	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,355	2,355					
	Sumitomo Mitsui Trust Bank, Limited		1,869	1,869					
	The Chugoku Bank, LTD.	December 21, 2011	3,000	3,000	0.8 (Note 3)	December 21, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2011	2,000	2,000	0.8 (Note 3)	December 21, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	2,180	2,180	1.0 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	1.0 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	3,570	3,570	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,030	3,030					
	Sumitomo Mitsui Trust Bank, Limited		2,400	2,400					
	The Joyo Bank, Ltd.	May 22, 2012	1,000	1,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	May 22, 2012	2,000	2,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 14, 2012	3,000	3,000	0.5 (Note 3)	September 14, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 28, 2012	2,000	2,000	0.5	September 29, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2012	1,000	1,000	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 8)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2014 (Millions of yen)	February 28, 2015 (Millions of yen)					
Long-term	Development Bank of Japan Inc.	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 8)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 2, 2012	2,000	2,000	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,190	1,190	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,010	1,010					
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,784	1,784	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,514	1,514					
	Sumitomo Mitsui Trust Bank, Limited		1,202	1,202					
	Sumitomo Mitsui Banking Corporation	October 2, 2012	3,000	3,000	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	2,974	2,974	0.5 (Note 3)	October 2, 2019	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,524	2,524					
	Sumitomo Mitsui Trust Bank, Limited		2,002	2,002					
	The Daishi Bank, Ltd.	October 2, 2012	1,500	1,500	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	1,000					
	The Bank of Yokohama, Ltd.		500	500					
	Shinkin Central Bank	December 28, 2012	2,500	2,500	0.5	December 29, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Gunma Bank, Ltd.	December 28, 2012	500	500	0.6 (Note 3)	December 28, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.		500	500					
	The Higashi-Nippon Bank, Limited		500	500					
	Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 3)	February 28, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 3)	March 31, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,000	1,000	2.2 (Note 3)	October 6, 2028	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,000	1,000	1.3	October 6, 2023	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,189	1,189	1.4 (Note 3)	October 6, 2023	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,387	1,387	1.3 (Note 3)	April 7, 2023	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,177	1,177					
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.3	April 7, 2023	Lump sum	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 7, 2013	1,500	1,500	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	1,000	1,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2014 (Millions of yen)	February 28, 2015 (Millions of yen)					
Long-term	Sumitomo Mitsui Banking Corporation	October 7, 2013	2,000	2,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	October 7, 2013	1,000	1,000	1.0 (Note 3)	October 7, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,189	1,189	0.9 (Note 3)	April 7, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	Shinkin Central Bank	October 7, 2013	1,500	1,500	0.8	October 7, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	1,500	1,500	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Joyo Bank, Ltd.	October 7, 2013	1,000	1,000	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 1, 2014	1,586	1,586	0.4	February 28, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,346	1,346					
	Sumitomo Mitsui Trust Bank, Limited		1,068	1,068					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 1, 2014	594	594	1.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		504	504					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.	October 1, 2014	-	3,000	1.3	October 1, 2025	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	-	793	1.1 (Note 3)	October 1, 2024	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	673					
	Sumitomo Mitsui Trust Bank, Limited		-	534					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	-	800	1.1	October 1, 2024	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	-	1,189	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,009					
	Sumitomo Mitsui Trust Bank, Limited		-	801					
	THE NISHI-NIPPON CITY BANK, LTD.	October 1, 2014	-	1,000	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	-	1,000	0.8	September 30, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 1, 2014	-	2,000	0.7 (Note 3)	April 1, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	-	1,387	0.7 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,177					
	Sumitomo Mitsui Trust Bank, Limited		-	934					
	The Norinchukin Bank	October 1, 2014	-	1,500	0.6 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 1, 2014	-	3,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2014 (Millions of yen)	February 28, 2015 (Millions of yen)					
Long-term	The Bank of Fukuoka, Ltd.	October 1, 2014	-	1,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	-	1,189	0.4	February 28, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,009					
	Sumitomo Mitsui Trust Bank, Limited		-	801					
	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	-	200	1.0	January 31, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		-	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 5, 2015	-	1,571	0.8 (Note 3)	February 5, 2024	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,357					
	Sumitomo Mitsui Trust Bank, Limited		-	1,071					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 5, 2015	-	1,571	0.7 (Note 3)	February 3, 2023	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,357					
	Sumitomo Mitsui Trust Bank, Limited		-	1,071					
	Sub-total		291,501	324,801					
	Total		291,501	324,801					

Note 1 The average interest rate indicates a weighted average of interest rates, rounded to the first decimal place.

Note 2 The balances as of February 28, 2015 are included in current portion of long-term borrowings in the balance sheets.

Note 3 The borrowings are hedged by interest rate swaps and the average interest rates of the borrowings are calculated adjusting the effect of the interest rate swaps.

Note 4 JRF may repay all or part of principal of the borrowings on interest payment date.

Note 5 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥15,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of February 28, 2015, includes ¥600 million of current portion of long-term borrowings.

Note 6 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥20,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of February 28, 2015, includes ¥800 million of current portion of long-term borrowings.

Note 7 The funds were mainly appropriated to repayment of borrowings.

Note 8 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.

Note 9 The funds were appropriated to redemption of corporate bonds.

3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
		August 31, 2014 (Millions of yen)	February 28, 2015 (Millions of yen)					
Second series unsecured investment corporation bonds	February 9, 2005	15,000	-	1.73	February 9, 2015	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Third series unsecured investment corporation bonds (Note 1)	February 22, 2006	10,000	10,000	2.02	February 22, 2016	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Sixth series unsecured investment corporation bonds	May 23, 2007	15,000	15,000	2.17	May 23, 2017	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Seventh series unsecured investment corporation bonds	December 18, 2013	7,500	7,500	1.108	December 18, 2023	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Eighth series unsecured investment corporation bonds	June 26, 2014	8,000	8,000	1.260	June 26, 2026	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Ninth series unsecured investment corporation bonds	February 5, 2015	-	7,000	0.765	February 5, 2025	Lump sum (Note 2)	(Note 4)	Unsecured and unguaranteed
Total		55,500	47,500					

Note 1 Maturity date of the third series unsecured investment corporation bonds is within one year from February 28, 2015.

Note 2 JRF may repurchase bonds at any time on or after the next day of issuance except for the case that transferring term is otherwise limited.

Note 3 The funds were appropriated to repayment of borrowings or working capital.

Note 4 The funds were appropriated to redemption of corporate bonds.

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

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

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost	Date of disposition	Disposition amount	Net book value	Gain (loss) on disposition
DFS T GALLERIA OKINAWA	October 1, 2014	13,130	-	-	-	-
CUTE CUBE HARAJUKU	October 1, 2014	8,520	-	-	-	-
G-Bldg. Omotesando 02	October 1, 2014	5,311	-	-	-	-
mozo wonder city	October 1, 2014	11,740	-	-	-	-
m-city Toyonaka	October 1, 2014	5,570	-	-	-	-
AEON MALL Kobe Kita	-	-	December 5, 2014	4,950	4,161	785
G-Bldg. Nagoya Sakae 01	December 26, 2014	1,900	-	-	-	-
G-Bldg. Kichijoji 01	January 30, 2015	1,760	-	-	-	-
Total	-	47,931	-	4,950	4,161	785

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

2. Transactions of other assets

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

3. Research for specified assets value, etc.

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	DFS T GALLERIA OKINAWA	October 1, 2014	13,130	14,000	CBRE K.K.	August 1, 2014
Acquisition	CUTE CUBE HARAJUKU	October 1, 2014	8,520	8,690	Japan Real Estate Institute	August 1, 2014
Acquisition	G-Bldg. Omotesando 02	October 1, 2014	5,311	5,700	CBRE K.K.	August 1, 2014
Acquisition	mozo wonder city	October 1, 2014	11,740	12,025	Tanizawa Sōgō Appraisal Co., Ltd.	August 1, 2014
Acquisition	m-city Toyonaka	October 1, 2014	5,570	5,970	Daiwa Real Estate Appraisal Co.,Ltd.	August 1, 2014
Disposition	AEON MALL Kobe Kita	December 5, 2014	4,950	4,950	CBRE K.K.	December 1, 2014
Acquisition	G-Bldg. Nagoya Sakae 01	December 26, 2014	1,900	1,990	CBRE K.K.	December 1, 2014
Acquisition	G-Bldg. Kichijoji 01	January 30, 2015	1,760	1,885	CBRE K.K.	December 31, 2014

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

(2) Other transaction

None

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

Classification	Acquisition cost / Disposition amount (Notes 2 and 3)	
	Acquisition cost	Disposition amount
Total amount	¥47,931,500 thousand	¥4,950,000 thousand
<i>Breakdown for transactions with interested parties</i>		
<i>Omoromachi 41 LLC</i>	¥13,130,000 thousand (27.4%)	¥ - thousand (-)
<i>Mitsubishi Corporation Urban Development, Inc.</i>	¥8,520,000 thousand (17.8%)	¥ - thousand (-)
<i>Jingumae 425 LLC</i>	¥5,311,500 thousand (11.1%)	¥ - thousand (-)
<i>Kamiotai SC2 LLC</i>	¥11,740,000 thousand (24.5%)	¥ - thousand (-)
<i>Toyonaka East LLC</i>	¥5,570,000 thousand (11.6%)	¥ - thousand (-)
<i>DREAM Private REIT Inc.</i>	¥1,760,000 thousand (3.7%)	¥ - thousand (-)
<i>DREAM Private REIT Inc.</i>	¥ - thousand (-)	¥4,950,000 thousand (100.0%)

(2) Amounts of fees paid and other expenses

(Thousands of yen)

Classification	Total amounts (A)	Transactions with interested parties or major shareholders		(B) / (A) (%)
		Name of counter party	Amount of payment (B)	
Property management fees	760,800	Mitsubishi Corporation Urban Development, Inc.	5,750	0.8
Facility management fees	1,372,615	Mitsubishi UFJ Lease & Finance Company Limited	450	0.0
Utilities	1,845,108	Japan Facility Solutions, Inc.	17,882	1.0
Other rental expenses	749,416	Mitsubishi Corporation Urban Development, Inc.	2,717	0.4
		Mitsubishi Shoji & Sun Co., Ltd.	986	0.1
		Mitsubishi Corporation	239	0.0

Note 1 “Interested parties or major shareholders” means the interested parties related with the asset management company of JRF or the major shareholders of the asset management company as prescribed under Article 26, Item 27 of the Regulations for Management Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan.

Note 2 The acquisition cost or disposition amount indicate contracted amount of the property in the purchase agreement.

Note 3 Percentages in parentheses indicate ratio of each amount to the total amount of acquisition cost or disposition amount.

Note 4 In addition to above transaction, JRF paid Mitsubishi Corporation for research fees which were capitalized as a cost of property amounting to ¥1,024 thousand. JRF also paid Mitsubishi Corporation Urban Development, Inc. for ¥177 thousand of fees relating to capital expenditures.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporation

1. Disclosure relating to overseas real estate investment corporation

None

2. Disclosure relating to property held by overseas real estate investment corporation

None

Other information

1. Investment units held by the asset manager

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

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

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

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

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

Date	Number of units held at end of period (Units)	Aggregated value of units held at end of period (Note 1) (Thousands of yen)	Ratio of number of units held to number of units issued and outstanding
The 17th fiscal period (March 1, 2010 to August 31, 2010)	3,200	360,320	0.2%
The 18th fiscal period (September 1, 2010 to February 28, 2011)	3,200	449,280	0.2%
The 19th fiscal period (March 1, 2011 to August 31, 2011)	3,200	368,320	0.2%
The 20th fiscal period (September 1, 2011 to February 29, 2012)	3,200	389,440	0.2%
The 21th fiscal period (March 1, 2012 to August 31, 2012)	3,200	428,160	0.2%
The 22nd fiscal period (September 1, 2012 to February 28, 2013)	3,200	579,840	0.2%
The 23rd fiscal period (March 1, 2013 to August 31, 2013)	3,200	577,920	0.2%
The 24th fiscal period (September 1, 2013 to February 28, 2014)	3,200	642,560	0.1%
The 25th fiscal period (March 1, 2014 to August 31, 2014)	3,200	698,240	0.1%
The 26th fiscal period (September 1, 2014 to February 28, 2015)	3,200	820,800	0.1%

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

2. Notice

(1) The Board of Directors Meeting

Execution or modification of significant agreement approved by the Board of Directors of JRF for the six months ended February 28, 2015 was as follows:

Approval day	Item	Summary
September 4, 2014	Underwriting agreements of new investment units	In connection with the global offering of new investment units, the Board of Directors of JRF approved entering into the underwriting agreements with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., UBS Securities Japan Co., Ltd. and SMBC Nikko Securities Inc. as joint domestic coordinator, and UBS AG, London Branch, Morgan Stanley & Co. International plc and SMBC Nikko Capital Markets Limited as international joint lead managers.
January 16, 2015	Appointment of general administrators regarding investment corporation bonds	In connection with the issuance of the ninth investment corporation bonds, the Board of Directors of JRF appointed Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and SMBC Nikko Securities Inc. as underwriter, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as financial agency and other general administrator regarding the investment corporation bonds.

3. Other

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



Report of Independent Auditors

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

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as at February 28, 2015 and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at February 28, 2015 and its financial performance and cash flows for the six months period then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended February 28, 2015 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata

May 19, 2015

PricewaterhouseCoopers Aarata

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JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of August 31, 2014 and February 28, 2015

	As of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 21,734	¥ 26,836	\$ 225,002
Restricted bank deposits (Note 4).....	513	513	4,301
Time deposits.....	-	1,500	12,576
Rental receivables	1,182	1,117	9,365
Consumption tax refundable	-	457	3,831
Other current assets	1,278	2,269	19,024
Total current assets	24,708	32,695	274,125
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	511,510	543,258	4,554,858
Buildings.....	300,358	314,154	2,633,973
Building improvements.....	15,890	16,081	134,828
Machinery and equipment.....	1,750	1,820	15,259
Furniture and fixtures.....	3,879	4,017	33,679
	833,389	879,331	7,372,608
Less: Accumulated depreciation.....	(84,160)	(89,589)	(751,144)
Net property and equipment	749,229	789,741	6,621,455
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	6,394	6,907	57,910
Other intangible assets (Notes 4, 7 and 8).....	112	115	964
Lease deposits (Note 4).....	1,637	1,715	14,379
Long-term prepaid expenses	2,626	2,666	22,352
Derivatives (Note 19).....	12	2	16
Bond issuance costs	116	154	1,291
Unit issuance costs	158	217	1,819
Other	446	470	3,940
Total other assets	11,505	12,250	102,708
TOTAL ASSETS	¥ 785,442	¥ 834,687	\$ 6,998,297

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of August 31, 2014 and February 28, 2015

	As of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term borrowings (Note 9).....	¥ 25,710	¥ 36,710	\$ 307,789
Current portion of long-term bonds issued — unsecured (Note 10).....	15,000	10,000	83,843
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	2,236	2,181	18,286
Accounts payable — operating	1,970	1,926	16,148
Accounts payable — other	11	35	293
Accrued expenses	2,032	2,049	17,179
Consumption tax payable	946	-	-
Rent received in advance	2,795	2,918	24,465
Deposits received	2,617	2,221	18,621
Other current liabilities	136	228	1,911
Total current liabilities	53,457	58,271	488,563
Non-current liabilities:			
Long-term borrowings (Note 9).....	265,791	288,091	2,415,452
Long-term bonds issued — unsecured (Note 10).....	40,500	37,500	314,412
Tenant leasehold and security deposits (Notes 4 and 11).....	58,859	58,503	490,508
Deferred tax liabilities (Note 16).....	487	514	4,309
Asset retirement obligations (Note 20).....	362	473	3,965
Derivatives liabilities (Note 19).....	106	405	3,395
Total non-current liabilities	366,105	385,487	3,232,053
TOTAL LIABILITIES	419,563	443,759	3,720,625
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,308,198 units as of August 31, 2014 and 2,430,198 units as of February 28, 2015 issued and outstanding.....	338,940	363,254	3,045,644
Capital surplus.....	14,986	14,986	125,647
Reserve for dividends.....	2,430	2,430	20,373
Retained earnings.....	9,615	10,660	89,377
Total unitholders' equity	365,973	391,332	3,281,059
Valuation and translation adjustments:			
Deferred losses on hedges.....	(94)	(404)	(3,387)
Total valuation and translation adjustments	(94)	(404)	(3,387)
TOTAL NET ASSETS	365,878	390,928	3,277,672
TOTAL LIABILITIES AND NET ASSETS	¥ 785,442	¥ 834,687	\$ 6,998,297

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the six months ended August 31, 2014 and February 28, 2015

	For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rental and other operating revenues (Note 14).....	¥ 29,516	¥ 30,614	\$ 256,678
Gain on sales of property (Note 15).....	46	785	6,581
	<u>29,562</u>	<u>31,399</u>	<u>263,259</u>
Operating expenses			
Property-related expenses (Note 14).....	14,657	14,906	124,976
Asset management fees	2,387	2,476	20,759
Custodian fees	28	28	234
General administration fees	119	118	989
Other	147	178	1,492
	<u>17,339</u>	<u>17,707</u>	<u>148,461</u>
Operating income	<u>12,223</u>	<u>13,692</u>	<u>114,798</u>
Non-operating revenues			
Non-operating revenues.....	6	6	50
	<u>6</u>	<u>6</u>	<u>50</u>
Non-operating expenses			
Interest expense	1,599	1,625	13,624
Corporate bonds interest	458	469	3,932
Amortization of bond issuance costs	7	8	67
Amortization of unit issuance costs	76	70	586
Loan-related costs	469	458	3,840
Other non-operating expenses	4	4	33
	<u>2,615</u>	<u>2,637</u>	<u>22,109</u>
Ordinary income	<u>9,613</u>	<u>11,061</u>	<u>92,739</u>
Extraordinary losses			
Litigation settlement.....	-	375	3,144
	<u>-</u>	<u>375</u>	<u>3,144</u>
Income before income taxes	<u>9,613</u>	<u>10,686</u>	<u>89,595</u>
Income taxes (Note 16):			
Current.....	-	-	-
Deferred.....	-	27	226
	<u>-</u>	<u>27</u>	<u>226</u>
Net income	<u>9,613</u>	<u>10,658</u>	<u>89,360</u>
Unappropriated earnings at beginning of period	<u>2</u>	<u>1</u>	<u>8</u>
Retained earnings at end of period (Note 13)	<u>¥ 9,615</u>	<u>¥ 10,660</u>	<u>\$ 89,377</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
For the six months ended August 31, 2014 and February 28, 2015

	Unitholders' equity						Valuation and translation adjustments		
	Surplus					Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	Unitholders' capital	Capital surplus	Reserve for dividends	Retained earnings	Total surplus				
					(in millions)				
Balance as of February 28, 2014.....	¥ 338,940	¥ 14,986	¥ 2,326	¥ 9,615	¥ 26,929	¥ 365,869	¥ (29)	¥ (29)	¥ 365,840
Changes during the period									
Appropriation of reserve for dividends.....	-	-	103	(103)	-	-	-	-	-
Cash distribution declared.....	-	-	-	(9,509)	(9,509)	(9,509)	-	-	(9,509)
Net income.....	-	-	-	9,613	9,613	9,613	-	-	9,613
Net changes of items other than unitholders' equity...	-	-	-	-	-	-	(65)	(65)	(65)
Total changes during the period	-	-	103	-	103	103	(65)	(65)	38
Balance as of August 31, 2014.....	¥ 338,940	¥ 14,986	¥ 2,430	¥ 9,615	¥ 27,032	¥ 365,973	¥ (94)	¥ (94)	¥ 365,878
Changes during the period									
Issuance of new investment units.....	24,314	-	-	-	-	24,314	-	-	24,314
Appropriation of reserve for dividends.....	-	-	-	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	(9,613)	(9,613)	(9,613)	-	-	(9,613)
Net income.....	-	-	-	10,658	10,658	10,658	-	-	10,658
Net changes of items other than unitholders' equity...	-	-	-	-	-	-	(310)	(310)	(310)
Total changes during the period	24,314	-	-	1,044	1,044	25,359	(310)	(310)	25,049
Balance as of February 28, 2015.....	¥ 363,254	¥ 14,986	¥ 2,430	¥ 10,660	¥ 28,077	¥ 391,332	¥ (404)	¥ (404)	¥ 390,928

	Unitholders' equity					Valuation and translation adjustments			
	Surplus				Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets	
	Unitholders' capital	Capital surplus	Reserve for dividends	Retained earnings					Total surplus
					(in thousands of U.S. dollars (Note 3))				
Balance as of August 31, 2014.....	\$ 2,841,787	\$ 125,647	\$ 20,373	\$ 80,615	\$ 226,645	\$ 3,068,441	\$ (788)	\$ (788)	\$ 3,067,644
Changes during the period									
Issuance of new investment units.....	203,856	-	-	-	-	203,856	-	-	203,856
Appropriation of reserve for dividends.....	-	-	-	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	(80,598)	(80,598)	(80,598)	-	-	(80,598)
Net income.....	-	-	-	89,360	89,360	89,360	-	-	89,360
Net changes of items other than unitholders' equity...	-	-	-	-	-	-	(2,599)	(2,599)	(2,599)
Total changes during the period	203,856	-	-	8,753	8,753	212,618	(2,599)	(2,599)	210,019
Balance as of February 28, 2015.....	\$ 3,045,644	\$ 125,647	\$ 20,373	\$ 89,377	\$ 235,407	\$ 3,281,059	\$ (3,387)	\$ (3,387)	\$ 3,277,672

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the six months ended August 31, 2014 and February 28, 2015

	For the six months ended		
	August 31,	February 28,	February 28,
	2014	2015	2015
	(in millions)		(in thousands of U.S.dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 9,613	¥ 10,686	\$ 89,595
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,888	6,097	51,119
Amortization of bond issuance costs.....	7	8	67
Amortization of unit issuance costs.....	76	70	586
Gain on sales of property.....	(46)	(785)	(6,581)
Loss on disposal of fixed assets.....	72	60	503
Interest income.....	(2)	(3)	(25)
Interest expense.....	2,058	2,095	17,565
Litigation settlement.....	-	375	3,144
Changes in assets and liabilities:			
Decrease in Rental receivables.....	19	69	578
Decrease (increase) in Consumption tax refundable.....	68	(457)	(3,831)
Decrease (increase) in Long-term prepaid expenses.....	252	(39)	(326)
Increase (decrease) in Accounts payable - operating.....	367	(285)	(2,389)
Increase in Accounts payable - other.....	6	23	192
Increase in Accrued expenses.....	82	47	394
Increase (decrease) in Consumption tax payable.....	946	(946)	(7,931)
Increase in Rent received in advance.....	186	122	1,022
Increase (decrease) in Deposits received.....	1,613	(395)	(3,311)
Other, net.....	321	(1,026)	(8,602)
Sub total.....	21,533	15,716	131,768
Interest received.....	2	3	25
Interest expenses paid.....	(1,985)	(2,125)	(17,816)
Litigation settlement paid.....	-	(375)	(3,144)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	19,548	13,218	110,824
Cash Flows from Investing Activities:			
Payments into time deposits.....	-	(1,500)	(12,576)
Purchase of property and equipment.....	(22,714)	(50,478)	(423,224)
Proceeds from sales of property and equipment.....	3,013	4,947	41,477
Purchase of intangible assets.....	(8)	(561)	(4,703)
Proceeds from sales of intangible assets.....	412	-	-
Payments of tenant leasehold and security deposits.....	(2,442)	(2,151)	(18,034)
Proceeds from tenant leasehold and security deposits.....	2,406	1,906	15,980
Proceeds from restricted bank deposits.....	45	-	-
Proceeds from deposits and others.....	8	131	1,098
Payments of deposits and others.....	-	(234)	(1,961)
Net cash used in investing activities.....	(19,280)	(47,941)	(401,953)
Cash Flows from Financing Activities:			
Proceeds from long-term borrowings.....	9,500	35,200	295,128
Repayments of long-term borrowings.....	(12,750)	(1,900)	(15,930)
Proceeds from issuance of corporate bonds.....	7,948	6,953	58,296
Redemption of corporate bonds.....	-	(15,000)	(125,765)
Proceeds from issuance of investment units.....	-	24,185	202,775
Distribution payments.....	(9,511)	(9,613)	(80,598)
Net cash (used in) provided by financing activities.....	(4,812)	39,825	333,906
Net change in cash and cash equivalents.....	(4,544)	5,102	42,776
Cash and cash equivalents at beginning of period.....	26,279	21,734	182,225
Cash and cash equivalents at end of period.....	¥ 21,734	¥ 26,836	\$ 225,002

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended August 31, 2014 and February 28, 2015

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 26th fiscal period (February 28, 2015) amounted to ¥845.6 billion (US\$7,089 million) (the total acquisition price of 88 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

If the asset or group of assets is deemed to be impaired, an impairment loss is recognized for the difference between the carrying amount and the recoverable amount of the asset or group of assets.

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

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

(h) Bond Issuance Costs

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

(i) Unit Issuance Costs

Unit issuance costs are capitalized and amortized over three years.

(j) Income Taxes

Deferred tax assets and liabilities are computed based on the temporary differences between accounting and tax bases of assets and liabilities using the applicable statutory tax rate.

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

Taxes on property and equipment capitalized amounted to ¥31 million and ¥51 million (US\$427 thousand) for the six months ended August 31, 2014 and February 28, 2015, respectively.

(m) Revenue Recognition

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

(n) Hedge Accounting

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

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

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥119.27 = US\$1, the effective rate of exchange prevailing at February 28, 2015. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended February 28, 2015 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 10,632	¥ 10,323	\$ 86,551
Restricted bank deposits.....	513	513	4,301
Property and equipment, at cost:			
Land.....	484,844	514,947	4,317,489
Buildings.....	298,182	311,646	2,612,945
Building improvements.....	15,814	15,997	134,124
Machinery and equipment.....	1,750	1,820	15,259
Furniture and fixtures.....	3,860	3,997	33,512
	804,452	848,409	7,113,347
Less: Accumulated depreciation.....	(83,831)	(89,219)	(748,042)
Net property and equipment.....	720,621	759,190	6,365,305
Other assets:			
Leasehold rights.....	6,374	6,888	57,751
Other intangible assets.....	112	115	964
Lease deposits.....	1,637	1,715	14,379
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	2,236	2,181	18,286
Non-current liabilities:			
Tenant leasehold and security deposits.....	57,081	56,636	474,855

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction as of August 31, 2014 and February 28, 2015 were ¥31 million and ¥24 million (US\$201 thousand), respectively.

Note 6 — Schedule of Property and Equipment

(i) Schedule of Property and Equipment as of August 31, 2014 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	¥ 494,054	¥ 17,455	¥ -	¥ 511,510	¥ -	¥ -	¥ 511,510
Buildings.....	300,616	4,490	4,747	300,358	76,080	5,370	224,278
Building improvements.....	15,426	719	255	15,890	5,022	297	10,868
Machinery and equipment.....	1,727	34	11	1,750	787	52	962
Furniture and fixtures.....	3,808	108	38	3,879	2,269	149	1,609
Total.....	¥ 815,633	¥ 22,808	¥ 5,052	¥ 833,389	¥ 84,160	¥ 5,870	¥ 749,229

(ii) Schedule of Property and Equipment as of February 28, 2015 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	¥ 511,510	¥ 32,900	¥ 1,152	¥ 543,258	¥ -	¥ -	¥ 543,258
Buildings.....	300,358	17,231	3,435	314,154	81,056	5,570	233,098
Building improvements.....	15,890	450	259	16,081	5,282	282	10,798
Machinery and equipment.....	1,750	70	-	1,820	842	54	977
Furniture and fixtures.....	3,879	158	21	4,017	2,408	147	1,608
Total.....	¥ 833,389	¥ 50,810	¥ 4,868	¥ 879,331	¥ 89,589	¥ 6,054	¥ 789,741

	At cost			Ending balance (in thousands of U.S. dollars (Note 3))	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	\$ 4,288,672	\$ 275,844	\$ 9,658	\$ 4,554,858	\$ -	\$ -	\$ 4,554,858
Buildings.....	2,518,303	144,470	28,800	2,633,973	679,600	46,700	1,954,372
Building improvements.....	133,227	3,772	2,171	134,828	44,286	2,364	90,534
Machinery and equipment.....	14,672	586	-	15,259	7,059	452	8,191
Furniture and fixtures.....	32,522	1,324	176	33,679	20,189	1,232	13,482
Total.....	\$ 6,987,415	\$ 426,008	\$ 40,814	\$ 7,372,608	\$ 751,144	\$ 50,758	\$ 6,621,455

Note 7 — Schedule of Intangible Assets

(i) Schedule of Intangible Assets as of August 31, 2014 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	¥ 7,019	¥ -	¥ 572	¥ 6,446	¥ 52	¥ 5	¥ 6,394
Other intangible assets.....	280	10	-	290	177	13	112
Total.....	¥ 7,299	¥ 10	¥ 573	¥ 6,737	¥ 229	¥ 18	¥ 6,507

(ii) Schedule of Intangible Assets as of February 28, 2015 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	¥ 6,446	¥ 541	¥ -	¥ 6,987	¥ 80	¥ 27	¥ 6,907
Other intangible assets.....	290	18	-	308	192	15	115
Total.....	¥ 6,737	¥ 559	¥ -	¥ 7,296	¥ 272	¥ 42	¥ 7,023

	At cost			Ending balance (in thousands of U.S. dollars (Note 3))	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	\$ 54,045	\$ 4,535	\$ -	\$ 58,581	\$ 670	\$ 226	\$ 57,910
Other intangible assets.....	2,431	150	-	2,582	1,609	125	964
Total.....	\$ 56,485	\$ 4,686	\$ -	\$ 61,172	\$ 2,280	\$ 352	\$ 58,883

Note 8 — Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2014 and February 28, 2015.

	As of / For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 742,642	¥ 755,736	\$ 6,336,346
Net increase during the period ⁽ⁱⁱ⁾	13,093	41,029	344,001
Balance at the end of the period.....	<u>¥ 755,736</u>	<u>¥ 796,765</u>	<u>\$ 6,680,347</u>
Fair value⁽ⁱⁱⁱ⁾	¥ 792,437	¥ 847,609	\$ 7,106,640

Notes:

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

		Increase (decrease) in net book value (in millions)
For the six months ended August 31, 2014:		
Acquisitions:		
G-Bldg. Omotesando 02.....	¥	12,505
G-Bldg. Shibuya 01.....		3,270
Round1 Stadium Takatsuki.....		2,121
G-Bldg. Kichijoji 01.....		1,774
Oyama Yuen Harvest Walk (additional acquisition).....		258
Capital expenditures:		
Renewal construction of Oyama Yuen Harvest Walk.....		719
Total of capital expenditures for the period (including above expenditure).....		2,887
Disposition:		
AEON TOWN Ogaki.....		(3,735)

For the six months ended February 28, 2015:

	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:		
DFS T GALLERIA OKINAWA.....	¥ 13,647	\$ 114,421
mozo wonder city (additional acquisition of interest of quasi-co-ownership).....	11,855	99,396
CUTE CUBE HARAJUKU.....	8,604	72,138
m-city Toyonaka.....	5,636	47,254
G-Bldg. Omotesando 02 (additional acquisition of interest of quasi-co-ownership).....	5,355	44,898
G-Bldg. Nagoya Sakae 01.....	1,983	16,626
G-Bldg. Kichijoji 01 (additional acquisition of interest of quasi-co-ownership).....	1,775	14,882
Capital expenditures:		
Repair of outer wall of AEON MALL Itami.....	168	1,408
Total of capital expenditures for the period (including above expenditure).....	2,402	20,139
Disposition:		
AEON MALL Kobe Kita (partial disposition of interest of quasi-co-ownership).....	(4,161)	(34,887)

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

For rental revenues and expenses for the six months ended August 31, 2014 and February 28, 2015, please refer to “Note 14 — Analysis of Rental and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of August 31, 2014 and February 28, 2015 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Long-term borrowings.....	¥ 291,501	¥ 324,801	\$ 2,723,241
Total.....	¥ 291,501	¥ 324,801	\$ 2,723,241
Average interest rates range for the period.....	From 0.4% to 3.0%	From 0.4% to 3.0%	

As of August 31, 2014 and February 28, 2015, the Company entered into credit facilities and committed lines of credit as follows:

	As of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 297,644
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 297,644
Commitment Lines			
Total amount of committed lines of credit.....	¥ 50,000	¥ 50,000	\$ 419,216
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 50,000	¥ 50,000	\$ 419,216

Note 10 — Corporate Bonds

The details of unsecured corporate bonds issued and outstanding as of August 31, 2014 and February 28, 2015 were as follows:

	Balance as of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Long-term bonds — unsecured			
¥15 billion of 10-year bonds, issued on February 9, 2005, maturing on February 9, 2015 with a coupon of 1.73%.....	¥ 15,000	¥ -	\$ -
¥10 billion of 10-year bonds, issued on February 22, 2006, maturing on February 22, 2016 with a coupon of 2.02%.....	10,000	10,000	83,843
¥15 billion of 10-year bonds, issued on May 23, 2007, maturing on May 23, 2017 with a coupon of 2.17%.....	15,000	15,000	125,765
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%.....	7,500	7,500	62,882
¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.26%.....	8,000	8,000	67,074
¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%.....	-	7,000	58,690
Total.....	¥ 55,500	¥ 47,500	\$ 398,256

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥245,188 million and ¥255,045 million (US\$2,138,383 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥34,426 million and ¥33,017 million (US\$276,825 thousand) as of August 31, 2014 and February 28, 2015, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$5,793 thousand) and a former owner's payment of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$2,934 thousand) as of August 31, 2014 and February 28, 2015, respectively.

Note 12 — Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$419 thousand) in accordance with the Investment Trust Act.

The units issued and outstanding were 2,308,198 units and 2,430,198 units as of August 31, 2014 and February 28, 2015, respectively.

Note 13 — Appropriation of Retained Earnings

The Company's articles of incorporation stipulate the policy that the Company makes distributions in excess of 90% of distributable profit as defined in the Special Taxation Measure Act of Japan. In accordance with this policy, the Company intends to make regular distributions to unitholders with respect to its semi-annual fiscal periods, ending at the end of February and August of each year.

The following table shows the distributions of retained earnings for the six months ended August 31, 2014 and February 28, 2015, respectively.

	For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 9,615	¥ 10,660	\$ 89,377
Cash distribution declared.....	(9,613)	(10,158)	(85,168)
Transfer to reserve for reduction entry of property.....	-	(502)	(4,208)
Transfer to reserve for dividends.....	-	-	-
Retained earnings carried forward.....	¥ 1	¥ -	\$ -

Because reversal of deferred tax liabilities did not qualify as distributable profit as defined in the Special Taxation Measures Act of Japan, the Company transferred ¥0.5 million from retained earnings of ¥9,615 million as of August 31, 2014 to reserve for dividends and declared a total distribution of ¥9,613 million, representing substantially all of remaining retained earnings after transferring to reserve for dividends.

Pursuant to the Special Taxation Measures Act of Japan, the Company made a transfer from the profit for the year ended February 28, 2015 of ¥10,660 million (US\$89,377 thousand) to reserve for reduction entry of property, and declared a total distribution of ¥10,158 million (US\$85,168 thousand), representing all of the remaining profit for the year ended February 28, 2015 after the transfer.

The financial statements do not reflect the transfer to reserve for dividends and declaration of distribution as of the end of each fiscal period.

Cash distributions per investment unit were ¥4,165 and ¥4,180 (US\$35) for the six months ended August 31, 2014 and February 28, 2015, respectively.

Note 14 — Analysis of Rental and Other Operating Revenues and Property-Related Expenses

Rental and other operating revenues and property-related expenses for the six months ended August 31, 2014 and February 28, 2015 consist of the following:

	For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rental and other operating revenues:			
Rental and parking revenue.....	¥ 26,115	¥ 27,286	\$ 228,775
Common area charges.....	1,608	1,559	13,071
Other.....	1,792	1,768	14,823
Total rental and other operating revenues.....	<u>¥ 29,516</u>	<u>¥ 30,614</u>	<u>\$ 256,678</u>
Property-related expenses:			
Property management fees.....	¥ 680	¥ 760	\$ 6,372
Facility management fees.....	1,329	1,372	11,503
Utilities.....	1,959	1,845	15,469
Property-related taxes.....	2,813	2,795	23,434
Repair and maintenance.....	217	194	1,626
Insurance.....	55	55	461
Trust fees.....	84	86	721
Rent expense ⁽ⁱ⁾	857	888	7,445
Other.....	698	749	6,279
Depreciation.....	5,888	6,097	51,119
Loss on disposal of property.....	72	60	503
Total property-related expenses.....	<u>¥ 14,657</u>	<u>¥ 14,906</u>	<u>\$ 124,976</u>
Operating income from property leasing activities.....	<u>¥ 14,859</u>	<u>¥ 15,708</u>	<u>\$ 131,701</u>

Note:

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

Note 15 — Analysis of Gain on Sales of Property

Analysis of gain on sales of property for the six months ended August 31, 2014 and February 28, 2015, is as follows:

	For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Sale of land and building.....	¥ 3,430	¥ 4,950	\$ 41,502
Cost of land and building.....	(3,735)	(4,161)	(34,887)
Other sales expenses.....	(4)	(2)	(16)
Gain on derecognition of asset retirement obligation.....	356	-	-
Gain on sales of property, net.....	<u>¥ 46</u>	<u>¥ 785</u>	<u>\$ 6,581</u>

Note 16 — Income Taxes

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

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

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

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

	For the six months ended	
	August 31, 2014	February 28, 2015
	(Rate)	
Statutory tax rate.....	36.59%	34.16%
Deductible cash distributions.....	(35.07)	(30.18)
Reserve for reduction entry of property.....	-	(1.61)
Change in valuation allowance (for deferred tax assets).....	(3.76)	(1.93)
Other.....	2.24	(0.18)
Effective tax rate.....	0.00%	0.26%

Deferred tax assets and liabilities consist of the following:

	As of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Current:			
Tax loss carryforwards.....	¥ 3,017	¥ 3,017	\$ 25,295
Other.....	30	11	92
Sub total.....	3,047	3,028	25,387
Valuation allowance.....	(3,047)	(3,028)	(25,387)
Total.....	-	-	-
Non-current:			
Amortization of leasehold rights.....	37	49	410
Asset retirement obligations.....	123	161	1,349
Valuation differences on assets acquired through the merger.....	6,087	5,831	48,889
Other.....	36	138	1,157
Sub total.....	6,285	6,180	51,815
Valuation allowance.....	(6,285)	(6,180)	(51,815)
Total.....	-	-	-
Total deferred tax assets.....	-	-	-
Net deferred tax assets.....	¥ -	¥ -	\$ -
Deferred tax liabilities:			
Non-current:			
Valuation differences on assets acquired through the merger (not offset by other tax deductible items) ⁽ⁱ⁾	¥ 410	¥ 414	\$ 3,471
Asset retirement costs (not offset by other tax deductible items) ⁽ⁱ⁾	76	99	830
Total deferred tax liabilities.....	487	514	4,309
Net deferred tax liabilities.....	¥ 487	¥ 514	\$ 4,309

Note:

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

On March 31, 2015, the Japanese government announced an Act to partially amend the Income Tax Act (Act No.9 of 2015) which resulted in changes in the statutory tax rate from fiscal periods beginning on or after April 1, 2015. As a consequence of the effects of this Act, the statutory tax rate will change from 37.11% to 35.36% for temporary differences which will reverse in or after the six months ending February 29, 2016. The effects of this change in the statutory tax rate are immaterial for the Company.

Note 17 — Leases

The Company leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2014 and February 28, 2015 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 30,331	¥ 28,427	\$ 238,341
Due after one year.....	96,958	96,248	806,975
Total.....	¥ 127,289	¥ 124,676	\$ 1,045,325

Note 18 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

Although borrowings with floating interest rates are subject to fluctuations in market interest rates, the Company maintains an appropriate level of liabilities ratio in order to manage its exposure to the potential rise in the market interest rates. In addition, a certain portion of long-term borrowings with floating interest rates is hedged by derivatives (interest rate swaps) as hedging instruments. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments and the hedged items. When the interest rate swaps meet specific criteria required for the special treatment provided under Japanese GAAP, the assessment of hedge effectiveness is not performed. In accordance with the Company's risk management policy and internal rules, the Company uses derivative instruments for the purpose of hedging risks that are prescribed in the Company's articles of incorporation.

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of August 31, 2014 and February 28, 2015.

	As of								
	August 31, 2014			February 28, 2015			February 28, 2015		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands of U.S. dollars (Note 3))		
Assets:									
(1) Cash and cash equivalents.....	¥ 21,734	¥ 21,734	¥ -	¥ 26,836	¥ 26,836	¥ -	\$ 225,002	\$ 225,002	\$ -
(2) Restricted bank deposits.....	513	513	-	513	513	-	4,301	4,301	-
(3) Time deposits.....	-	-	-	1,500	1,500	-	12,576	12,576	-
Total.....	¥ 22,247	¥ 22,247	¥ -	¥ 28,849	¥ 28,849	¥ -	\$ 241,879	\$ 241,879	\$ -
Liabilities:									
(1) Current portion of long-term borrowings.....	¥ 25,710	¥ 25,725	¥ (15)	¥ 36,710	¥ 36,725	¥ (15)	\$ 307,789	\$ 307,914	\$ (125)
(2) Current portion of long-term bonds issued.....	15,000	15,100	(100)	10,000	10,179	(179)	83,843	85,344	(1,500)
(3) Current portion of tenant leasehold and security deposits.....	2,189	2,205	(15)	2,181	2,197	(16)	18,286	18,420	(134)
(4) Long-term borrowings.....	265,791	269,678	(3,887)	288,091	292,063	(3,972)	2,415,452	2,448,754	(33,302)
(5) Long-term bonds issued.....	40,500	41,763	(1,263)	37,500	38,603	(1,103)	314,412	323,660	(9,247)
(6) Tenant leasehold and security deposits.....	10,680	11,218	(538)	9,464	9,929	(464)	79,349	83,248	(3,890)
Total.....	¥ 359,871	¥ 365,691	¥ (5,820)	¥ 383,946	¥ 389,698	¥ (5,752)	\$ 3,219,133	\$ 3,267,359	\$ (48,226)
Derivative instruments*.....	¥ (94)	¥ (94)	¥ -	¥ (404)	¥ (404)	¥ -	\$ (3,387)	\$ (3,387)	\$ -

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

Notes:

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

Assets

- (1) Cash and cash equivalents, (2) Restricted bank deposits and (3) Time deposits

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

Liabilities

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

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

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

The fair value is the quoted price provided by pricing vendors.

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

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

Derivative instruments

Please refer to "Note 19 — Derivatives" for disclosure of the fair value of the interest rate swaps that is based on the amount calculated by the counterparty to the swap contracts.

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

	As of		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Current portion of tenant leasehold and security deposits.....	¥ 46	¥ -	\$ -
Tenant leasehold and security deposits	48,178	49,038	411,151
Total liabilities	¥ 48,225	¥ 49,038	\$ 411,151

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

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

As of August 31, 2014:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents	¥ 21,734	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits	513	-	-	-	-	-
Total.....	¥ 22,247	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 28, 2015:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents	¥ 26,836	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits	513	-	-	-	-	-
Time deposits	1,500	-	-	-	-	-
Total.....	¥ 28,849	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 28, 2015:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Cash and cash equivalents	\$ 225,002	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits	4,301	-	-	-	-	-
Time deposits	12,576	-	-	-	-	-
Total.....	\$ 241,879	\$ -	\$ -	\$ -	\$ -	\$ -

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

<i>As of August 31, 2014:</i>		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in millions)					
Current portion of long-term borrowings.....	¥	25,710	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term bonds issued.....		15,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....		1,354	-	-	-	-	-
Long-term borrowings.....		-	23,250	15,300	45,666	49,000	132,575
Long-term bonds issued.....		-	10,000	15,000	-	-	15,500
Tenant leasehold and security deposits.....		-	1,548	1,531	1,447	1,447	4,051
Total.....	¥	42,064	¥ 34,798	¥ 31,831	¥ 47,113	¥ 50,447	¥ 152,126
<i>As of February 28, 2015:</i>		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in millions)					
Current portion of long-term borrowings.....	¥	36,710	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term bonds issued.....		10,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....		1,548	-	-	-	-	-
Long-term borrowings.....		-	29,450	24,300	43,766	49,500	141,075
Long-term bonds issued.....		-	-	15,000	-	-	22,500
Tenant leasehold and security deposits.....		-	1,531	1,447	1,447	1,394	3,110
Total.....	¥	48,258	¥ 30,981	¥ 40,747	¥ 45,213	¥ 50,894	¥ 166,685
<i>As of February 28, 2015:</i>		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in thousands of U.S. dollars (Note 3))					
Current portion of long-term borrowings.....	\$	307,789	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term bonds issued.....		83,843	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....		12,978	-	-	-	-	-
Long-term borrowings.....		-	246,918	203,739	366,948	415,024	1,182,820
Long-term bonds issued.....		-	-	125,765	-	-	188,647
Tenant leasehold and security deposits.....		-	12,836	12,132	12,132	11,687	26,075
Total.....	\$	404,611	\$ 259,755	\$ 341,636	\$ 379,081	\$ 426,712	\$ 1,397,543

Note 19 — Derivatives

Information on derivative transactions undertaken by the Company as of August 31, 2014 and February 28, 2015 is as follows. Derivative instruments are used for hedging purposes only and are subject to hedge accounting.

As of August 31, 2014:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year	
			(in millions)		
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 64,500	¥ 64,500	¥ (94)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	63,500	63,500	(1,537)
Total.....			¥ 128,000	¥ 128,000	¥ (1,631)

As of February 28, 2015:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾			Notional amounts ⁽ⁱⁱ⁾		
			Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾	Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾
			(in millions)			(in thousands of U.S. dollars (Note 3))		
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 143,575	¥ 132,575	¥ (404)	\$ 1,203,781	\$ 1,111,553	\$ (3,387)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	88,500	88,500	(1,910)	742,013	742,013	(16,014)
Total.....			¥ 232,075	¥ 221,075	¥ (2,314)	\$ 1,945,795	\$ 1,853,567	\$ (19,401)

Notes:

- The interest rate swaps for which the Company applies the special treatment provided under the Accounting Standard Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, are not required to be separately recorded in the Company's balance sheets.
- The notional amounts relating to derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- The fair value is determined at the amount with reference to the calculation performed by the counterparty to the interest rate swaps contracts, based on the prevailing market interest rates and other assumptions.
- The above table as of February 28, 2015 does not include the interest rate swaps contracts of ¥20,000 million (US\$167,686 thousand) in notional amounts entered into on February 20, 2015 (The contract term is from March 2, 2015 to the due date of borrowings.) which are designated as hedging instruments for specific long-term borrowings funded on March 2, 2015 and subject to the special treatment provided under Japanese GAAP for the interest rate swaps.

Note 20 — Asset Retirement Obligations

The Company has an obligation under a fixed-term leasehold agreement to restore its leased land, which represents a portion of the land where DFS T GALLERIA OKINAWA, owned by the Company, is located upon the termination of the agreement, and contractual or legal obligations to remove asbestos contained in the buildings of KAWASAKI Le FRONT. The estimated period of use of the properties are estimated at 9 years for DFS T GALLERIA OKINAWA based on the lease period per the agreement, and 24 years for KAWASAKI Le FRONT based on the useful life of buildings containing asbestos. The asset retirement obligations for the restoration or removal of asbestos are recognized as a liability using discount rates at 0.458% and 1.584%, respectively.

Movements of asset retirement obligations for the six months ended August 31, 2014 and February 28, 2015 are as follows:

	For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 716	¥ 362	\$ 3,035
Increase due to acquisition of properties.....	-	108	905
Adjustment for passage of time.....	3	3	25
Derecognition due to sales of properties.....	(356)	-	-
Derecognition due to execution of obligations.....	(1)	-	-
Balance at the end of the period.....	¥ 362	¥ 473	\$ 3,965

Note 21 — Contingent Liabilities

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

The judgment of first instance rendered by the Kyoto District Court as of January 16, 2015 demanded the Company to reduce the rent for the period after May 11, 2012 by about 8.6% compared to the current level, but the Company has filed an appeal to the Osaka Supreme Court on January 30, 2015 through the trustee of the property.

The outcome of this case may have an impact on the operating results or financial position of the Company. However, it is difficult to estimate the amount of the impact at this point.

If the claim by OPA Co., Ltd. were allowed, the Company would be obligated to pay the rent reduction totaling of ¥252 million and ¥289 million (US\$2,423 thousand) (calculated from March 31, 2011 up to August 31, 2014 and February 28, 2015, respectively) and the interest on the obligation.

The Company is not able to estimate the outcome of this case at the point

Note 22 — Related-Party Transactions

Transactions with related parties defined under the Financial Instruments and Exchanges Act are not applicable for the six months ended August 31, 2014 and February 28, 2015.

Transactions with related parties defined under the Investment Trust Law⁽ⁱ⁾ are as below.

(a) Real Estate Acquisition

The Company acquired certain properties from Jingumae 425 LLC and from Mitsubishi Corporation Urban Development, Inc. for ¥12,393 million and ¥3,230 million during the six months ended August 31, 2014, respectively, and from Omoromachi 41 LLC, Kamiotai SC2 LLC, Mitsubishi Corporation Urban Development, Inc., Toyonaka East LLC and Jingumae 425 LLC for ¥13,130 million (US\$110,086 thousand), ¥11,740 million (US\$98,432 thousand), ¥8,520 million (US\$71,434 thousand), ¥5,570 million (US\$46,700 thousand) and ¥5,311 million (US\$44,529 thousand) for the six months ended February 28, 2015, respectively.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,387 million and ¥2,476 million (US\$20,759 thousand) were paid by the Company for the six months ended August 31, 2014 and February 28, 2015, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥155 million and ¥383 million (US\$3,211 thousand) were paid by the Company for the six months ended August 31, 2014 and February 28, 2015, respectively. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥118 million and ¥118 million (US\$989 thousand) for general administration fees, and ¥45 million and ¥46 million (US\$385 thousand) for custodian fees for the six months ended August 31, 2014 and February 28, 2015, respectively.

In addition, the Company obtained long-term borrowings of ¥1,850 million and ¥6,583 million (US\$55,194 thousand) from Mitsubishi UFJ Trust and Banking Corporation for the six months ended August 31, 2014 and February 28, 2015, respectively. The Company repaid ¥2,714 million of long-term borrowings for the six months ended August 31, 2014.

The ending balances of accrued general administration fees, accounts payable for custodian fees and long-term borrowings as of February 28, 2015 were ¥40 million (US\$335 thousand), ¥8 million (US\$67 thousand) and ¥51,081 million (US\$428,280 thousand), respectively.

Notes:

- (i) Under the Investment Trust Law, the definition of a "related party" includes the asset management company and its interested parties (parent and subsidiary corporations, specified individual shareholders, and major shareholders of the asset management company defined as interested parties under Article 201 of the Investment Trust Law and Article 123 of the Order for Enforcement of the Investment Trust Law), as well as the asset custody company, in addition to controlling unitholders, major unitholders, subsidiary corporations, subsidiary companies of controlling unitholders, and officers and their close relatives.

Note 23 — Per Unit Information

The following table shows the net asset value per unit as of August 31, 2014 and February 28, 2015 and net income per unit for the six months then ended.

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

	As of / For the six months ended		
	August 31, 2014	February 28, 2015	February 28, 2015
	(Yen)		(US\$ (Note 3))
The net asset value per unit.....	¥ 158,512	¥ 160,862	\$ 1,348
Net income per unit.....	¥ 4,165	¥ 4,415	\$ 37
Weighted average number of units.....	2,308,198	2,413,648	

Note 24 — Segment Information

Segment information for the six months ended August 31, 2014 and February 28, 2015 is as follows:

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from 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

Name of Customer	Revenues for the six months ended			Related Segment
	August 31, 2014	February 28, 2015	February 28, 2015	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
AEON Retail Co., Ltd.	¥ 4,912	¥ 4,950	\$ 41,502	Property rental business
AEON Mall Co., Ltd.	4,012	3,928	32,933	Property rental business

Note 25 — Significant Non-cash Transactions

Due to the recognition of asset retirement obligations for a property acquired for the six months ended February 28, 2015, the balances of buildings and asset retirement obligations increased by ¥108 million (US\$905 thousand).