

Translation

**JAPAN RETAIL FUND INVESTMENT CORPORATION  
SUMMARY OF FINANCIAL RESULTS  
FOR THE SIX MONTHS ENDED AUGUST 31, 2015**

October 15, 2015

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	<a href="http://www.jrf-reit.com">http://www.jrf-reit.com</a>
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Toru Tsuji, President & CEO
Contact:	Keita Araki, Head of Retail Division
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Scheduled date for filing of securities report:	November 24, 2015
Scheduled date for distributions payment:	November 18, 2015
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

**1. Financial results for the six months ended August 31, 2015 (March 1, 2015 to August 31, 2015)**

**(1) Operating results**

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2015	30,962	-1.4	12,816	-6.4	10,217	-7.6	10,731	0.7
February 28, 2015	31,399	6.2	13,692	12.0	11,061	15.1	10,658	10.9

  

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
For the six months ended	Yen		%		%		%	
August 31, 2015	4,415		2.7		1.2		33.0	
February 28, 2015	4,415		2.8		1.4		35.2	

**(2) Distributions**

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
For the six months ended	Yen	Millions of yen	Yen	Millions of yen	%	%
August 31, 2015	4,204	10,216	0	0	95.2	2.6
February 28, 2015	4,180	10,158	0	0	95.3	2.6

Note 1: Total distributions consist of retained earnings at the end of each period after transferring ¥514 million to reserve for dividends for the six months ended August 31, 2015, excluding fractional distribution per unit less than one yen, and ¥502 million to reserve for reduction entry of property for the six months ended February 28, 2015.

Note 2: Payout ratio for the six months ended February 28, 2015 is calculated by following formula because new investment units were issued.

Payout ratio = Total of distributions ÷ Net income × 100

**(3) Financial position**

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2015	842,568	391,559	46.5	161,122
February 28, 2015	834,687	390,928	46.8	160,862

**(4) Cash flows**

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2015	17,894	(13,121)	(2,370)	29,239
February 28, 2015	13,218	(47,941)	39,825	26,836

## 2. Outlook for the six months ending February 29, 2016 (September 1, 2015 to February 29, 2016) and August 31, 2016 (March 1, 2016 to August 31, 2016)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 29, 2016	31,905	3.0	13,428	4.8	10,876	6.4	10,875	1.3
August 31, 2016	31,108	-2.5	12,594	-6.2	10,224	-6.0	10,223	-6.0

	Net income per unit	Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
For the six months ending	Yen	Yen	Yen
February 29, 2016	4,270	4,200	0
August 31, 2016	4,005	4,200	0

Note: Total distributions for the six months ending February 29, 2016 is calculated by subtracting appropriation of reserve for dividends amounting to ¥157 million from net income for the period. Net income and total distributions for the six months ending August 31, 2016 include reversals of reserve for reduction entry of property amounting to ¥495 million.

## 3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

### (2) Number of units issued

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

As of August 31, 2015 2,430,198 units

As of February 28, 2015 2,430,198 units

Number of treasury units at end of period:

As of August 31, 2015 0 units

As of February 28, 2015 0 units

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 32.

## Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operations, B. Outlook of next period” on page 13-16.

## 1. Summary of related corporations of JRF

There have not been any significant changes to the “structure of JRF” since the most recent financial report (submitted May 25, 2015), and hence, description of these matters is omitted.

## 2 .Management policy and results of operation

### (1) Management Policies

There have not been any significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted May 25, 2015), and hence, description of these matters is omitted.

### (2) State of operations

#### A. Operations during the period

##### i. Principal activities

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

In the fiscal period ended February 28, 2015, the 13<sup>th</sup> 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. Furthermore, JRF acquired one property in March 2015 and July 2015, respectively, using new borrowings and its own funds for an acquisition price of 8.9 billion yen in total.

As a result, the total assets managed by JRF as at the end of the 27<sup>th</sup> fiscal period (August 31, 2015) amounted to 854.1 billion yen (the total acquisition price for 90 properties), and JRF is ranked third among all REITs listed in Japan (“J-REIT”) in terms of asset size.

##### ii. Investment environment and results

###### (1) Investment environment

###### (Macroeconomic trends)

In the April - June quarter of 2015, GDP in real terms decreased 0.3% from the previous quarter, registering a negative year-on-year drop for the first time in three quarters, while the Industrial Production Index for August (preliminary figure) declined 0.5% from the previous month. These indicate that the recovery trend of the Japanese economy has been flat, partly due to the deceleration of

the Chinese economy.

On the other hand, although the Consumer Price Index (excluding fresh food) decreased 0.1% from the same month of the previous year, items other than those related to energy (fuel, light and water charges, transportation and communication) generally followed an increasing trend.

Moreover, looking at the trend for wages, which significantly affects consumption trends, the Real Wage Index rose 0.2% from the same month of the previous year, according to preliminary figures of the Monthly Labor Survey for August, marking two consecutive months of positive figures after July, when it turned to positive for the first time in 27 months, showing the possibility of a sustained rising trend going forward.

(Trends in the retail sector)

According to the Current Survey of Commerce released by the Ministry of Economy, Trade and Industry, retail sales (preliminary figure) increased by 0.8% for five consecutive months in August 2015. Supermarket sales rose 2.0% from the same month of the previous year (on a same-store basis, as published by the Japan Chain Stores Association), and department store sales (on a same-store basis, as published by the Japan Department Stores Association) increased 2.7% from the same month of the previous year, both exceeding the results of the previous year for the fifth consecutive month. While weakness remains, consumption as a whole has been showing a steady trend.

(Trends in the real estate sector)

The real estate transactions continued to be very strong in 2015, partly due to large-scale monetary easing in October last year, with land prices in commercial areas also continuing their rising trend.

Looking at Benchmark Land Prices as of July 1, 2015, published by the Ministry of Land, Infrastructure, Transport and Tourism, commercial districts in the three major metropolitan areas (Tokyo, Osaka, and Nagoya), saw prices rise 2.3% from the previous year, marking the third consecutive year of increases. While local areas as a whole have been on a decreasing trend, commercial land prices are rising in some core cities: in the four central cities (Sapporo, Sendai, Hiroshima, and Fukuoka), land prices in commercial districts rose 3.8% from the previous year, exceeding those in the three major metropolitan areas.

## (2) Results

Under the circumstances described above, JRF newly acquired EDION Kyobashi (land with leasehold interest) on March 30, 2015 and G-Bldg. Ueno 01 on July 28, 2015, using the new borrowings and its own funds. Moreover, as part of measures to “improve the value of existing properties,” which are regarded as one of JRF’s growth strategies through portfolio management, JRF announced renewal plans for mozo wonder city, G-Bldg. Jiyugaoka 01 (Bldg. B), and Bic Camera Tachikawa.

After the renewal, mozo wonder city was reopened on September 18, 2015, with the aim of further

increasing sales by reviewing the composition of tenants and inviting trend-setting tenants, as well as making major changes to environment of the facility. Moreover, we are proceeding with a plan for G-Bldg. Jiyugaoka 01 (Bldg. B) to improve its profitability and asset value through JRF's first on-balance-sheet reconstruction. Furthermore, we have lengthened the contract period and increased the rent for Bic Camera Tachikawa, by concluding a new 20-year contract with the current tenant, along with implementation of renewal including aseismic strengthening work.

The occupancy rate of the properties owned by JRF as at the end of the fiscal period was stably maintained. The occupancy rate for 38 urban retail properties remained high at 99.8% together with 99.4% 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 90 properties with a total value of 854,133 million yen on an acquisition price basis and 874,015 million yen on an appraisal value basis. The total leasable area was 3,150,204.42 m<sup>2</sup> with the total number of tenants standing at 961, and the occupancy rate of the overall portfolio was 99.4%.

As for unrealized losses/gains (Note) of the overall portfolio at the end of the fiscal period, unrealized gains increased by 20 billion yen from the end of the previous fiscal period to 70.9 billion yen due to the effects of the acquisition of new properties with 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, and as result of 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.

### iii. Funding

JRF diversified repayment dates, fixed interest rates, and lengthened the term of its borrowings to further strengthen its financial base, by first repaying, with its own funds, 10 million yen of the long-term borrowings it took on following the merger with LaSalle Investment Corporation on March 1, 2010 (outstanding borrowings as of the date of repayment to Sumitomo Mitsui Banking Corporation were 24.31 billion yen), as well as refinancing 24.3 billion yen with the same bank, and concluding an interest rate swap agreement on a portion of it. Moreover, to acquire two new properties, JRF took out new borrowings of 5.5 billion yen on March 30, 2015, and 3 billion yen on July 28.

Furthermore, aiming to build a stronger financial base, JRF established a new commitment line of 10 billion yen on June 1, 2015, in addition to an existing one of 50 billion yen.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 380 billion yen, consisting of 329.5 billion yen of long-term borrowings (Note 1) and 47.5 billion yen of investment corporation bonds.

Consequently, the ratio of long-term borrowings, the ratio of fixed interest rates (Note 2), and LTV (Note 3) were 99.3%, 95.5%, and 52.2%, respectively, at the end of the fiscal period.

Note 1: Long-term borrowings include borrowings that mature within a year.

Note 2: The ratio of fixed interest rates is calculated by dividing the total of fixed-rate debts (including debts, which the interest rates are fixed through interest rate swap agreements), investment corporation bonds and tenant leasehold and security deposits

(including those in trusts) by the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts).

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

#### iv. Results and distributions

As a result of the above management actions, the operating revenue for the period was 30,962 million yen, and operating income was 12,816 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 10,217 million yen, and net income was 10,731 million yen.

With regard to distributions for the fiscal period, in accordance with the distribution policy set forth in Article 26, Paragraph 1, Item 2 of the Articles of Incorporation, JRF intends to distribute in excess of 90% of distributable profit under Article 67-15, Paragraph 1 of the Special Taxation Measures Law of Japan. Based on such distribution policy, the total of cash distributions declared for the six months ended August 31, 2015 amounted to 10,216 million yen, excluding a fractional distribution per unit of less than one yen from 10,216 million yen obtained by deducting the appropriation of reserve for distributions totaling 514 million yen, which was the sum of items credited to income taxes deferred to the statement of income for partial reversal of deferred tax liability, from unappropriated retained earnings for the fiscal period of 10,731 million yen. As a result, distribution per unit amounted to 4,204 yen for the six months ended August 31, 2015.

#### B. Outlook of next period

##### i. Outlook of overall operation

While the Japanese economy has been steady since large-scale additional monetary-easing by the Bank of Japan in October last year, we are seeing more uncertainty over the outlook for economic trends, with instability in global financial markets due to the Greek financial crisis and declines in Chinese stock markets during the second half of this year. Although there are some signs of a recovery of personal consumption due to an improving income environment for consumers and a general increase in the level of economic activities in urban areas caused by so-called “inbound demand (demand from visiting foreigners),” JRF needs to carefully monitor the outlook, as well as economic trends.

Regarding the earnings of leading retailers that are also tenants of retail properties owned by JRF, as can be seen from recent announcements of their financial results, the gap between successful companies and unsuccessful ones is widening. 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.

ii. Issues to be addressed

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

(1) 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. 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.

## (2) Internal growth strategy

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

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

From the viewpoint of operating retail properties while being mindful of environmental and social responsibilities, JRF focuses on greening of facilities, energy conservation and reduction of CO2 emission. In the GRESB (Global Real Estate Sustainability Benchmark) Survey 2015 that evaluates the environmental responsiveness of real estate operators, JRF was designated as "Green Star" company, the highest ranking of the four categories in the GRESB Survey in 2015. JRF was highly evaluated especially in the aspects of "Management" and "Policy and Disclosure".

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.

## (3) Financial strategy



JRF constantly works to improve further financial stability.

(i) Effort to secure the financial stability

JRF built a stable financial base, founded on the med- to long - term basic financial concept described below.

Basic concepts of med- to long-term financing	Build a strong financial base to enable continuation of stable management even at the time of a deteriorating financial environment
	Secure financial flexibility to implement responsive portfolio management
	Finance debts at a competitive cost by maintaining high creditworthiness

(ii) LTV control

While aiming at a LTV ratio of 50%, 45% to 55% range is set as JRF's LTV benchmark, comprehensively taking into consideration market conditions for fund procurement.

(4) 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.

iii. Earnings forecast

With regard to the asset management operation in the fiscal period ending February, 2016 (28th fiscal period), JRF expects to post an operating revenue of 31,905 million yen, ordinary income of 10,876 million yen, and net income of 10,875 million yen with distribution per unit of 4,200 yen. Also, as to the asset management operation in August 2016 (29th fiscal period), JRF expects to post an operating revenue of 31,108 million yen, ordinary income of 10,224 million yen, and net income of 10,223 million yen with distribution per unit of 4,200 yen. Please refer to the "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 29, 2016 (28<sup>th</sup> Fiscal Period: September 1, 2015 to February 29, 2016) and the Fiscal Period Ending August 31, 2016 (29<sup>th</sup> Fiscal Period: March 1, 2016 to September 30, 2016)" on the following page for the assumptions of the forecast.

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

Note also that as described in "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 29, 2016 (28<sup>th</sup> Fiscal Period: September 1, 2015 to February 29, 2016) and the Fiscal Period Ending August 31, 2016 (29<sup>th</sup> Fiscal Period: March 1, 2016 to August 31, 2016)" below, JRF expects, or has conducted issuance of new investment units, acquisition and disposition of properties after this fiscal period.

(1) Issuance of new investment units

At the Board of Directors' meeting held on August 20, 2015 and September 2, 2015, approval was given for issuance of new investment units as follows, and payment for the new investment units through public offering and the third party allotment was completed on September 9, 2015 and October

7, 2015, respectively. As a result, as of October 7, 2015, the total unitholders' capital was 387,198,507,160 yen and the number of outstanding investment units was 2,552,198 units. The terms for the issuance of the investment units are as follows.

[Issuance of new investment units through public offering]

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

Number of new units to be issued:	119,500 units (Domestic: 52,400 units, Overseas: 67,100 units (comprising 64,600 units to be underwritten and purchased by the international managers, and up to 2,500 units to be additionally issued pursuant to a purchase right to be granted to the international managers)
Issue price (offer price):	202,566 yen per unit
Total issue price (offer price):	24,206,637,000 yen
Issue value (amount paid in):	196,261 yen per unit
Total issue value (amount paid in):	23,453,189,500 yen
Payment date:	September 9, 2015
Record date:	September 1, 2015

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

Number of new units to be issued:	2,500 units
Issue value (amount paid in):	196,261 yen per unit
Total issue value (amount paid in) (maximum):	490,652,500 yen
Payment date:	October 7, 2015
Record date:	September 1, 2015
Allottee:	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

(2) Acquired Assets

JRF acquired the trust beneficiary interest in real property outlined in the chart below from the funding acquired from the issuance of new units in (1) above and from new borrowings. (For details of acquired assets, please refer to the press release titled “JRF to Acquire 7 Properties in Japan” dated August 20, 2015.)

Property Name	Location	Acquisition Price (¥ million)	Acquisition Date
mozo wonder city (20% co-ownership of real estate trust beneficiary interest)	Nagoya-shi, Aichi	11,740	Sep.15, 2015
G-Bldg. Akihabara 01 (real estate trust beneficiary interest)	Chiyoda-ku, Tokyo	4,980	

Takadanobaba (land with leasehold interest) (60% co-ownership of real estate trust beneficiary interest)	Shinjuku-ku, Tokyo	2,400	
G-Bldg. Akihabara 02 (real estate trust beneficiary interest)	Chiyoda-ku, Tokyo	2,500	Sep.18, 2015
G-Bldg. Minami Aoyama 01 (Bldg.B) (real estate trust beneficiary interest)	Minato-ku, Tokyo	3,650	Oct. 1, 2015
G-Bldg. Abeno 01 (real estate trust beneficiary interest)	Osaka-shi, Osaka	4,100	
G-Bldg. Umeda 01 (real estate trust beneficiary interest)	Osaka-shi, Osaka	9,483	Oct. 8, 2015
Total		38,853	

Also, JRF scheduled to acquire the real estate and the trust beneficiary interest in real property outlined in the chart below from the borrowings and its own funds. (For details of acquired assets, please refer to the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Shinsaibashi 04” dated September 30, 2015 and “JRF to Acquire and Lease 5 Properties in Japan” dated September 4, 2014.)

Property Name	Location	Acquisition Price (¥ million)	Acquisition Date
G-Bldg. Shinsaibashi 04 (real estate trust beneficiary interest)	Osaka-shi, Osaka	2,350	Oct. 16, 2015
DFS T GALLERIA OKINAWA (Land with leasehold interest) (real estate) (Note)	Naha-shi, Okinawa	2,470	Jan. 15, 2016

Note: A real estate contract has been concluded for the property, and if JRF, the purchaser, fails to meet its obligation to pay the purchase price in return for taking over part of the said land with a leasehold interest on the execution date of the contract, JRF shall immediately pay a penalty for breach of contract in an amount equivalent to 100% of the purchase price to the seller. JRF had already procured funds equivalent to the purchase price of the property when making a capital increase through a public offering implemented in September 2014. Therefore, it is unlikely that the real estate sales contract will have a serious negative effect directly on JRF’s financial position and distribution, etc.

Appraisal value valued by licensed real estate appraiser is 3,100 million yen, for the value date of August 31, 2015.

(3) Disposed Assets

JRF completed or scheduled the disposition of trust beneficiary interest in real property outlined in the chart below. (For details of disposed asset, please refer to the press release titled “Notice Concerning Disposition of Five Properties and Termination of Lease Accompanying Disposition” dated October 14, 2015.)

Property Name	Location	(Expected) Disposition Price (¥ million)	(Expected) Disposition Date
AEON MALL Yachiyo Midorigaoka	Yachiyo-shi, Chiba	28,015	Oct. 15,2015 (Completed)
AEON Nishi-Otsu	Otsu-shi, Shiga	12,230	
AEON Ueda	Ueda-shi, Nagano	8,050	
AEON Omiya	Saitama-shi,Saita ma	5,772	
AEON MALL Kashiihama	Fukuoka-shi, Fukuoka	14,500	30% co-ownership interest: Oct. 15, 2015 (transaction completed)  19% co-ownership interest: Aug. 31,2016 (expected)  51% co-ownership interest: Sep. 30,2016 (expected)

**Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 29, 2016 (28<sup>th</sup> Fiscal Period: September 1, 2015 to February 29, 2016) and the Fiscal Period Ending August 31, 2016 (29<sup>th</sup> Fiscal Period: March 1, 2016 to September 30, 2016)**

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> <li>- Fiscal period ending February 29, 2016 (28<sup>th</sup> fiscal period: September 1, 2015 to February 29, 2016) (182 days)</li> <li>- Fiscal period ending August 31, 2016 (29<sup>th</sup> fiscal period: March 1, 2016 to August 31, 2016) (184 days)</li> </ul>
Assets owned	<ul style="list-style-type: none"> <li>- The forecast was calculated based on 92 properties, reflecting nine newly acquired properties (two are additional acquisition of co-ownership interests, and of which the one is additional acquisition of co-ownership interests of land with leasehold interest) in the 28<sup>th</sup> fiscal period, and five properties disposed of (one is disposition of co-ownership interest) in the 28<sup>th</sup> and 29<sup>th</sup> fiscal period, to the 90 properties owned by JRF as of August 31, 2015.</li> <li>- This assumption may change as a result of further acquisition and disposition of properties.</li> </ul>
Issue of units	<ul style="list-style-type: none"> <li>- There are 2,430,198 units outstanding as of August 31, 2015; however, as the decision was made at the Board of Directors meeting held on August 20, 2015, the number will increase by 122,000 units due to the issuance of 119,500 new units through public offering and the issuance of 2,500 new units through third-party allotment in accordance with sales via overallotment.</li> <li>- The number of units issued at the end of the fiscal period is 2,552,198 units, assuming that there will not be any additional issuance of new investment units.</li> </ul>

Item	Assumptions
Interest-bearing debt	<ul style="list-style-type: none"> <li>- Interest-bearing debts as of August 31, 2015 stood at 380,091 million yen. However, as a result of (i) loan agreements that were concluded on August 20, 2015 and took effect on September 18, 2015, October 1, 2015 and October 8, 2015, and (ii) repayment of loans in the amount of 350 million yen which matured on September 30, 2015; the interest bearing debt as of the date of this document is 396,241 million yen, which is comprised of short-term borrowings, long-term borrowings and investment corporation bonds in the amount of 7,500 million yen, 341,241 million yen and 47,500 million yen, respectively.</li> <li>- Out of the above mentioned interest-bearing debt as of the date of this document, it is assumed that 36,300 million yen will be repaid on October 30, 2015 before the maturity with the proceeds from the sale of five properties.</li> <li>- The loan agreement that was signed on September 30, 2015 for the loan amount of 1,000 million yen, which was scheduled to be executed on October 16, 2015, will not be executed as the funding is no longer required due to the receipt of sales proceeds from the disposition of five properties.</li> <li>- Out of the interest-bearing debt outstanding as of the date of this document and excluding the interest bearing debts that are to be repaid before maturity, 22,900 million yen in long-term debt and 10,000 million yen in investment corporation bonds will mature during the 28<sup>th</sup> and 29<sup>th</sup> fiscal periods. We assume that we will repay part of these debts with the funds we received from the disposition of five properties, and the remainder will be repaid through other funding sources including borrowing.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>- We assume that operating revenues will consist principally of rental revenues generated by the lease contracts effective as of the date of this document.</li> <li>- The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations we conducted with our tenants and other relevant factors until the said date.</li> <li>- We assume that there will be no arrears or nonpayment of rent by our tenants.</li> <li>- We assume that we would incur approximately 975million yen in gains related to the disposition of “AEON MALL Yachiyo Midorigaoka”, “AEON Omiya”, “AEON Ueda”, “AEON Nishi-Otsu”, “AEON MALL Kashiihama (30% of co-ownership of real estate trust beneficiary interest)” in the 28th period, and approximately 549 million yen in gains related to the disposition of “AEON MALL Kashiihama (19% of co-ownership of real estate trust beneficiary interest)” in the 29<sup>th</sup> period.</li> </ul>

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> <li>- We assume that taxes and public charge of 2,802 million yen and 2,775 million yen in the 28<sup>th</sup> fiscal period and the 29<sup>th</sup> fiscal period, respectively.</li> <li>- Fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes, etc.”) on property owned by the Investment Corporation assessed and payable have been calculated as leasing business expenses for the accounting period. However, should any need arise for settlement, such as a need to pay fixed asset taxes, etc. in relation to new property acquisitions to be made during the year in which the period falls, they are taken into account in the acquisition price of the properties and therefore are not listed as expenses for the period. We assume that taxes on property and equipment which are not listed as expenses for the said properties acquired will be 67 million yen for the 28<sup>th</sup> and 29<sup>th</sup> fiscal periods.</li> <li>- We assume that repair and maintenance will be 412 million yen in the 28<sup>th</sup> fiscal period and 519 million yen in the 29<sup>th</sup> fiscal period.</li> <li>- We assume that depreciation will be 5,952 million yen in the 28<sup>th</sup> fiscal period and 5,816 million yen in the 29<sup>th</sup> fiscal period.</li> <li>- We assume that property management fees will be 766 million yen in the 28<sup>th</sup> fiscal period and 889 million yen in the 29<sup>th</sup> fiscal period, and building maintenance fees will be 1,478 million yen in the 28<sup>th</sup> fiscal period and 1,466 million yen in the 29<sup>th</sup> fiscal period.</li> <li>- We assume that loss on retirement of non-current assets will be 213 million yen in the 28<sup>th</sup> fiscal period, mainly due to the renewal of Nara Family, mozo wonder city and KAMISHIN PLAZA, and that loss on retirement of non-current assets will be 229 million yen in the 29<sup>th</sup> fiscal period, mainly due to the renewal of Nara Family and Kishiwada CanCan Bayside Mall. Among the loss on retirement of non-current assets indicated above, in terms of change in accounting estimates, those for which it is judged necessary to re-examine the useful life of non-current assets are to be recorded as depreciation expense.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>- We assume that non-operating expenses (including interest expenses, loan-related costs, interest expenses on investment corporation bonds, depreciation of investment unit issuance cost, etc.) will be 2,555 million yen in the 28<sup>th</sup> fiscal period and 2,372 million yen in the 29<sup>th</sup> fiscal period.</li> </ul>

Item	Assumptions
Distribution per unit	<ul style="list-style-type: none"> <li>- Distribution per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF.</li> <li>- As regards the distribution for the 28<sup>th</sup> fiscal period, a total of 10,719 million yen (distribution of 4,200 yen per unit) is assumed to be distributed by keeping 157 million yen as an internal reserve for dividends from retained earnings at the end of period of 10,875 million yen. JRF has tax loss carryforwards (which may be deferred until the fiscal period ending February 2020), therefore; it is assumed there will be no tax on internal reserves.</li> <li>- As regards the distribution for the 29<sup>th</sup> fiscal period, a total of 10,719 million yen (distribution of 4,200 yen per unit) is assumed to be distributed by adding 495 million yen of expected reversals of the reserve for reduction entry of property to retained earnings at the end of period of 10,223 million yen.</li> <li>- For the 28<sup>th</sup> and 29<sup>th</sup> fiscal periods, we do not assume to make distribution from reserve for distribution derived from the gain on negative goodwill, which was booked in the 17<sup>th</sup> fiscal period.</li> <li>- It is assumed that the reserve for reduction entry of property and reserve for distribution will be reversed in temporary expenses accompanying renewals (repair and maintenance such as demolition costs, loss on retirement, and compensation for relocation: 356 million yen for the 28<sup>th</sup> fiscal period and 700 million yen for the 29<sup>th</sup> fiscal period).</li> </ul>
Distribution in excess of profit per unit	<ul style="list-style-type: none"> <li>- We will not implement distributions in excess of profits for the moment.</li> </ul>
Other	<ul style="list-style-type: none"> <li>- We assume that there will be no revisions of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.</li> </ul>



### 3. Financial information

#### (1) Balance sheets

(Thousands of yen)

	As of	
	February 28, 2015	August 31, 2015
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and bank deposits	18,013,668	20,099,394
Cash and bank deposits in trust (Note 1)	10,836,326	11,152,932
Rental receivables	1,117,548	880,015
Income taxes receivable	578	539
Consumption tax refundable	457,845	-
Other current assets	2,269,284	2,150,142
<b>Total current assets</b>	<b>32,695,252</b>	<b>34,283,025</b>
<b>Non-current assets:</b>		
<b>Property and equipment:</b>		
Buildings	2,508,804	2,511,163
Accumulated depreciation	(345,505)	(387,311)
Buildings, net	2,163,298	2,123,852
Building improvements	83,719	83,719
Accumulated depreciation	(16,327)	(18,106)
Building improvements, net	67,392	65,612
Furniture and fixtures	19,229	19,229
Accumulated depreciation	(8,826)	(9,911)
Furniture and fixtures, net	10,403	9,317
Land	28,310,756	28,311,839
Buildings in trust (Note 2)	311,646,027	313,905,010
Accumulated depreciation	(80,710,855)	(86,153,017)
Buildings in trust, net (Note 1)	230,935,171	227,751,993
Building improvements in trust	15,997,549	16,387,502
Accumulated depreciation	(5,266,092)	(5,572,975)
Building improvements in trust, net (Note 1)	10,731,457	10,814,527
Machinery and equipment in trust	1,820,463	1,843,606
Accumulated depreciation	(842,536)	(898,178)
Machinery and equipment in trust, net (Note 1)	977,926	945,428
Furniture and fixtures in trust	3,997,996	4,062,538
Accumulated depreciation	(2,399,771)	(2,545,801)
Furniture and fixtures in trust, net (Note 1)	1,598,224	1,516,736
Land in trust (Note 1)	514,947,270	523,447,208
Construction in progress in trust	-	1,141,340
<b>Total property and equipment</b>	<b>789,741,901</b>	<b>796,127,856</b>
<b>Intangible assets:</b>		
Leasehold rights	19,803	19,803
Leasehold rights in trust	6,888,150	6,855,425
Other intangible assets in trust	115,936	101,081
<b>Total intangible assets</b>	<b>7,023,890</b>	<b>6,976,310</b>
<b>Investment and other assets:</b>		
Lease deposits in trust	1,715,493	1,708,365
Long-term prepaid expenses	2,666,597	2,708,976
Derivatives	2,111	3,257
Other investments (Note 1)	470,770	470,650
<b>Total investment and other assets</b>	<b>4,854,972</b>	<b>4,891,248</b>
<b>Total non-current assets</b>	<b>801,620,764</b>	<b>807,995,415</b>
<b>Deferred charges:</b>		
Unit issuance costs	217,129	147,068
Bond issuance costs	154,344	143,416
<b>Total deferred charges</b>	<b>371,474</b>	<b>290,484</b>
<b>TOTAL ASSETS</b>	<b>834,687,491</b>	<b>842,568,926</b>

(To be continued on the following page)

(Thousands of yen)

	As of	
	February 28, 2015	August 31, 2015
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable – operating	1,926,861	2,219,733
Short-term borrowings	-	3,000,000
Current portion of long-term bonds issued – unsecured	10,000,000	10,000,000
Current portion of long-term borrowings	36,710,000	33,050,000
Accounts payable – other	35,364	10,566
Accrued expenses	2,049,582	2,150,086
Income taxes payable	416	428
Consumption tax payable	-	1,122,482
Rent received in advance	2,918,165	2,986,664
Deposits received	2,221,996	1,077,015
Current portion of tenant leasehold and security deposits in trust (Note 1)	2,181,082	2,133,279
Derivatives liabilities	735	1,086
Other current liabilities	227,237	762,539
<b>Total current liabilities</b>	<b>58,271,441</b>	<b>58,513,882</b>
<b>Non-current liabilities:</b>		
Long-term bonds issued – unsecured	37,500,000	37,500,000
Long-term borrowings	288,091,000	296,541,000
Deferred tax liabilities	514,100	-
Tenant leasehold and security deposits	1,867,226	1,871,726
Tenant leasehold and security deposits in trust (Note 1)	56,636,297	55,753,924
Asset retirement obligations	473,533	476,700
Derivatives liabilities	405,555	347,846
Other non-current liabilities	-	4,179
<b>Total non-current liabilities</b>	<b>385,487,712</b>	<b>392,495,376</b>
<b>TO TAL LIABILITIES</b>	<b>443,759,154</b>	<b>451,009,259</b>
<b>Net Assets (Note 5)</b>		
<b>Unitholders' equity:</b>		
Unitholders' capital	363,254,665	363,254,665
Surplus:		
Capital surplus	14,986,826	14,986,826
Voluntary reserve		
Reserve for reduction entry of property	-	502,120
Reserve for dividends	2,430,676	2,430,676
Total voluntary reserve	2,430,676	2,932,797
Retained earnings	10,660,348	10,731,054
Total surplus	28,077,850	28,650,677
<b>Total unitholders' equity</b>	<b>391,332,515</b>	<b>391,905,342</b>
<b>Valuation and translation adjustments:</b>		
Deferred losses on hedges	(404,179)	(345,675)
<b>Total valuation and translation adjustments</b>	<b>(404,179)</b>	<b>(345,675)</b>
<b>TO TAL NET ASSETS</b>	<b>390,928,336</b>	<b>391,559,666</b>
<b>TO TAL LIABILITIES AND NET ASSETS</b>	<b>834,687,491</b>	<b>842,568,926</b>

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

## (2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	February 28, 2015	August 31, 2015
<b>Operating revenues</b>		
Rental and other operating revenues (Note 6)	30,614,262	30,962,570
Gain on sales of property (Note 7)	785,602	-
Total operating revenues	31,399,864	30,962,570
<b>Operating expenses</b>		
Property-related expenses (Note 6)	14,906,076	15,285,155
Asset management fees	2,476,041	2,545,092
Custodian fees	28,204	29,853
General administration fees	118,271	124,140
Compensation for Directors	5,940	5,940
Other operating expenses	172,497	155,925
Total operating expenses	17,707,032	18,146,107
<b>Operating income</b>	13,692,832	12,816,463
<b>Non-operating revenues</b>		
Interest income	3,779	3,530
Other non-operating revenues	2,450	5,204
Total non-operating revenues	6,230	8,734
<b>Non-operating expenses</b>		
Interest expense	1,625,981	1,721,769
Corporate bonds interest	469,696	386,497
Amortization of bond issuance costs	8,995	10,928
Amortization of unit issuance costs	70,061	70,061
Loan-related costs	458,439	413,844
Other non-operating expenses	4,484	4,536
Total non-operating expenses	2,637,659	2,607,638
<b>Ordinary income</b>	11,061,403	10,217,558
<b>Extraordinary losses</b>		
Litigation settlement	375,236	-
Total extraordinary losses	375,236	-
<b>Income before income taxes</b>	10,686,167	10,217,558
<b>Income taxes</b>		
Current	605	605
Deferred	27,055	(514,100)
Total income taxes	27,660	(513,495)
<b>Net income</b>	10,658,506	10,731,054
<b>Unappropriated earnings at beginning of period</b>	1,841	-
<b>Retained earnings at the end of period</b>	10,660,348	10,731,054

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

## (3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity							Valuation and translation adjustments			
	Surplus							Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
	Unitholders' capital (Note 5)	Capital surplus	Voluntary reserve			Retained earnings	Total surplus				
			Reserve for reduction entry of property	Reserve for dividends	Total voluntary reserve						
Balance as of August 31, 2014	338,940,065	14,986,826	-	2,430,164	2,430,164	9,615,998	27,032,988	365,973,053	(94,132)	(94,132)	365,878,921
Changes during the period											
Issuance of new investment units	24,314,600	-	-	-	-	-	-	24,314,600	-	-	24,314,600
Appropriation of reserve for dividends	-	-	-	511	511	(511)	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	(9,613,644)	(9,613,644)	(9,613,644)	-	-	(9,613,644)
Net income	-	-	-	-	-	10,658,506	10,658,506	10,658,506	-	-	10,658,506
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	(310,046)	(310,046)	(310,046)
Total changes during the period	24,314,600	-	-	511	511	1,044,350	1,044,861	25,359,461	(310,046)	(310,046)	25,049,415
Balance as of February 28, 2015	363,254,665	14,986,826	-	2,430,676	2,430,676	10,660,348	28,077,850	391,332,515	(404,179)	(404,179)	390,928,336
Changes during the period											
Appropriation of reserve for reduction entry of property	-	-	502,120	-	502,120	(502,120)	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	(10,158,227)	(10,158,227)	(10,158,227)	-	-	(10,158,227)
Net income	-	-	-	-	-	10,731,054	10,731,054	10,731,054	-	-	10,731,054
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	58,503	58,503	58,503
Total changes during the period	-	-	502,120	-	502,120	70,705	572,826	572,826	58,503	58,503	631,330
Balance as of August 31, 2015	363,254,665	14,986,826	502,120	2,430,676	2,932,797	10,731,054	28,650,677	391,905,342	(345,675)	(345,675)	391,559,666

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

(4) Statements of cash distributions

	(Yen)	
	For the six months ended	
	February 28, 2015	August 31, 2015
	(Note 1)	(Note 2)
Retained earnings at the end of period	10,660,348,626	10,731,054,061
Cash distribution declared	10,158,227,640	10,216,552,392
<i>(Cash distribution declared per unit)</i>	<i>(4,180)</i>	<i>(4,204)</i>
Voluntary reserve		
Reserve for reduction entry of property	502,120,986	-
Reserve for dividends	-	514,100,066
Retained earnings carried forward	-	401,603

Note 1: In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended February 28, 2015 amounted to ¥10,158,227,640 which was determined by deducting the amount of the reserve for reduction entry of property as defined in Article 66-2 of the Special Taxation Measures Act of Japan from retained earnings at end of the period of ¥10,660,348,626. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

Note 2: In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, JRF transferred ¥514,100,066 from retained earnings at end of the period of ¥10,731,054,061 to reserve for dividends corresponding to decrease of deferred tax liabilities, and declared a total of ¥10,216,552,392 for cash distributions which is substantially all of the remaining retained earnings amounted to ¥10,216,953,995 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

## (5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	February 28, 2015	August 31, 2015
<b>Cash Flows from Operating Activities:</b>		
Income before income taxes	10,686,167	10,217,558
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	6,097,080	6,236,889
Amortization of bond issuance costs	8,995	10,928
Amortization of unit issuance costs	70,061	70,061
Gain on sales of property	(785,602)	-
Loss on disposal of fixed assets	60,419	99,670
Interest income	(3,779)	(3,530)
Interest expense	2,095,678	2,108,267
Litigation settlement	375,236	-
Changes in assets and liabilities:		
Decrease in Rental receivables	69,663	232,532
(Increase) decrease in Income taxes receivable	(256)	38
(Increase) decrease in Consumption tax refundable	(457,845)	457,845
Increase in Long-term prepaid expenses	(39,657)	(42,378)
(Decrease) increase in Accounts payable - operating	(285,512)	219,165
(Decrease) increase in Consumption tax payable	(946,270)	1,122,482
Increase (decrease) in Accounts payable - other	23,791	(24,797)
Increase in Accrued expenses	47,685	52,603
Increase in Rent received in advance	122,394	68,498
Decrease in Deposits received	(395,768)	(1,144,981)
Other, net	(1,026,467)	271,364
Sub total	15,716,013	19,952,220
Interest received	3,779	3,530
Interest expenses paid	(2,125,797)	(2,060,367)
Litigation settlement paid	(375,236)	-
Income taxes paid	(688)	(592)
Net cash provided by operating activities	13,218,070	17,894,790
<b>Cash Flows from Investing Activities:</b>		
Payments into time deposits	(1,500,000)	-
Purchase of property and equipment	(1,985,656)	(913)
Purchase of property and equipment in trust	(48,493,245)	(12,867,664)
Proceeds from sales of property and equipment in trust	4,947,201	-
Purchase of intangible assets in trust	(561,350)	(647)
Payments of tenant leasehold and security deposits	(15,020)	(13,700)
Proceeds from tenant leasehold and security deposits	109,458	18,200
Payments of tenant leasehold and security deposits in trust	(2,136,504)	(1,574,406)
Proceeds from tenant leasehold and security deposits in trust	1,796,630	1,310,023
Payments of lease deposits in trust	(85,946)	(372)
Proceeds from lease deposits in trust	7,500	7,500
Payments for restricted bank deposits in trust	(57)	-
Other expenditures	(148,485)	-
Other proceeds	124,159	-
Net cash used in investing activities	(47,941,315)	(13,121,980)
<b>Cash Flows from Financing Activities:</b>		
Proceeds from short-term borrowings	-	3,000,000
Proceeds from long-term borrowings	35,200,000	29,800,000
Repayments of long-term borrowings	(1,900,000)	(25,010,000)
Proceeds from issuance of corporate bonds	6,953,621	-
Redemption of corporate bonds	(15,000,000)	-
Proceeds from issuance of investment units	24,185,813	-
Distribution payments	(9,613,778)	(10,160,478)
Net cash provided by (used in) financing activities	39,825,655	(2,370,478)
<b>Net change in cash and cash equivalents</b>	<b>5,102,410</b>	<b>2,402,331</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>21,734,469</b>	<b>26,836,880</b>
<b>Cash and cash equivalents at end of period (Note 8)</b>	<b>26,836,880</b>	<b>29,239,211</b>

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

(6) Note relating to going concern assumption

Nothing to be noted.

(7) Summary of significant accounting policies

**(a) Property and equipment**

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

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

**(b) Other intangible assets in trust**

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

**(c) Leased assets**

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

**(d) Long-term prepaid expenses**

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

**(e) Unit issuance costs**

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

**(f) Bond issuance costs**

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

**(g) Taxes on property and equipment**

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

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

Taxes on property and equipment capitalized amounted to ¥51,691 thousand and ¥17,844 thousand for the six months ended February 28, 2015 and August 31, 2015, respectively.

**(h) Hedge accounting**

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

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

**(i) Cash and cash equivalents**

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

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

Trust beneficiary interests in real estate trusts are commonly utilized to obtain ownership in commercial properties in Japan, through which JRF 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 JRF in proportion to the percentage interest that such trust beneficiary interest represents.

**(k) Consumption tax**

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

**(8) Notes to financial information**

**Note 1 — Collateral**

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥33,017,022 thousand and ¥32,511,842 thousand as of February 28, 2015 and August 31, 2015, respectively.

	(Thousands of yen)	
	As of	
	February 28, 2015	August 31, 2015
Cash and bank deposits in trust	513,115	513,115
Buildings in trust	75,979,661	75,138,902
Buildings improvements in trust	4,101,377	4,332,835
Machinery and equipment in trust	269,911	261,566
Furniture and fixtures in trust	448,212	424,932
Land in trust	173,262,717	172,891,408
Other	470,550	470,550
Total	255,045,545	254,033,311

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for amounts of ¥350,000 thousand as of February 28, 2015 and August 31, 2015.

**Note 2 — Reduction Entry for Property**

Acquisition costs of certain properties were reduced by government subsidies received. The accumulated amounts of such reduction were as follows:

	(Thousands of yen)	
	As of	
	February 28, 2015	August 31, 2015
Buildings in trust	24,552	5,119

**Note 3 — Credit facilities and commitment lines**

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

	(Thousands of yen)	
	As of	
	February 28, 2015	August 31, 2015
Credit facilities		
Total amount of credit facilities	35,500,000	35,500,000
Borrowings drawn down	-	-
Unused credit facilities	35,500,000	35,500,000
Commitment lines		
Total amount of committed lines of credit	50,000,000	60,000,000
Borrowings drawn down	-	-
Unused committed lines of credit	50,000,000	60,000,000



#### **Note 4 — Contingent liabilities**

##### ***For the six months ended February 28, 2015***

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

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

The judgment of first instance rendered by the Kyoto District Court as of January 16, 2015 demanded JRF to reduce the rent for the period after May 11, 2012 by about 8.6% compared to the current level, but JRF 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 impact on the operating results or financial position of JRF. However, it is difficult to estimate the amount of the impact at this point.

If the claim by OPA Co., Ltd. were allowed, JRF would be obliged to pay the rent reduction totaling ¥289 million (calculated up to February 28, 2015) and interest on the obligation.

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

##### ***For the six months ended August 31, 2015***

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

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

The judgment of first instance rendered by the Kyoto District Court as of January 16, 2015 demanded JRF to reduce the rent for the period after May 11, 2012 by about 8.6% compared to the current level, but JRF 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 impact on the operating results or financial position of JRF. However, it is difficult to estimate the amount of the impact at this point.

If the judgement of first instance became final and binding, JRF would be obliged to pay the rent reduction totaling ¥205 million (calculated up to August 31, 2015) and interest on the obligation.

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

#### **Note 5 — Net assets**

##### **(1) Number of units**

	<b>As of</b>	
	<b>February 28, 2015</b>	<b>August 31, 2015</b>
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,430,198 units	2,430,198 units

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

**Note 6 — 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 February 28, 2015 and August 31, 2015 consist of the following:

(Thousands of yen)

	<b>For the six months ended</b>	
	<b>February 28, 2015</b>	<b>August 31, 2015</b>
Rental and other operating revenues:		
Rental and parking revenue	27,286,432	27,212,434
Common area charges	1,559,197	1,622,605
Other	1,768,633	2,127,531
Total rental and other operating revenues	30,614,262	30,962,570
Property-related expenses:		
Property management fees	760,800	686,716
Facility management fees	1,372,615	1,365,744
Utilities	1,845,108	1,965,732
Property-related taxes	2,795,740	2,896,418
Repair and maintenance	194,881	214,681
Insurance	55,505	56,907
Trust fees	86,456	86,793
Rent expense	888,111	896,277
Other	749,416	779,382
Depreciation	6,097,020	6,236,829
Loss on disposal of property	60,419	99,670
Total property-related expenses	14,906,076	15,285,155
Operating income from property leasing activities	15,708,186	15,677,415

**Note 7 — Analysis of gain on sales of property**

Analysis of gain on sales of property is as follows:

(Thousands of yen)

	<b>For the six months ended</b>	
	<b>February 28, 2015</b>	<b>August 31, 2015</b>
Sale of land and building	4,950,000	-
Cost of land and building	(4,161,599)	-
Other sales expenses	(2,798)	-
Gain on sales of property, net	785,602	-

**Note 8 — Cash and cash equivalents**

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

(Thousands of yen)

	<b>As of</b>	
	<b>February 28, 2015</b>	<b>August 31, 2015</b>
Cash and bank deposits	18,013,668	20,099,394
Cash and bank deposits in trust	10,836,326	11,152,932
Restricted bank deposits in trust <sup>(1)</sup>	(513,115)	(513,115)
Time deposits with maturities initially of over three months	(1,500,000)	(1,500,000)
Cash and cash equivalents	26,836,880	29,239,211

Note:

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

**Note 9 — Significant non-cash transactions**

Due to the recognition of asset retirement obligations for a property acquired for the six months ended February 28, 2015, the balances of buildings in trust and asset retirement obligations increased by ¥108,051 thousand.

## Note 10 — Lease rental revenues

### (a) Lease rental revenues

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

(Thousands of yen)

	As of	
	February 28, 2015	August 31, 2015
Due within one year	28,427,427	27,265,451
Due after one year	96,248,872	100,644,676
Total	124,676,299	127,910,128

### (b) Lease commitments

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

## Note 11 — Financial instruments

### (a) Qualitative information for financial instruments

#### (i) Policy for financial instrument transactions

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

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

The funds raised through borrowings or issuance of corporate bonds are mainly used to acquire real estate properties or properties in trust, and for the repayment of existing borrowings or the redemption of corporate bonds. Tenant leasehold and security deposits are deposits from tenants. Although borrowings with floating interest rate are subject to fluctuations in market interest rates, JRF maintains an appropriate level of liabilities ratio in order to manage its exposure to the potential rise in market interest rates. In addition, a certain portion of long-term borrowings with floating interest rates is hedged by derivatives (interest rate swaps) as hedging instruments. The hedge effectiveness of the interest rate swaps is assessed by comparing the cumulative changes in the cash flows of the hedging instruments and the hedged items. When the interest rate swaps meet specific criteria required for the special treatment provided under Japanese GAAP, the assessment of hedge effectiveness is not performed. In accordance with JRF's risk management policy and internal rules, JRF uses derivative instruments for the purpose of hedging risks that are prescribed in JRF's articles of incorporation.

Liquidity risks relating to borrowings, corporate bonds and tenant leasehold and security deposits are managed by preparing monthly plans for funds, 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 February 28, 2015 and August 31, 2015.

(Thousands of yen)

	As of February 28, 2015			As of August 31, 2015		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	18,013,668	18,013,668	-	20,099,394	20,099,394	-
(2) Cash and bank deposits in trust	10,836,326	10,836,326	-	11,152,932	11,152,932	-
Total assets	28,849,995	28,849,995	-	31,252,327	31,252,327	-
(1) Short-term borrowings	-	-	-	3,000,000	3,000,000	-
(2) Current portion of long-term bonds issued	10,000,000	10,179,700	(179,700)	10,000,000	10,087,000	(87,000)
(3) Current portion of long-term borrowings	36,710,000	36,725,709	(15,709)	33,050,000	33,251,223	(201,223)
(4) Current portion of tenant leasehold and security deposits in trust	2,181,082	2,197,190	(16,107)	2,133,279	2,150,670	(17,390)
(5) Long-term bonds issued	37,500,000	38,603,365	(1,103,365)	37,500,000	38,445,035	(945,035)
(6) Long-term borrowings	288,091,000	292,063,843	(3,972,843)	296,541,000	299,804,186	(3,263,186)
(7) Tenant leasehold and security deposits in trust	9,464,707	9,929,187	(464,480)	8,996,847	9,436,735	(439,888)
Total liabilities	383,946,790	389,698,996	(5,752,206)	391,221,127	396,174,850	(4,953,723)
Derivatives (derivatives liabilities), net	(404,179)	(404,179)	-	(345,675)	(345,675)	-

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

(3) Current portion of long-term borrowings and (6) Long-term borrowings

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

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

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

Derivatives

Please refer to "Note 12—Derivatives".

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

(Thousands of yen)

	As of	
	February 28, 2015	August 31, 2015
Tenant leasehold and security deposits	1,867,226	1,871,726
Tenant leasehold and security deposits in trust	47,171,589	46,757,076
Total	49,038,816	48,628,803

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

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

(Thousands of yen)

As of February 28, 2015	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	18,013,668	-	-	-	-	-
Cash and bank deposits in trust	10,836,326	-	-	-	-	-
Total	28,849,995	-	-	-	-	-
As of August 31, 2015	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	20,099,394	-	-	-	-	-
Cash and bank deposits in trust	11,152,932	-	-	-	-	-
Total	31,252,327	-	-	-	-	-

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

(Thousands of yen)

As of February 28, 2015	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term bonds issued	10,000,000	-	-	-	-	-
Current portion of long-term borrowings	36,710,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	1,548,139	-	-	-	-	-
Long-term bonds issued	-	-	15,000,000	-	-	22,500,000
Long-term borrowings	-	29,450,000	24,300,000	43,766,000	49,500,000	141,075,000
Tenant leasehold and security deposits in trust	-	1,531,415	1,447,970	1,447,970	1,394,220	3,110,943
Total	48,258,139	30,981,415	40,747,970	45,213,970	50,894,220	166,685,943
As of August 31, 2015	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	3,000,000	-	-	-	-	-
Current portion of long-term bonds issued	10,000,000	-	-	-	-	-
Current portion of long-term borrowings	33,050,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	1,548,139	-	-	-	-	-
Long-term bonds issued	-	15,000,000	-	-	-	22,500,000
Long-term borrowings	-	18,300,000	45,666,000	49,000,000	45,500,000	138,075,000
Tenant leasehold and security deposits in trust	-	1,531,415	1,447,970	1,447,970	1,231,620	2,819,558
Total	47,598,139	34,831,415	47,113,970	50,447,970	46,731,620	163,394,558

## Note 12 — Derivatives

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

### As of February 28, 2015

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts <sup>(ii)</sup>		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	143,575,000	132,575,000	(404,179)	(iii)
Special treatment for hedge accounting of interest rate swaps <sup>(i)</sup>	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	88,500,000	88,500,000	- <sup>(i)</sup>	-
Total			232,075,000	221,075,000	(404,179) <sup>(i)</sup>	-

### As of August 31, 2015

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts <sup>(ii)</sup>		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	143,575,000	132,575,000	(345,675)	(iii)
Special treatment for hedge accounting of interest rate swaps <sup>(i)</sup>	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	108,500,000	108,500,000	- <sup>(i)</sup>	-
Total			252,075,000	241,075,000	(345,675) <sup>(i)</sup>	-

Note:

- (i) As disclosed in “(7) Summary of significant accounting policies (h) Hedge accounting”, JRF applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, is determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term borrowings as hedged item is calculated together as one and disclosed as such under Note (i) in “Note 11 Financial instruments (b) Quantitative information for financial instruments”.
- (ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- (iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts.
- (iv) For the six months ended February 28, 2015, the interest rate swaps contracts totaling of ¥20,000 million in notional amounts entered into on February 20, 2015 which are subject to the special treatment provided under Japanese GAAP for the interest rate swaps are not included in the above table. The interest rate swaps contracts are designated as hedging instruments for specific long-term borrowings funded on March 2, 2015.

## Note 13 — Related-party transaction

There was no related-party transaction to be disclosed for the six months ended February 28, 2015 and August 31, 2015.

**Note 14 — Income taxes**

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	February 28, 2015	August 31, 2015
<b>Deferred tax assets:</b>		
Current:		
Tax loss carryforwards	3,017,236	2,806,821
Other	11,420	12,352
Sub total	3,028,656	2,819,174
Valuation allowance	(3,028,656)	(2,819,174)
Total current deferred tax assets	-	-
Non-current:		
Amortization of leasehold rights	49,276	45,121
Depreciation	-	42,162
Asset retirement obligations	161,759	154,021
Valuation differences on assets acquired through merger	5,831,055	5,509,698
Other	138,537	112,389
Sub total	6,180,629	5,863,393
Valuation allowance	(6,180,629)	(5,863,393)
Total non-current deferred tax assets	-	-
Total deferred tax assets	-	-
Net deferred tax assets	-	-
<b>Deferred tax liabilities:</b>		
Non-current:		
Valuation differences on assets acquired through merger (not offset by other tax deductible items)	414,319	-
Asset retirement costs (not offset by other deductible items)	99,780	-
Total deferred tax liabilities	514,100	-
Net deferred tax liabilities	514,100	-

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

(%)

	For the six months ended	
	February 28, 2015	August 31, 2015
Statutory tax rate	34.16	34.15
Deductible cash distributions	(30.18)	(34.15)
Reserve for reduction entry of property	(1.61)	-
Change in tax rate	-	4.89
Change in deferred tax liabilities due to tax reform	-	(5.03)
Change in valuation allowance (for deferred tax assets)	(1.93)	(4.78)
Other	(0.18)	(0.11)
Effective tax rate	0.26	(5.03)

**Note 15 — Asset retirement obligations**

JRF 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 JRF, 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 February 28, 2015 and August 31, 2015 are as follows:

(Thousands of yen)

	For the six months ended	
	February 28, 2015	August 31, 2015
Balance at the beginning of the period	362,431	473,533
Increase due to acquisition of properties	108,051	-
Adjustment for passage of time	3,050	3,166
Balance at the end of the period	473,533	476,700

## Note 16 — Fair value of investment and rental property

JRF has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended February 28, 2015 and August 31, 2015.

	(Thousands of yen)	
	For the six months ended	
	February 28, 2015	August 31, 2015
<b>Net book value<sup>(i)</sup></b>		
Balance at the beginning of the period	755,736,276	796,765,499
Net increase during the period <sup>(ii)</sup>	41,029,223	6,338,435
Balance at the end of the period	796,765,499	803,103,935
<b>Fair value<sup>(iii)</sup></b>	847,609,000	874,015,000

Note:

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

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

	Increase (decrease) in net book value
For the six months ended February 28, 2015:	
(Thousands of yen)	
Acquisitions:	
DFS T GALLERIA OKINAWA.....	13,647,795
CUTE CUBE HARAJUKU.....	8,604,426
m-city Toyonaka.....	5,636,244
G-Bldg. Nagoya Sakae 01.....	1,983,167
mozo wonder city (additional acquisition of interest of quasi-co-ownership).....	11,855,923
G-Bldg. Omotesando 02 (additional acquisition of interest of quasi-co-ownership).....	5,355,915
G-Bldg. Kichijoji 01 (additional acquisition of interest of quasi-co-ownership).....	1,775,983
Capital expenditures:	
Repair of outer wall of AEON MALL Itami.....	168,163
Total of capital expenditures for the period (including above expenditure).....	2,402,254
Disposition:	
AEON MALL Kobe Kita (partial disposition of interest of quasi-co-ownership).....	(4,161,599)
For the six months ended August 31, 2015:	
Acquisitions:	
EDION Kyobashi (Land with leasehold interest).....	5,756,688
G-Bldg. Ueno 01.....	3,459,381
Capital expenditures:	
Renewal of disaster prevention equipment of Nara Family.....	149,530
Total of capital expenditures for the period (including above expenditure).....	2,312,448

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

For rental revenues and expenses for the six months ended February 28, 2015 and August 31, 2015, please refer to "Note 6 — Analysis for rental and other operating revenues and property-related expenses".

## Note 17 — Segment information

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

### (a) Operating segment information

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

### (b) Enterprise-wide disclosures

#### (i) Information about products and services

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

#### (ii) Information about geographic areas

##### Revenues from overseas customers:

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

##### Tangible fixed assets:

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

### (c) Information about major customers

Name of customer	Revenues for the six months ended		Related segment
	February 28, 2015	August 31, 2015	
AEON Retail Co., Ltd.	4,950,357	4,990,584	Property rental business
AEON Mall Co., Ltd.	3,918,460	3,836,341	Property rental business

(Thousands of yen)

**Note 18 — Per unit information**

The net asset value per unit as of February 28, 2015 and August 31, 2015 was ¥160,862 and ¥161,122, respectively. Net income per unit for the six months ended February 28, 2015 and August 31, 2015 was ¥4,415 and ¥4,415, respectively.

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

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

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2015	August 31, 2015
Net income	10,658,506	10,731,054
Effect of dilutive unit	-	-
Net income available to common unitholders	10,658,506	10,731,054
Weighted-average number of units outstanding for the period	2,413,648 units	2,430,198 units

**Note 19 — Subsequent events****(a) Issuance of new investment units**

The Board of Directors of JRF, at its meeting held on August 20, 2015 and September 2, 2015, resolved to issue new investment units as follows:

*Issuance of new investment units through public offering:*

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

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

119,500 investment units, out of which 52,400 new units to be offered through the Domestic Public Offering and 67,100 new units to be offered through the Overseas Offering consisting of 64,600 new units to be underwritten and purchased by overseas underwriters and an option to purchase up to an aggregate of 2,500 additional new units granted to the overseas underwriters.

## (ii) Offer price: ¥202,566 per unit

## (iii) Total offering amount: ¥24,206,637,000

## (iv) Issue price (amount to be paid in): ¥196,261 per unit

## (v) Total amount to be paid in: ¥23,453,189,500

## (vi) Payment date: September 9, 2015

## (vii) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on September 1, 2015 and ending on February 29, 2016.

*Issuance of new investment units through third-party allotment:*

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

## (ii) Issue price (amount to be paid in): ¥196,261 per unit

## (iii) Total amount to be paid in: ¥490,652,500

## (iv) Payment date: October 7, 2015

## (v) Distribution:

The units to be issued will first be entitled to distributions, if any, for the six months commencing on September 1, 2015 and ending on February 29, 2016.

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

*Use of proceeds:*

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

As a result of the Offerings, unitholders' capital increased to ¥387,198,507,160 and number of investment units issued and outstanding increased to 2,552,198 units on October 7, 2015.



***(b) Disposition of properties***

On October 14, 2015, JRF decided to sell trust beneficiary interests of the following properties. A part of transaction has executed on October 15, 2015.

*Property name:*

- (i) AEON MALL Kashiihama (30% quasi-co-ownership interest), AEON Nishi-Otsu, AEON Omiya, AEON Ueda and AEON MALL Yachiyo Midorigaoka
- (ii) AEON MALL Kashiihama (19% quasi-co-ownership interest)
- (iii) AEON MALL Kashiihama (51% quasi-co-ownership interest)

*Disposition amount:*

- (i) ¥58,417 million
- (ii) ¥2,755 million
- (iii) ¥7,395 million

*Completion date of contract:*

October 15, 2015

*Disposition date:*

- (i) October 15, 2015
- (ii) Scheduled on August 31, 2016
- (iii) Scheduled on September 30, 2016

*Purchaser:*

Godo Kaisha Double O5

*Gains on disposal:*

Gains on disposal of property will amount approximately to ¥975 million, ¥549 million and ¥1,419 million be recognized in profit as operating revenues for the six months ending February 29, 2016, August 31, 2016 and February 28, 2017, respectively.

(9) Changes in unit issued and outstanding

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

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

Note 1 New investment units were issued at a price of ¥107,640 per unit (subscription price of ¥104,107 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 2 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 3 New investment units were issued at a price of ¥128,310 per unit (subscription price of ¥124,230 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 4 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 5 New investment units were issued at a price of ¥195,902 per unit (subscription price of ¥189,805 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 6 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 7 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).

#### 4. Changes in officers

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

## 5. Additional information

### (1) Composition of assets

Classification of Assets	Region	As of February 28, 2015		As of August 31, 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	23,625	2.8	23,587	2.8
	Osaka and Nagoya metropolitan areas	6,945	0.9	6,942	0.8
	Sub-total	30,571	3.7	30,530	3.6
Trust beneficial interest in real property	Tokyo metropolitan area	370,044	44.3	372,817	44.3
	Osaka and Nagoya metropolitan areas	295,524	35.4	300,088	35.6
	Other metropolitan areas	100,625	12.1	99,667	11.8
	Sub-total	766,193	91.8	772,573	91.7
Sub-total		796,765	95.5	803,103	95.3
Bank deposits and other assets		37,921	4.5	39,464	4.7
Total assets		834,687	100.0	842,568	100.0
Total liabilities (Note 2)		443,759	53.2	451,009	53.5
Total net assets		390,928	46.8	391,559	46.5

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

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

### (2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of August 31, 2015 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m <sup>2</sup> )	Leased area (Note 2) (m <sup>2</sup> )	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
Higashi-Totsuka Aurora City (trust beneficial interest)	47,180	109,365.50	109,365.50	100.0	4.4	Retail facilities
mozo wonder city (Note 4) (trust beneficial interest)	42,582	86,654.68	72,084.15	83.2	8.4	Retail facilities
Nara Family (trust beneficial interest)	33,200	85,030.68	84,633.24	99.5	6.2	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	30,411	56,095.45	55,617.88	99.1	5.9	Retail facilities
AEON MALL Yachiyo Midorigaoka (trust beneficial interest)	28,011	132,294.48	132,294.48	100.0	2.2	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	27,380	137,466.97	137,466.97	100.0	3.0	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	25,512	138,538.63	138,538.63	100.0	2.9	Retail facilities
G-Bldg. Shinsaibashi 03 (Note 5) (trust beneficial interest)	22,341	4,631.13	4,631.13	100.0	-	Retail facilities
GYRE (trust beneficial interest)	21,947	4,815.02	4,815.02	100.0	1.8	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,344	157,904.26	157,904.26	100.0	1.9	Retail facilities
Total	297,913	912,796.80	897,351.26	98.3	-	

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.

The retail facilities as of August 31, 2015 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	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	5,249
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,480	949
G-Bldg. Jiyugaoka 01 (Note 4)	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,358.82	3,695	2,426
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,080	3,982
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,815.02	24,500	21,947
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,480	2,354
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,690	2,300
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo	Real property	922.30	4,770	6,438
La Porte Aoyama (Note 5)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,153.44	9,910	9,346
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,160	5,501
G-Bldg. Minami-Ikebukuro 01 (Note 5)	19-5, Minami-Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,061.47	7,930	6,220
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	4,660	2,780
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	5,750	3,697
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	6,440	5,594
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,095.45	37,100	30,411
G-Bldg. Omotesando 02	25-15 Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	20,150	17,844
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,512.03	3,990	3,595
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.54	9,120	8,584
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	2,030	1,976
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	15,000	12,531
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	16,500	11,993
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,700	18,405
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	3,850	3,401
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	7,750	6,603
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuou-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	2,430	1,600
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,420	1,842
G-Bldg. Shinsaibashi 02 (Note 6)	3-24, Shinsaibashi-suji 1-chome, Chuou-ku, Osaka-shi, Osaka	Trust beneficial interest	-	5,680	4,353
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	9,330	8,091
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	4,870	3,863
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	7,290	5,892
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkakusagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,380	2,793

Name of property	Location  (Note 1)	Form of ownership	Leasable area  (Note 2) (m <sup>2</sup> )	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Round 1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	3,820	2,937
G-Bldg. Shinsaibashi 03	2-17, Shinsaibashisuji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	4,631.13	26,000	22,341
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,450	1,221
G-Bldg. Shibuya 01	20-13 Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,582.08	3,900	3,232
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	14,500	13,500
EDION Kyobashi (Land with leasehold interest)	9-10, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka	Trust beneficial interest	4,307.16	5,760	5,756
G-Bldg. Ueno 01	9-14 Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,530	3,457
Nara Family	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	85,030.68	36,600	33,200
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,548.05	12,500	9,587
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,738.93	5,210	6,677
Higashi-Totsuka Aurora City	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	42,200	47,180
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,440	13,916
Narupark (Note 5)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.61	4,950	7,733
Kishiwada CanCan Bayside Mall	2-1, Minatomidori machi, Kishiwada-shi, Osaka, etc.	Trust beneficial interest	38,266.16	6,400	7,336
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,780	5,520
Izumisano Shofudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,820	2,657
mozo wonder city (Note 7)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,654.68	49,500	42,582
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,850	5,804
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	3,760	3,157
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,809.69	4,290	4,002
Oyama Yuen Harvest Walk (Note 7)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,872.64	9,050	9,089
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,248.96	10,900	8,923
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,940	1,365
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	5,770	6,085
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,200	10,754
AEON MALL Higashiura	13-2, Aza-asahi, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi, etc.	Trust beneficial interest	129,124.73	10,500	7,277
AEON MALL Kashiihama	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	14,500	11,749
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,660	6,719
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	4,930	4,702
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,000	11,092
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,400	15,563
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	6,840	4,969

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m <sup>2</sup> )	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,400	5,667
AEON Takatsuki	47-2, Haginoshō 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,400	10,256
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,480	3,426
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,600	10,253
AEON Nishi-Otsu	11-1, Ohjigaoka 3-chome, Otsu-shi, Shiga	Trust beneficial interest	62,717.26	11,200	12,148
AEON Omiya	574-1, Kushibikicho 2-chome, Kita-ku, Saitama-shi, Saitama	Trust beneficial interest	75,344.90	5,600	5,758
AEON Ueda	12-18, Tsuneda 2-chome, Ueda-shi, Nagano	Trust beneficial interest	61,349.07	7,970	8,033
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	25,800	25,512
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	19,400	19,344
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,207.19	10,700	12,826
AEON MALL Yachiyo Midorigaoka	1-3, Midorigaoka 2-chome, Yachiyo-shi, Chiba	Trust beneficial interest	132,294.48	23,700	28,011
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	18,100	16,362
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,500	16,178
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	31,700	27,380
AEON MALL Kobe Kita	2-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	11,970	9,547
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	1,790	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	3,150	2,462
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,130	2,312
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,030	2,380
Neyagawa(Land with leasehold interest) (Note 8)	327-1, Taiseicho, Neyagawa-shi, Osaka, etc.	Trust beneficial interest	11,430.04	1,710	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	1,714
Tecc Land Fukuoka Shime Honten (Note 6)	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	-	5,190	3,967
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,250	3,103
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,820	2,083
m-city Toyonaka	2-18, 2-chome, Hinode-cho Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,190	5,573
Total			3,150,204.42	874,015	803,103

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

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

Note 3 "Appraisal value at end of period" shows the value appraised or researched by the real estate appraiser (CBRE K.K., Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and Tanizawa 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 A part of the buildings of G-Bldg. Jiyugaoka 01 is under demolish work for reconstruction from June 2015.

Note 5 "Leasable area" for a pass-through master leased property are presented on an end-tenant basis.

Note 6 "Leasable area" of the property is not disclosed because the consent from the tenant has not been obtained.

Note 7 "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 8 The property name was changed from Tecc Land Neyagawa(Land with leasehold interest) to Neyagawa(Land with leasehold interest) in the current period.

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

Name of property	For the six months ended February 28, 2015				For the six months ended August 31, 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	4	100.0	86	0.3	4	100.0	82	0.3
G-Bldg. Kita Aoyama 01	3	100.0	35	0.1	3	100.0	34	0.1
G-Bldg. Jiyugaoka 01	9	97.0	88	0.3	2	100.0	80	0.3
Cheers Ginza	7	72.1	96	0.3	10	100.0	102	0.3
GYRE	21	94.4	506	1.7	23	100.0	550	1.8
G-Bldg. Jingumae 06	4	100.0	54	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)	24	100.0	278	0.9	24	100.0	291	0.9
G-Bldg. Jingumae 03	7	100.0	79	0.3	7	100.0	81	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	262	0.9	8	100.0	265	0.9
Urban Terrace Jingumae	2	100.0	100	0.3	2	100.0	101	0.3
G-Bldg. Sangenjaya 01	3	100.0	147	0.5	3	100.0	147	0.5
G-Bldg. Ginza 01	8	100.0	145	0.5	8	100.0	145	0.5
KAWASAKI Le FRONT	69	99.0	1,812	5.9	69	99.1	1,823	5.9
G-Bldg. Omotesando 02	6	100.0	352	1.1	6	100.0	371	1.2
G-Bldg. Kichijoji 01 (Note 4)	0	0.0	-	-	1	100.0	-	-
CUTE CUBE HARAJUKU	9	96.7	164	0.5	10	100.0	210	0.7
G-Bldg. Nagoya Sakae 01	2	100.0	20	0.1	2	100.0	47	0.1
8953 Osaka Shinsaibashi Building	1	100.0	382	1.2	1	100.0	364	1.2
Bic Camera Tachikawa	2	100.0	388	1.3	2	100.0	382	1.2
Kawaramachi OPA	1	100.0	358	1.2	1	100.0	358	1.2
G-Bldg. Jingumae 01	2	100.0	76	0.2	2	100.0	82	0.3
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	67	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	0.4	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

Name of property	For the six months ended February 28, 2015				For the six months ended August 31, 2015			
	Number of tenants	Occupancy ratio	Rental and other operating revenues	Ratio of rental revenue to total rental revenues	Number of tenants	Occupancy ratio	Rental and other operating revenues	Ratio of rental revenue to total rental revenues
	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)
G-Bldg. Shinsaibashi 03 (Note 4)	1	100.0	-	-	1	100.0	-	-
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	1	100.0	497	1.6
EDION Kyobashi (Land with leasehold interest) (Note 4)	-	-	-	-	1	100.0	-	-
G-Bldg. Ueno 01	-	-	-	-	1	100.0	14	0.0
Nara Family	129	99.8	2,006	6.6	123	99.5	1,927	6.2
Abiko Shopping Plaza	54	99.6	710	2.3	55	99.9	653	2.1
Kyoto Family	69	99.9	584	1.9	70	100.0	584	1.9
Higashi-Totsuka Aurora City	4	100.0	1,360	4.4	4	100.0	1,358	4.4
Ito-Yokado Kawasaki	5	100.0	491	1.6	5	100.0	492	1.6
Narupark (Note 3)	48	99.5	363	1.2	49	99.5	342	1.1
Kishiwada CanCan Bayside Mall	106	93.6	719	2.3	102	94.9	724	2.3
Makuhari Plaza	6	100.0	215	0.7	5	100.0	214	0.7
Izumisano Shofudai (Land with leasehold interest) (Note 4)	2	100.0	-	-	2	100.0	-	-
mozo wonder city (Note 5)	223	99.8	2,460	8.0	151	83.2	2,593	8.4
pivo Izumi Chuo (Note 4)	17	100.0	-	-	17	100.0	-	-
Colline Bajikouen	10	100.0	141	0.5	10	100.0	143	0.5
KAMISHIN PLAZA	42	98.1	275	0.9	42	97.4	275	0.9
Oyama Yuen Harvest Walk (Note 5)	72	99.9	826	2.7	71	99.6	834	2.7
AEON Sendai Nakayama	2	100.0	417	1.4	2	100.0	420	1.4
Ito-Yokado Yabashira	1	100.0	78	0.3	1	100.0	78	0.3
Ito-Yokado Kamifukuoka Higashi	1	100.0	217	0.7	1	100.0	217	0.7
Ito-Yokado Nishikicho	1	100.0	444	1.4	1	100.0	444	1.4
AEON MALL Higashiura	1	100.0	481	1.6	1	100.0	480	1.6
AEON MALL Kashiihama	1	100.0	477	1.6	1	100.0	477	1.5
AEON MALL Sapporo Naebo	1	100.0	372	1.2	1	100.0	371	1.2
Ito-Yokado Tsunashima	1	100.0	168	0.5	1	100.0	168	0.5
AEON Itabashi Shopping Center	1	100.0	650	2.1	1	100.0	656	2.1
AEON MALL Yamato	1	100.0	536	1.8	1	100.0	536	1.7
SEIYU Hibarigaoka	1	100.0	261	0.9	1	100.0	261	0.8
AEON Tobata Shopping Center	1	100.0	339	1.1	1	100.0	315	1.0



Name of property	For the six months ended February 28, 2015				For the six months ended August 31, 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 Takatsuki	1	100.0	414	1.3	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	1.2	1	100.0	373	1.2
AEON Nishi-Otsu	1	100.0	375	1.2	1	100.0	375	1.2
AEON Omiya	1	100.0	194	0.6	1	100.0	194	0.6
AEON Ueda	1	100.0	303	1.0	1	100.0	303	1.0
AEON MALL Tsurumi Ryokuchi	1	100.0	895	2.9	1	100.0	895	2.9
AEON MALL Itami	1	100.0	582	1.9	1	100.0	581	1.9
Ito-Yokado Yotsukaido	1	100.0	290	0.9	1	100.0	290	0.9
AEON MALL Yachiyo Midorigaoka	1	100.0	691	2.3	1	100.0	691	2.2
AEON MALL Sapporo Hassamu	1	100.0	577	1.9	1	100.0	577	1.9
Ario Otori	1	100.0	544	1.8	1	100.0	558	1.8
AEON MALL Musashi Murayama	1	100.0	936	3.1	1	100.0	935	3.0
AEON MALL Kobe Kita (Note 6)	1	100.0	495	1.6	1	100.0	405	1.3
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 StadiumItabashi	1	100.0	95	0.3	1	100.0	95	0.3
Round1 Machida	1	100.0	90	0.3	1	100.0	90	0.3
Neyagawa(Land with leasehold interest) (Note 4)	1	100.0	-	-	1	100.0	-	-
Round1 StadiumSakai Chuo Kanjyo	1	100.0	82	0.3	1	100.0	82	0.3
Tec 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 StadiumTakatsuki	1	100.0	91	0.3	1	100.0	91	0.3
m-city Toyonaka (Note 4)	1	100.0	-	-	1	100.0	-	-
Total	1,040	99.8	30,614	100.0	961	99.4	30,962	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 JRF sold 30% quasi-co-ownership interest of the property on December 5, 2014.