

Japan Retail Fund Investment Corporation
29th Semi-Annual Report

March 1, 2016 – August 31, 2016

Japan Retail Fund Investment Corporation (JRF)

J-REIT Specializing in Retail Properties

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 92 properties throughout Japan, with a value of approximately 846.7 billion yen, making it the largest J-REIT specializing in retail properties, and the fourth largest among all REITs listed in Japan. (As of October 3, 2016)

Suburban + Urban

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

Stable Distributions

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

Strong Sponsors

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

To Our Unitholders

JRF increased distributions again for the 29th fiscal period by promoting portfolio management.

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

In the 29th fiscal period, ended August 31, 2016, the overseas macroeconomic environment remained unstable due to uncertainty in developing countries and the UK's Brexit issue, while the Japanese economy experienced a moderate recovery with a steady employment and income situation, resulting in robust consumption growth in general. The J-REIT market has been highly volatile due to external factors.

Amid such an environment, operating revenue was 37,078 million yen, an increase of 15.8% from the previous fiscal period partly due to stable rental revenue supported by the well-balanced portfolio, with contributions from newly acquired properties, and continued strategic asset replacement. Net income for the fiscal period was 10,820 million yen, a decrease of 0.8% from the previous fiscal period. Total cash distributions amounted to 10,846 million yen by adding reversals of the reserve for reduction entry (25 million yen). Accordingly, JRF declared a cash distribution per unit of 4,250 yen, up 50 yen from the previous fiscal period.

JRF aims to increase stability and profitability with its unique strengths.

JRF continues to maximize unitholders' value by bringing its unique strengths to portfolio management based on years of experience. During this fiscal period, JRF continued implementing strategic asset replacement to increase the share of urban retail properties with good potential and financial stability. Moreover, JRF actively endeavored to improve the value of existing properties through promoting development of attractive facilities.

The J-REIT market has been stable, and yet the competition is increasing. For further growth, it is necessary to strengthen our overall ability by implementing external growth strategies, internal growth strategies and financial strategies in a well-balanced manner. JRF continues to pursue flexible portfolio management with the aim of securing stable profitability and improving the level of distribution.

I would like to thank all the respondents for their kind cooperation in the questionnaire survey conducted for the Semi-Annual Report for the 28th financial period. The feedback will be utilized for JRF's future business and IR activities.

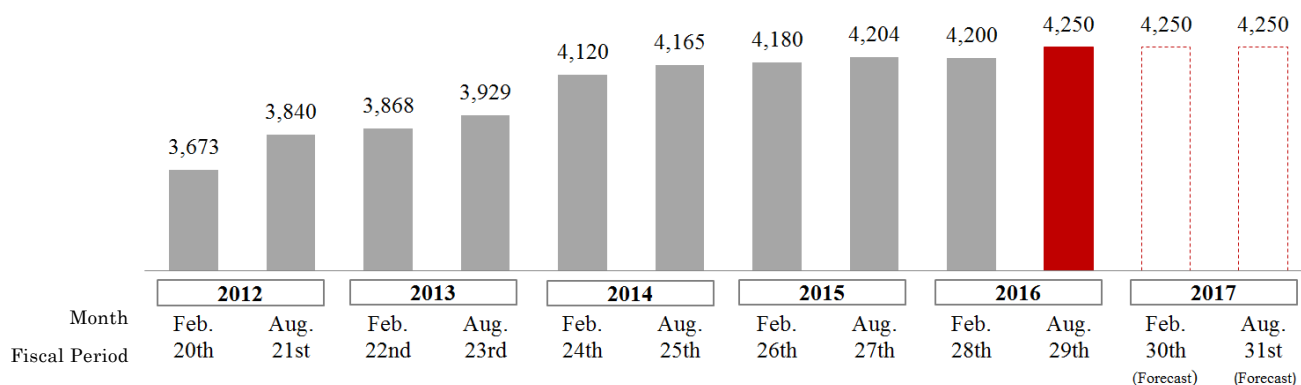
We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 29th Fiscal Period

➤ Distribution per unit (Japanese Yen)

4,250 yen

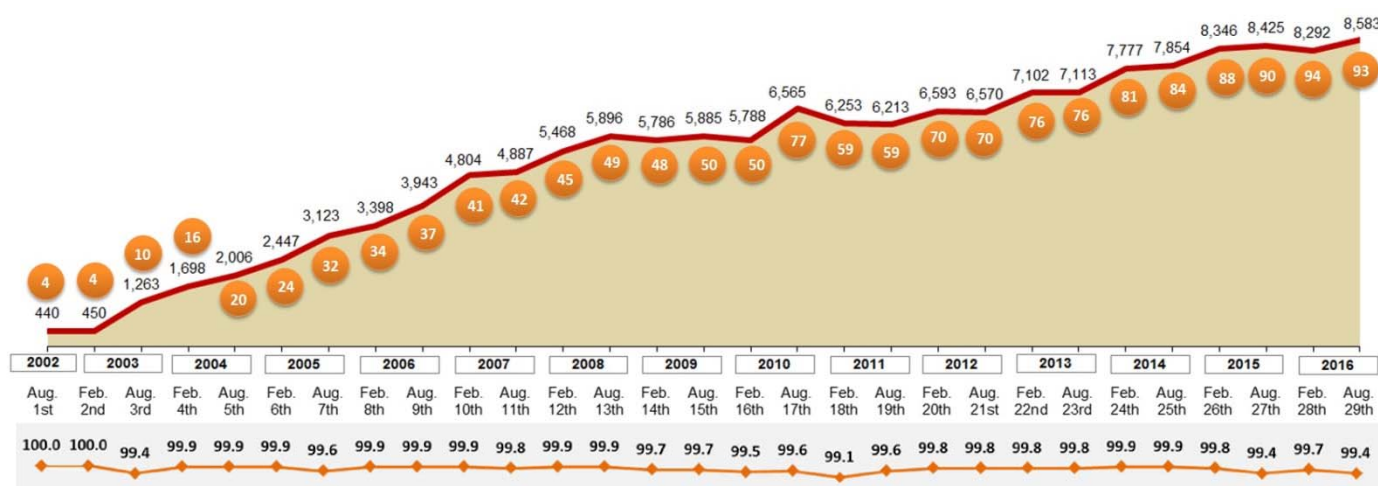


➤ Financial results

	Feb. 2015 fiscal period	Aug. 2015 fiscal period	Feb. 2016 fiscal period	Aug. 2016 fiscal period
Operating Revenue	31.3 billion yen	30.9 billion yen	32.0 billion yen	37.0 billion yen
Operating Income	13.6 billion yen	12.8 billion yen	13.6 billion yen	13.8 billion yen
Net Income	10.6 billion yen	10.7 billion yen	10.9 billion yen	10.8 billion yen
NAV per Unit	160 thousand yen	161 thousand yen	162 thousand yen	162 thousand yen

➤ Total assets, number of properties and occupancy ratio

— Total assets (100 million yen) ● Number of properties — Occupancy ratio^(Note)



(Note) Figures are as of the end of each fiscal period. The occupancy rate for the 17th fiscal period ended August 31, 2010 excludes non-core assets.

Interview with the President & CEO of the Asset Manager

Highlights

- Increased the share of urban properties by 3.1% by implementing strategic asset replacement
- Kamishin Plaza (Osaka-shi, Osaka) reopened after renovation
- Additional construction of Ito-Yokado Yotsukaido (Yotsukaido-shi, Chiba) was completed
- Asset value improvement project is under way at Nara Family (Nara-shi, Nara) and other sites
- Execution of new loans, refinancing and lengthening of all commitment line agreements with an emphasis on flexibility of financing

Q1. How do you evaluate the fiscal period ended August 2016 (the 29th financial period)?

Strategic property replacement raised the share of investments in urban retail properties. Also, our efforts to enhance the competitiveness of existing assets led to improved portfolio quality.

In recent years, JRF has been striving to develop a robust portfolio that can respond to changes in the investment environment through the maintenance and improvement of portfolio profitability and stability. JRF places the emphasis on increasing the share of urban retail properties located in areas that can continue to attract consumers and have high tenant substitutability. In line with this policy, strategic asset replacement was executed during this fiscal period.

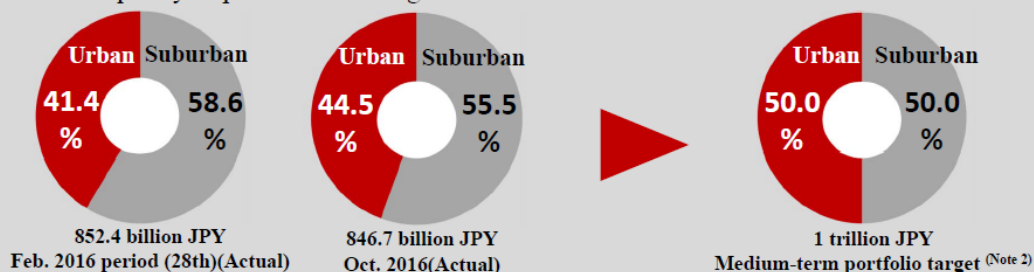
In August 2016, three suburban properties were sold in light of their poor tenant substitutability and uncertainty of future continuity. The funds obtained from the sale were used partially to acquire an additional excellent urban property in October. I'm pleased to say that the ratio of urban property to the portfolio increased to 44.5% as of October 2016 from 41.4% as of the end of February 2016 (the end of the 28th financial period).

With the aim of maintaining and improving the profitability of existing assets and as a measure to strengthen our properties' competitiveness, we at JRF bring our unique capability for shopping center (SC) management in carrying out a variety of action plans tailored to each property's needs and potential. Such action plans include tenant replacement, development of extension building and reconstruction. This period was fruitful for JRF in improving portfolio quality for higher profitability and stabilized distribution levels in the future.

Medium-term portfolio and DPU targets

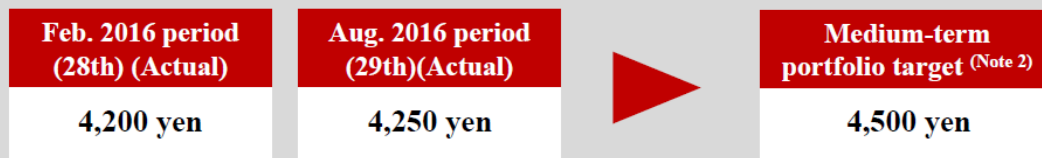
Asset size ^(Note 1) and urban/suburban ratio

- Asset size expansion; shifting to urban type properties with excellent quality with less risk of vacancy loss backed by robust tenant demand
- Portfolio quality improvement through tenant diversification



Distributions per unit

- Improvement and stabilization of profitability through implementation of portfolio management that aims to enhance unitholders' value over a medium term



(Note1) Assets size is based on the acquisition price. Urban / suburban ratio is based on the appraisal value.

(Note2) Medium-term portfolio and DPU targets are provided without warranty or guarantee of any kind.

Q2. Could you explain a little more about your property replacement strategy executed during this fiscal period?

Taking advantage of the sound real estate market, JRF secured sales profit by selling assets that had an uncertain future while acquiring an excellent urban property.

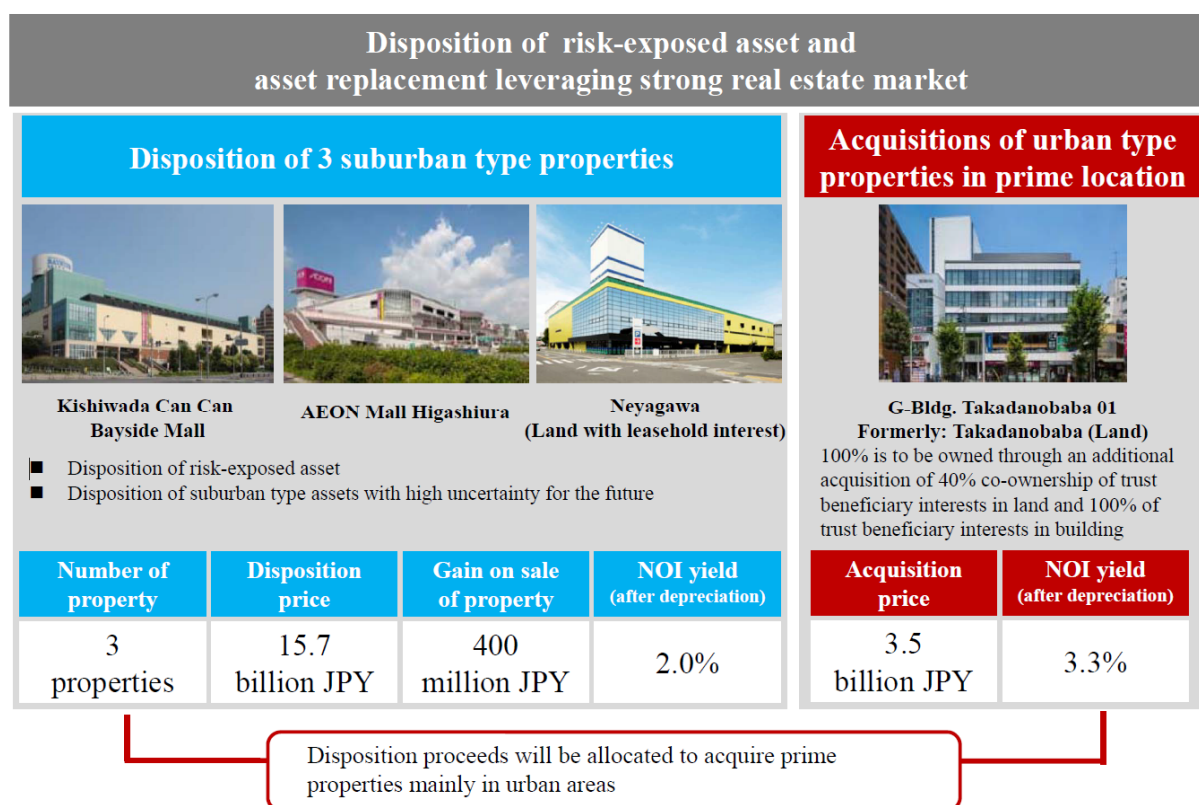
JRF completed the sale of three properties (Kishiwada CanCan Bayside Mall (Kishiwada-shi, Osaka), AEON MALL Higashiura (Chita-gun, Aichi) and Neyagawa (land with leasehold interest) (Neyagawa-shi, Osaka) in August 2016.

Since the acquisition in 2011, Kishiwada CanCan Bayside Mall had faced severe competition and the departure of a core tenant, which made us concerned about a deterioration in its future profitability. After carefully considering several alternatives including renovation for continued holding and sale after the completion of renovation, JRF decided that the best strategy was to sell the property for a loss before making an additional investment.

We concluded that what could maximize our profit during the current favorable real estate trading market would be to immediately sell two properties: AEON MALL Higashiura, whose sales revenue was anticipated to decline, despite the stable revenue, due to the growing number of large-scale competing facilities on a wide-area scale; and Neyagawa (land with leasehold interest), whose operations were discontinued in the midst of the scrap-and-build phase with its tenants. The profit from the sale of these two properties, after offsetting the sales loss from Kishiwada CanCan Bayside Mall, came to approximately 400 million yen.

Part of the funds obtained from the sale of these three properties was used to additionally acquire 40% of co-ownership interest of trust beneficiary rights in land, and trust beneficiary rights in the building of an urban property, G-Bldg. Takadanobaba 01 (Shinjuku-ku, Tokyo), located in an area surrounded by one of the largest college towns in Japan and one of the best residential areas in Tokyo. With this acquisition, G-Bldg. Takadanobaba 01 became wholly owned by JRF.

JRF's existing portfolio has a limited number of risk assets from the viewpoints of tenant consistency and substitutability. However, assets that have an uncertain future will be examined to decide what drastic action to take when necessary.



Q3. I know that JRF is emphasizing an initiative aimed at improving asset value more than ever. Can you explain this?

The initiative, as part of our internal growth strategy, is to maximize the existing properties' potential as retail properties with the objective of developing a long-term, stable earnings base.

At JRF, we continue to be involved in maintaining and improving the competitiveness and profitability of our retail properties through organizing the best tenant mix and upgrading the facility environment.

The renovation of Kamishin Plaza (Osaka-shi, Osaka), which had been carried out since February 2016, was completed and it reopened in June. It was modified into a resident-friendly lifestyle facility by establishing a commercial space by replacing a food supermarket, the main tenant, creating a fresh and bright atmosphere around the entrance and designing an open space food court.

In July 2016, construction of an extension building at Ito-Yokado Yotsukaido (Yotsukaido-shi, Chiba) was completed, and the relocated Yotsukaido Branch of the Chiba Kogyo Bank opened there.

Also from this autumn through the year end, we have several projects that are on schedule including one related to Nara Family (Nara-shi, Nara), which is undergoing major renovation construction such as overall reshuffling of tenants with a view to utilizing a complementary relationship with a directly connected department store; a project related to G-Bldg. Jiyugaoka 01 (Building B) (Meguro-ku, Tokyo), which is being reconstructed into a more attractive facility by taking an advantage of its favorable location; and the entire buildings of Bic Camera Tachikawa (Tachikawa-shi, Tokyo), which are undergoing seismic strengthening works. All of these properties will be reopened by the end of the year.

G-Bldg. Jiyugaoka 01 (Bldg. B), scheduled to be completed in November 2016, became the first retail property to

receive DBJ Green Building development plan certification^{*1} in August, having been ranked as “properties with high environmental & social awareness.”^{*2} With a growing awareness of the environment in recent years, JRF will continue to pursue eco-friendly and environment-conscious measures and work to reduce energy consumption of our properties, with the aim of caring for the environment and reducing environmental load.

(Note 1) The DBJ Green Building Certification system is a system established in April 2011 by DBJ, to support real estate properties that demonstrate environmental and social considerations. Development plan certification is a mechanism used on properties under construction to certify development plans by scoring with the DBJ Green Building Certification model.

(Note 2) G-Bldg. Jiyugaoka 01 has acquired the certification for both Bldg. A and Bldg. B, respectively. Bldg. A was certified as “properties with satisfactory environmental & social awareness” under of DBJ Green building certification system.



G-Bldg. Jiyugaoka 01 (Bldg. A)



**Rendering of
G-Bldg. Jiyugaoka 01 (Bldg. B)**

Q4. What is the financial strategy that supports JRF's portfolio management?

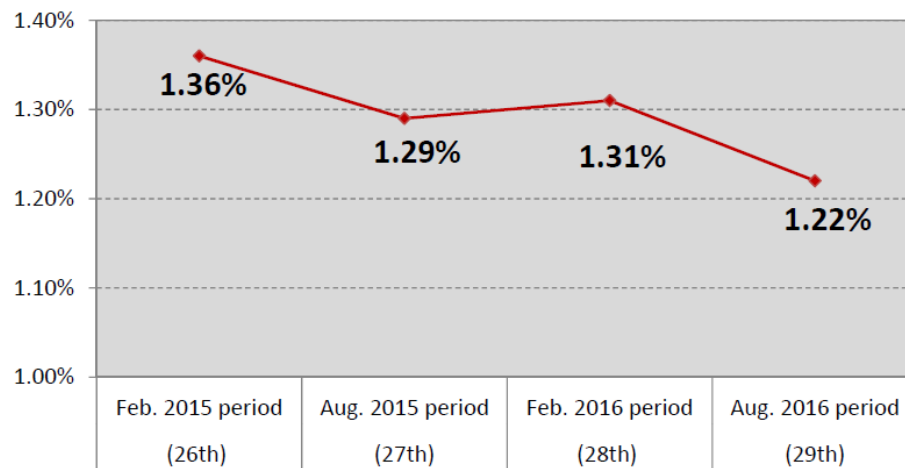
JRF endeavored to build a stable financial foundation through various measures including debt procurement, refinancing and lengthening of all commitment line agreements.

Having a stabilized financial foundation is essential for implementing portfolio management in a flexible manner. From this perspective, JRF continued to carry out its financial strategy in this fiscal period.

JRF procured new borrowings of 26 billion yen and 5.5 billion in March 2016 and April 2016, respectively, to partly appropriate for the acquisition of four properties. In relation to short-term and long-term commitment line agreements (total maximum amount of 60 billion yen) that were concluded during the previous year, JRF concluded an agreement to lengthen the contract period of the short-term commitment line agreements with a total maximum amount of 45 billion yen to secure flexibility and stability in financing methods. As a result, all of JRF's commitment line agreements were lengthened to have long-term agreement. Moreover, in July 2016, JRF refinanced a loan of 15 billion yen (outstanding borrowing of 10.85 billion yen) upon maturity to a long-term loan with a term of 11 years, and the current low interest rate environment helped to reduce the borrowing costs. JRF continues making efforts to maintain its stable financial foundation by three core financial strategies: diversifying its funding methods and repayment dates of loans, equalizing repayment amounts by term, as well as keeping loans-to-value (LTV, where loans refer to interest-bearing debts including security deposits and guarantees) at adequate levels.

Finally, JRF will make every effort to fulfill unitholders' expectations with an aim to constantly increase the amount of distribution. I look forward to receiving the advice and support of all our partners.

Financial Indices



①	LTV (ratio excluding tenant leasehold and security deposits)	44.6%	45.1%	42.2%	44.3%
②	LTV	51.9%	52.2%	48.5%	50.3%
③	Long term borrowings ratio	100.0%	99.3%	99.8%	99.2%
④	Fixed interest rate ratio	92.8%	95.5%	99.8%	96.3%

(Note) Above indices excluding ① are calculated using the amount which is the sum of ending balance of interest-bearing debt and tenant leasehold and security deposits (including tenant leasehold and security deposits in trust).

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

JRF x Sustainability

Towards Sustainable Society

Mitsubishi Corp.-UBS Realty Inc. has signed two international initiatives.

JRF's Asset Manager, Mitsubishi Corp.-UBS Realty Inc., has been actively engaged in addressing sustainability issues through, for example, signing the United Nations-supported Principles for Responsible Investment (PRI). The Asset Manager's initiatives were highly recognized by the United Nations Environment Programme Financial Initiatives (UNEP FI), which invited the Asset Manager to join its Property Working Group (PWG). The Asset Manager decided to sign UNEP FI and participate in PWG.

Moreover, as an asset management company with a mission statement of "always create new values, for people, the community and the world," the Asset Manager became a signatory of the United Nations Global Compact (UNGC), agreeing to its basic principles.



What are The United Nations Environment Programme Finance Initiative (UNEP FI) and The United Nations Global Compact (UNGC)?



The United Nations Environment Programme Finance Initiative (UNEP FI) is a global partnership between the United Nations Environment Programme (UNEP)* and the financial sector. Over 200 institutions, including banks, insurers and investors, work with UNEP to bring about systemic change in finance to support a sustainable world since its launch in 1992.

* The United Nations Environment Programme (UNEP) is the leading global environmental authority that sets the global environmental dimension of sustainable development within the United Nations system and serves as an authoritative advocate for the global environment, conscience of the United Nations system. UNEP was established at the United Nations Conference on the Human Environment (Stockholm, 1972).

The United Nations Global Compact (UNGC) is a call to companies and institutions everywhere to voluntarily align their operations and strategies with ten universally-accepted principles in the areas of human rights, labour, environment and anti-corruption. The UN Global Compact is a leadership platform for the development, implementation, and disclosure of responsible corporate policies and practices.

Launched in 2000, it is the largest corporate responsibility initiative in the world with over 13,000 signatories (including 8,300 companies) based in over 160 countries.



In 2016, JRF was designated by GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment as the highest rank "Green Star" for two consecutive years.

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			25th	26th	27th	28th	29th
As of /for the six months ended			August 31, 2014	February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016
Operating revenues	Note 1	(Millions of yen)	29,562	31,399	30,962	32,017	37,078
(Rental revenues)	Note 1	(Millions of yen)	(29,516)	(30,614)	(30,962)	(31,028)	(30,851)
Operating expenses	Note 1	(Millions of yen)	17,339	17,707	18,146	18,332	23,237
(Rental expenses)	Note 1	(Millions of yen)	(14,657)	(14,906)	(15,285)	(15,400)	(15,055)
Operating income		(Millions of yen)	12,223	13,692	12,816	13,684	13,841
Ordinary income		(Millions of yen)	9,613	11,061	10,217	11,154	11,396
Net income	(a)	(Millions of yen)	9,613	10,658	10,731	10,912	10,820
Net assets	(b)	(Millions of yen)	365,878	390,928	391,559	414,705	415,274
(Period-on-period change)		(%)	(+0.0)	(+6.8)	(+0.2)	(+5.9)	(+0.1)
Total assets	(c)	(Millions of yen)	785,442	834,687	842,568	829,239	858,390
(Period-on-period change)		(%)	(+1.0)	(+6.3)	(+0.9)	(-1.6)	(+3.5)
Unitholders' capital		(Millions of yen)	338,940	363,254	363,254	387,198	387,198
(Period-on-period change)		(%)	(0.0)	(+7.2)	(0.0)	(+6.6)	(0.0)
Number of units issued and outstanding	(d)	(Units)	2,308,198	2,430,198	2,430,198	2,552,198	2,552,198
Net asset value per unit	(b)/(d)	(Yen)	158,512	160,862	161,122	162,489	162,712
Total distributions	(e)	(Millions of yen)	9,613	10,158	10,216	10,719	10,846
Distribution per unit	(e)/(d)	(Yen)	4,165	4,180	4,204	4,200	4,250
(Profit distribution per unit)		(Yen)	(4,165)	(4,180)	(4,204)	(4,200)	(4,250)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 2	(%)	1.2 (2.4)	1.4 (2.8)	1.2 (2.4)	1.3 (2.7)	1.4 (2.7)
Return on unitholders' equity	Note 2	(%)	2.6 (5.2)	2.8 (5.7)	2.7 (5.4)	2.7 (5.4)	2.6 (5.2)
Ratio of net assets to total assets	(b)/(c)	(%)	46.6	46.8	46.5	50.0	48.4
(Period-on-period change)		(%)	(-0.4)	(+0.2)	(-0.3)	(+3.5)	(-1.6)
Payout ratio	(e)/(a)	(%)	100.0	95.3	95.2	98.2	100.3
Additional information:							
Rental net operating income (NOI)	Note 2	(Millions of yen)	20,748	21,805	21,914	21,767	21,812
Net profit margin	Notes 2 and 4	(%)	32.5	34.0	33.0	34.1	29.2
Debt service coverage ratio	Notes 2 and 4	(Multiple)	8.6	9.0	8.8	9.4	9.7
Funds from operation (FFO) per unit	Notes 2 and 4	(Yen)	6,695	6,582	6,770	6,293	6,217
FFO multiples	Notes 2 and 4	(Multiple)	16.4	19.3	16.6	20.3	18.8
Distributable income per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	4,158	4,359	4,412	4,256	4,234
FFO per unit after adjustment for taxes on property and equipment	Notes 3 and 4	(Yen)	6,688	6,555	6,767	6,274	6,202

Note 1 Consumption taxes are not included.

Note 2 Figures are calculated as below formulas. Percentages in parentheses are annualized using 184,181,184,182 and 184 days for the 25th, 26th, 27th, 28th and 29th fiscal period, respectively. FFO multiples are unaudited.

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

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

Note 4 Net income used for calculation of "Net profit margin", "Debt service coverage ratio" and "FFO multiples" does not include deferred income taxes.

2. Outline of asset management operation for the 29th fiscal period

(1) Principal activities

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

In the fiscal period ended August 31, 2016, the 14th year after its listing, in line with its asset replacement strategy, using the proceeds from the disposition, JRF acquired three properties (one of which is an additional acquisition of an existing property) in March 2016, one property (additional acquisition of an existing property) in April 2016, for a total acquisition price of 16 billion yen. In July 2016, JRF also acquired additional building of existing property and a part of land adjacent to existing property using its own funds for a total acquisition price of 100 million yen.

As a result, the total assets managed by JRF as at the end of the 29th fiscal period (fiscal period ended on August 31, 2016) amounted to 848.5 billion yen (the total acquisition price for 93 properties).

(2) Investment environment and results

i. Investment environment

• Macroeconomic trends

The overseas macroeconomic environment continues to have a sense of uncertainty with the economic uncertainty of China and other emerging countries, a fall in resource prices including crude oil, and the UK’s decision by referendum in June to exit the EU. Looking at domestic conditions, the purchase of the relatively safe yen and the resulting appreciation of the currency due to the ongoing unstable global economy has been anticipated to adversely affect the domestic economy. However, the current economy is recovering slowly. The real GDP growth rate rose 0.7% from the same period of the previous year, making two consecutive quarters of positive figures.

• Trends in the retail sector

Consumer sentiment continues rather weak partly due to the unstable climates although the real wage is on an upward trend, and yet overall consumption in the current period is steady. As for inbound visitors’ consumption appetite, one of the most talked about trends in the retail industry last year, the purchase amount per person has passed its peak. Their consumption is shifting from goods to experiences, while the number of visiting foreigners is still on an upward trend and their consumption is expected to continue steadily.

• Trends in the real estate sector)

Domestic real estate transactions continue to be very strong in 2016. Land prices in commercial areas continued their rising trend according to the “Prefectural Land Price Survey (as of July 1)” released by the Ministry of Land, Infrastructure, Transport and Tourism on September 20, 2016. The survey shows land prices in the commercial districts of Osaka, Tokyo, Miyagi, Kyoto, Okinawa and Aichi in particular, as well as its growth rate, has escalated compared with the previous survey. Land price rises are accelerating overall in the three major metropolitan areas by 2.9% (2.3% in 2015) and in each of these areas as follows: 2.7% (2.3% in 2015) in Tokyo, 3.7% (2.5% in 2015) in Osaka, and 2.5% (2.2% in 2015) in Nagoya.

ii. Results

Under the market environment described above, during this fiscal period, as part of asset replacement measures which are regarded as JRF’s external growth strategy, JRF acquired three urban retail properties (50% co-ownership of G-Bldg. Ginza Chuo-dori 01, G-Bldg. Kyoto Kawaramachi 01 and G-Bldg. Shinsaibashi 04 (Building B)) using the proceeds from the disposition of five suburban retail properties in the previous period.

As of August 2 and 5, 2016, JRF completed the sale of three suburban retail properties (Kishiwada CanCan Bayside Mall, AEON MALL Higashiura and Neyagawa (land with leasehold interest)), and concluded a purchase agreement for an urban retail property (building and 40% co-ownership of the land of G-Bldg. Takadanobaba 01). As of August 31, 2016, JRF completed the disposition of 19% co-ownership of AEON MALL Kashiihama, for which a sales agreement had been concluded in the previous fiscal period.

Furthermore, as part of the measures to “improve the value of existing properties,” which is regarded as one of JRF’s growth strategies through portfolio management, JRF announced renewal plans for Nara Family and KAMISHIN PLAZA and extension plans for Ito-Yokado Yotsukaide.

After the renewal, KAMISHIN PLAZA was reopened on June 9, 2016, with greater capacity for meeting customers' daily needs. As for Ito-Yokado Yotsukaido, a newly-added building was completed on July 12, 2016, and the acquisition was completed on the 29th of the same month.

With regard to Nara Family, the renewal plan called "Reborn Project" to transform the property into a high-quality retail property has been implemented to maximize its potential.

The occupancy rate of properties owned by JRF as at the end of the fiscal period was stably maintained. The occupancy rate for 48 urban retail properties remained at 98.4% together with a 99.5% occupancy rate maintained for 45 suburban retail properties.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 93 properties with a total value of 848,515 million yen on an acquisition price basis and 907,284 million yen on an appraisal value basis. The total leasable area was 2,668,210.09 m² with the total number of tenants standing at 880, and the occupancy rate of the overall portfolio was 99.4%.

The unrealized losses/gains (Note) of the overall portfolio at the end of the fiscal period increased by 12.1 billion yen from the end of the previous fiscal period to 103.6 billion yen due to the effects of the acquisition of new properties with unrealized gains, a decrease in the cap rate of existing properties compared with the end of the previous fiscal period, as well as measures to improve the value of existing properties, and as a result of depreciations.

Note: "Unrealized losses/gains" is the difference between the appraisal value or researched value, and book value of the overall portfolio or individual property.

(3) Funding

During this fiscal period, JRF first took out 2.5 billion yen of short-term borrowing and 20.5 billion yen of long-term borrowing (23 billion yen in total) on March 1, 2016, 2 billion yen of long-term borrowing on March 18, 2016, and 1 billion yen of long-term borrowing on March 31, 2016. These loans were procured for acquisition of a property in February 2016 (acquisition price of 15.3 billion yen) and acquisition of three properties in March 2016 (acquisition price of 10.1 billion yen in total), which were in line with its asset replacement strategy.

Next, in order to raise partial funds for additional acquisition of existing urban property (acquisition price of 5.8 billion yen), JRF took out 5.5 billion yen of long-term borrowing on April 28, 2016. Furthermore, in order to repay the existing borrowings of 10.8 billion yen, JRF took out long-term borrowing in the amount of 10.8 billion yen on July 29, 2016.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 380.3 billion yen, consisting of 3.5 billion yen of short-term borrowings, 339.3 billion yen of long-term borrowings (Note 1) and 37.5 billion yen of investment corporation bonds (Note 2).

Consequently, the ratio of long-term borrowings, ratio of fixed interest rates (Note 3), and LTV (Note 4) were 99.2%, 96.3% and 50.3%, respectively, as at the end of the fiscal period.

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

Note 2: Investment corporation bonds include bonds that mature within a year.

Note 3: 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 4: LTV is calculated by dividing the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts) by total assets.

(4) Results and distributions

The operating revenue for the period was 37,078 million yen, and operating income was 13,841 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 11,396 million yen, and net income was 10,820 million yen.

With regard to distributions, 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 this distribution policy, total cash distributions declared for the fiscal period amounted to 10,846 million yen, after adding reversals of reserve for reduction entry of 25 million yen to unappropriated retained earnings for the fiscal period of 10,820 million yen. As a result, distribution per unit amounted to 4,250 yen.

3. Changes in unitholders' capital

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

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
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
September 9, 2015	Global offering	119,500	2,549,698	23,453	386,707	Note 8
October 7, 2015	Allocation of investment units to a third party	2,500	2,552,198	490	387,198	Note 9

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).

Note 8 New investment units were issued at a price of ¥202,566 per unit (subscription price of ¥196,261 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 9 New investment units were issued at a price of ¥196,261 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (or specified assets in the future).

Fluctuation in market price of the investment securities:

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

(Yen)

Fiscal period	25th	26th	27th	28th	29th
As of /for the six months ended	August 31, 2014	February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016
Highest price	232,900	269,900	260,300	272,600	274,800
Lowest price	195,600	209,300	218,000	203,700	231,600
Closing price at end of period	218,200	256,500	223,600	257,200	232,300

4. Distributions

In accordance with the distribution policy in JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distributions 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 declared a total of ¥10,846,841,500 for cash distributions which consisted of all of the retained earnings at end of period of ¥10,820,993,154 and reversal of reserve for reduction entry of property of ¥25,848,346. As a result, distribution per unit amounted to ¥4,250 for the six months ended August 31, 2016.

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

Fiscal period	25th	26th	27th	28th	29th
As of /for the six months ended	August 31, 2014	February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016
Net income (Thousands of yen)	9,613,708	10,658,506	10,731,054	10,912,308	10,820,993
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	2,432,518	2,932,797	3,447,298	3,640,375	3,614,527
Total distributions (Thousands of yen)	9,613,644	10,158,227	10,216,552	10,719,231	10,846,841
(Distribution per unit) (Yen)	(4,165)	(4,180)	(4,204)	(4,200)	(4,250)
Profit distributions (Thousands of yen)	9,613,644	10,158,227	10,216,552	10,719,231	10,846,841
(Profit distribution per unit) (Yen)	(4,165)	(4,180)	(4,204)	(4,200)	(4,250)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refunds per unit) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from retained earnings for temporary difference adjustment (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from retained earnings for temporary difference adjustment) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from deduction of unitcapital under tax rules) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Outlook of overall operation

Although the situation of employment and income within Japan continues to improve, there is a concern that the growing uncertainty of overseas economies such as economic downturns in China and other Asian emerging countries and resource countries as well as the Brexit issue may have an adverse effect on domestic household and corporate business confidence. Under such circumstances, the Bank of Japan announced in September 2016 the introduction of another monetary policy framework “QQE with Yield Curve Control” in order to boost inflation expectations. In the future, the Bank of Japan will seek to create an optimal yield curve to maintain the momentum toward the price stability target of 2%. Although the current personal consumption continues stable, 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 the recent announcement 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.

With respect to the leasing environment of retail properties, earnings of some retailers are robust and, although travel consumption per capita dropped, retailers still target inbound demand which remains relatively strong among overall travel consumption. JRF believes that especially in urban areas, retailers remain highly motivated to opening specialty shops and rent mainly in prime areas remain high. In the meantime, competition is increasing among retail properties in suburban areas as can be seen from certain leading retailers’ announcement of closing their stores, and JRF will keep a close watch on the competitive environment of retail properties and the supply and demand conditions for opening specialty shops.

(2) Issues to be addressed

JRF’s asset size (total acquisition price) is the largest among J-REITs specializing in retail properties as at the end of August 2016. 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 that belong to a variety of industries, and by pursuing both external and internal growth while controlling downside risks.

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

i. External growth strategy

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

With regard to investment targets, JRF will carefully select prime real estate in the four categories of large-scale retail properties which are the largest class in their respective areas, retail properties in densely-populated areas, retail properties in favorable locations adjacent to major stations, and roadside shops and specialty buildings in good locations. In addition to investing in conventional general merchandise retailers in product sales comprising various specialty stores and strong core stores, JRF will also target retail

properties with high customer attraction. Such properties are mainly comprised of non-product selling businesses such as restaurants, services, relaxation, entertainment, medical clinics, and education, or contain a relatively high number of such businesses. Based on the basic strategy described above, JRF will acquire properties in a flexible and timely manner, suitably adjusting to the changing market conditions.

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

JRF considers property replacements that take account of its portfolio's overall profitability, stability and diversification as one of its external growth strategies. JRF will continue to work on property replacements proactively with the aim of improving the quality and profitability of its portfolio by rebalancing the portfolio through diversification by type of retail properties, by type of tenants and by area.

ii. Internal growth strategy

JRF continues to actively conduct SC management, aiming to improve its asset value by maintaining and strengthening the competitiveness of retail properties amid changes in various market environments.

JRF has also actively taken various measures to improve the medium-and long-term competitiveness of retail properties by establishing a necessary operational system for SC management, aiming to improve the profitability and stability of its portfolio.

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

From the viewpoint of operating retail properties while being mindful of environmental and social responsibilities, JRF focuses on greening of facilities, energy conservation and reduction of CO2 emission. In the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment 2016 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 Real Estate Assessment in 2016. 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.

iii. Financial strategy

JRF constantly works to improve financial stability further.

a. Effort to secure the financial stability

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

Basic concepts of mid- 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

b. 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.

iv. Measures for ensuring delivery of stable distribution

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

6. Subsequent events

None

Outline of JRF

1. Investment unit

Fiscal period	25th	26th	27th	28th	29th
As of	August 31, 2014	February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016
Number of units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of units issued and outstanding (Units)	2,308,198	2,430,198	2,430,198	2,552,198	2,552,198
Number of unitholders (People)	19,980	20,305	19,147	18,448	17,783

2. Unitholders

Major unitholders as of August 31, 2016 were as follows:

Name	Address	Number of units owned (Units)	Ratio of number of units owned to total number of units issued (Note 1) (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	418,694	16.40
Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	189,008	7.40
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	165,606	6.48
NOMURA BANK (LUXEMBOURG) S. A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	107,541	4.21
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	105,824	4.14
STATE STREET BANK WEST CLIENT – TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	63,950	2.50
JP MORGAN CHASE BANK 385628	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	59,962	2.34
THE BANK OF NEW YORK MELLON SA/NV 10	RUE MONTROYERSTRAAT 46, 1000 BRUSSELS, BELGIUM	54,775	2.14
STATE STREET BANK – WEST PENSION FUND CLIENTS – EXEMPT 505233	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	46,467	1.82
STATE STREET BANK AND TRUST COMPANY 505223	P. O. BOX 351 BOSTON MASSACHUSETTS 02101 U. S. A.	45,847	1.79
Total		1,257,674	49.27

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended August 31, 2016 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata LLC	-	18,500

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

Note 2 Compensation for Directors indicates actual payments, and the independent auditor's fees indicates estimated audit fees on an accrual basis including ¥1,500 thousand of English financial statement audit fees.

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

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

4. Name of asset manager and other administrator

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

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of February 29, 2016		As of August 31, 2016	
		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	17,118	2.1	17,088	2.0
	Osaka and Nagoya metropolitan areas	6,936	0.8	6,930	0.8
	Other metropolitan areas	2,949	0.3	2,953	0.3
	Sub-total	27,004	3.2	26,972	3.1
Trust beneficial interest in real property	Tokyo metropolitan area	374,518	45.2	386,815	45.1
	Osaka and Nagoya metropolitan areas	315,719	38.1	303,008	35.3
	Other metropolitan areas	89,899	10.8	86,840	10.1
	Sub-total	780,137	94.1	776,664	90.5
Bank deposits and other assets		22,097	2.7	54,753	6.4
Total assets		829,239	100.0	858,390	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of August 31, 2016 were as follows:

Name of property	Net book value (Millions of yen)	Leasable area (Note 1) (m ²)	Leased area (Note 2) (m ²)	Occupancy ratio (Note 3) (%)	Ratio of rental revenue to total rental revenues (Note 3) (%)	Major use
mozo wonder city (Note 4) (trust beneficial interest)	54,816	86,727.87	86,727.87	100.0	10.8	Retail facilities
Higashi-Totsuka Aurora City (trust beneficial interest)	46,666	109,365.50	109,365.50	100.0	4.4	Retail facilities
Nara Family (Note 4) (trust beneficial interest)	34,360	82,791.74	72,051.74	87.0	5.7	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	30,309	56,131.21	54,417.99	96.9	5.7	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	26,844	137,466.97	137,466.97	100.0	3.0	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	24,967	138,538.63	138,538.63	100.0	2.9	Retail facilities
G-Bldg. Shinsaibashi 03 (Note 5) (trust beneficial interest)	22,252	4,631.13	4,631.13	100.0	-	Retail facilities
GYRE (trust beneficial interest)	21,832	4,815.02	4,815.02	100.0	1.8	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,165	157,904.26	157,904.26	100.0	1.9	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,334	18,848.20	18,848.20	100.0	1.2	Retail facilities
Total	299,550	797,220.53	784,767.31	98.4	-	

Note 1 Regardless the share of co-ownership or quasi-co-ownership, "Leasable area" means the total area of the building or land with leasehold interest of each property leasable as stores, offices, etc. indicated in the lease agreement or the plan of such property and it does not include the leasable area of warehouses and land (flat parking lots).

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

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

Note 4 "Leasable area" and "Leased area" for the property which is leased partially in the form of a pass-through master lease is presented on an end-tenant basis.

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

3. Details of property

The retail facilities as of August 31, 2016 were as follows:

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Minami Aoyama 02	8-5, Minami Aoyama 5-chome, Minato-ku, Tokyo	Trust beneficial interest	1,529.15	5,390	5,231
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,480	1,221
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,815.02	25,800	21,832
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	19,700	13,234
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,520	942
G-Bldg. Jiyugaoka 01 (Note 4)	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	1,358.82	3,851	2,566
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,220	3,961
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,600	2,347
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,030	3,396
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,700	2,292
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	8,860	10,115
La Porte Aoyama (Note 5)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,153.44	10,600	9,331
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	7,950	6,584
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	3,970	5,470
G-Bldg. Minami-Ikebukuro 01 (Note 5)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,061.47	7,960	6,173
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	4,900	2,768
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,540	1,842
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	7,520	5,872
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	4,990	3,838
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	5,910	3,676
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	9,070	5,580
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,131.21	37,300	30,309
G-Bldg. Shibuya 01	20-13 Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,582.08	4,030	3,206
G-Bldg. Omotesando 02	25-15 Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	21,050	17,829
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,512.03	3,950	3,579
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.54	9,530	8,561
G-Bldg. Ueno 01	9-14 Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,630	3,448
Takadanobaba (Land with leasehold interest)	100-1, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,010.19	2,538	2,509
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	5,290	5,025
G-Bldg. Akihabara 02	113, Kanda Matsumaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,053.55	2,670	2,521
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	16,200	15,420
G-Bldg. Ginza Chuo-dori 01	6-16 Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	13,300	13,121
Ito-Yokado Kawasaki	2-1, Oda-saka 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,560	13,999

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,495.98	12,700	9,457
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,980	1,339
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	5,850	6,026
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,200	10,567
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,010	4,657
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	12,900	10,899
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,900	15,474
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	7,290	4,877
Higashi-Totsuka Aurora City	537-1, Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	42,800	46,666
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	11,200	12,823
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	31,300	26,844
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,770	5,552
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,150	2,353
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,200	2,279
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,390	3,087
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	3,990	3,184
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	15,700	12,379
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,800	18,334
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuoh-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	2,520	1,596
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	10,200	8,091
G-Bldg. Shinsaibashi 02 (Note 6)	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	-	5,340	4,334
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,610	2,768
G-Bldg. Shinsaibashi 03	2-17, Shinsaibashisuji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	4,631.13	27,000	22,252
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	2,030	1,965
EDION Kyobashi (Land with leasehold interest)	9-10, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka	Trust beneficial interest	4,307.16	5,770	5,756
G-Bldg. Abeno 01	4-7, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka	Trust beneficial interest	4,700.58	4,520	4,319
G-Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	10,300	9,806
G-Bldg. Shinsaibashi 04	10-5 Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,360	3,309
G-Bldg. Kyoto Kawaramachi 01	235, Yamazakicho 2-chome, Sanjo-sagaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	2,209.87	2,350	2,209
Narupark (Note 5)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.61	5,050	7,581
Nara Family (Note 7)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,791.74	37,800	34,360
AEON Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,800	10,146
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,590	3,369
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,628.00	5,340	6,515
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,400	24,967

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	19,900	19,165
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,800	15,711
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	11,690	9,316
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,060	1,942
LIFE Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	1,830	1,717
LIFE Taiheiji (Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,340	1,304
Izumisano Shofudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,830	2,657
mozo wonder city (Note 7)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,727.87	64,500	54,816
Round1 Stadium Sakai Chuo Kanryo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,390	1,689
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,990	5,697
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashi-odogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,930.76	4,790	4,290
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,820	2,056
m-city Toyonaka	2-18, 2-chome, Hinode-cho Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,320	5,504
Round1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	3,970	2,899
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,600	15,815
G-Bldg. Sendai Ichibancho 01	5-11 Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi, etc.	Real property	682.33	3,070	2,953
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,248.96	10,900	8,782
AEON MALL Kashiihama	12-1, Kashiihama 3-chome, Higashi-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	109,616.72	7,395	5,915
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,790	6,629
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,610	5,534
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,800	10,099
Oyama Yuen Harvest Walk (Note 7)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,872.65	9,520	8,795
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	18,200	16,004
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,260	2,475
Tecc Land Fukuoka Shime Honten (Note 6)	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	-	5,190	3,888
Total			2,668,210.09	907,284	803,637

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.

Operating results of each retail facility for the six months ended February 29, 2016 and August 31, 2016 were as follows:

Name of property	For the six months ended February 29, 2016				For the six months ended August 31, 2016			
	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	90	0.3	4	100.0	75	0.2
G-Bldg. Daikanyama 01	1	100.0	41	0.1	1	100.0	40	0.1
GYRE	23	100.0	584	1.9	23	100.0	563	1.8
Bic Camera Tachikawa	2	100.0	357	1.2	2	100.0	357	1.2
G-Bldg. Kita Aoyama 01	3	100.0	34	0.1	3	100.0	34	0.1
G-Bldg. Jiyugaoka 01	2	100.0	72	0.2	2	100.0	71	0.2
Cheers Ginza	10	100.0	102	0.3	10	100.0	103	0.3
G-Bldg. Jingumae 06	4	100.0	53	0.2	4	100.0	53	0.2
G-Bldg. Jingumae 01	2	100.0	82	0.3	2	100.0	82	0.3
G-Bldg. Jingumae 02	3	100.0	30	0.1	3	100.0	30	0.1
G-Bldg. Minami Aoyama 01	4	100.0	116	0.4	4	100.0	129	0.4
La Porte Aoyama (Note 3)	24	96.9	288	0.9	23	96.2	282	0.9
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	161	0.5
G-Bldg. Jingumae 03	6	92.7	82	0.3	8	100.0	78	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	7	87.1	282	0.9	7	87.1	233	0.8
Urban Terrace Jingumae	2	100.0	99	0.3	2	100.0	100	0.3
Arkangel Daikanyama (Land with leasehold interest) (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Omotesando 01	1	100.0	135	0.4	1	100.0	135	0.4
Round1 Yokohama Station West	1	100.0	114	0.4	1	100.0	114	0.4
G-Bldg. Sangenjaya 01	3	100.0	156	0.5	3	100.0	180	0.6
G-Bldg. Ginza 01	8	100.0	149	0.5	8	100.0	173	0.6
KAWASAKI Le FRONT	67	98.8	1,807	5.8	67	96.9	1,772	5.7
G-Bldg. Shibuya 01 (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Omotesando 02	6	100.0	371	1.2	6	100.0	370	1.2
G-Bldg. Kichijoji 01 (Note 4)	1	100.0	-	-	1	100.0	-	-
CUTE CUBE HARAJUKU	9	97.3	196	0.6	9	97.3	194	0.6
G-Bldg. Ueno 01	1	100.0	75	0.2	1	100.0	75	0.2
Takadanobaba (Land with leasehold interest)	1	100.0	44	0.1	1	100.0	48	0.2
G-Bldg. Akihabara 01 (Note 4)	1	100.0	-	-	1	100.0	-	-

Name of property	For the six months ended February 29, 2016				For the six months ended August 31, 2016			
	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. Akihabara 02 (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Kichijoji 02 (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Ginza Chuo-dori 01	-	-	-	-	9	100.0	180	0.6
Ito-Yokado Kawasaki	5	100.0	486	1.6	5	100.0	475	1.5
Abiko Shopping Plaza	54	99.9	648	2.1	54	99.9	632	2.0
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
Ito-Yokado Tsunashima	1	100.0	168	0.5	1	100.0	168	0.5
AEON Itabashi Shopping Center	1	100.0	648	2.1	1	100.0	656	2.1
AEON MALL Yamato	1	100.0	536	1.7	1	100.0	536	1.7
SEIYU Hibarigaoka	1	100.0	259	0.8	1	100.0	249	0.8
Higashi-Totsuka Aurora City	4	100.0	1,355	4.4	4	100.0	1,358	4.4
Ito-Yokado Yotsukaido	1	100.0	289	0.9	2	100.0	294	1.0
AEON MALL Musashi Murayama	1	100.0	943	3.0	1	100.0	934	3.0
Makuhari Plaza	5	100.0	212	0.7	5	100.0	211	0.7
Round1 Machida	1	100.0	90	0.3	1	100.0	90	0.3
Round1 Stadium Itabashi	1	100.0	95	0.3	1	100.0	95	0.3
Summit Store Nakano Minamidai	1	100.0	84	0.3	1	100.0	84	0.3
Colline Bajikouen	10	100.0	143	0.5	10	100.0	143	0.5
8953 Osaka Shinsaibashi Building	1	100.0	364	1.2	1	100.0	364	1.2
Kawaramachi OPA	1	100.0	359	1.2	1	100.0	370	1.2
G-Bldg. Shinsaibashi 01	2	100.0	73	0.2	2	100.0	73	0.2
Round1 Stadium Sennichimae (Land with leasehold interest)	1	100.0	240	0.8	1	100.0	240	0.8
G-Bldg. Shinsaibashi 02 (Note 4)	1	100.0	-	-	1	100.0	-	-
Round1 Kyoto Kawaramachi	1	100.0	104	0.3	1	100.0	104	0.3
G-Bldg. Shinsaibashi 03 (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Nagoya Sakae 01	2	100.0	47	0.2	2	100.0	47	0.2
EDION Kyobashi (Land with leasehold interest) (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Abeno 01	9	100.0	117	0.4	9	100.0	142	0.5

Name of property	For the six months ended February 29, 2016				For the six months ended August 31, 2016			
	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. Umeda 01	12	100.0	185	0.6	11	92.8	219	0.7
G-Bldg. Shinsaibashi 04	4	100.0	45	0.1	7	100.0	77	0.2
G-Bldg. Kyoto Kawaramachi 01	-	-	-	-	3	36.2	25	0.1
Narupark (Note 3)	49	99.5	340	1.1	48	98.5	331	1.1
Nara Family (Note 5)	113	98.7	1,896	6.1	57	87.0	1,746	5.7
AEON Takatsuki	1	100.0	401	1.3	1	100.0	399	1.3
AEON Yagoto	2	100.0	126	0.4	2	100.0	126	0.4
Kyoto Family	61	99.3	584	1.9	64	100.0	577	1.9
AEON MALL Tsurumi Ryokuchi	1	100.0	896	2.9	1	100.0	892	2.9
AEON MALL Itami	1	100.0	579	1.9	1	100.0	581	1.9
Ario Otori	1	100.0	549	1.8	1	100.0	549	1.8
AEON MALL Kobe Kita	1	100.0	405	1.3	1	100.0	405	1.3
LIFE Kishibe (Land with leasehold interest)	1	100.0	68	0.2	1	100.0	68	0.2
LIFE Shimodera (Land with leasehold interest)	1	100.0	56	0.2	1	100.0	56	0.2
LIFE Taiheiji (Land with leasehold interest)	1	100.0	48	0.2	1	100.0	48	0.2
Izumisano Shofudai (Land with leasehold interest) (Note 4)	2	100.0	-	-	2	100.0	-	-
mozo wonder city (Note 5)	215	100.0	3,452	11.1	215	100.0	3,316	10.8
Round1 Stadium Sakai Chuo Kanjyo	1	100.0	82	0.3	1	100.0	82	0.3
pivo Izumi Chuo (Note 4)	17	100.0	-	-	17	100.0	-	-
KAMISHIN PLAZA	34	92.7	256	0.8	37	98.3	252	0.8
Round1 Stadium Takatsuki	1	100.0	91	0.3	1	100.0	91	0.3
m-city Toyonaka (Note 4)	1	100.0	-	-	1	100.0	-	-
Round1 Hiroshima	1	100.0	119	0.4	1	100.0	119	0.4
DFS T GALLERIA OKINAWA	1	100.0	497	1.6	1	100.0	497	1.6
G-Bldg. Sendai Ichibancho 01	1	100.0	-	-	1	100.0	-	-
AEON Sendai Nakayama	2	100.0	415	1.3	2	100.0	415	1.3
AEON MALL Kashiihama (Note 6)	1	100.0	368	1.2	1	100.0	333	1.1
AEON MALL Sapporo Naebo	1	100.0	371	1.2	1	100.0	371	1.2
AEON Tobata Shopping Center	1	100.0	315	1.0	1	100.0	315	1.0
AEON Naha Shopping Center	1	100.0	373	1.2	1	100.0	373	1.2

Name of property	For the six months ended February 29, 2016				For the six months ended August 31, 2016			
	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) (%)
Oyama Yuen Harvest Walk (Note 5)	72	100.0	811	2.6	71	99.8	812	2.6
AEON MALL Sapporo Hassamu	1	100.0	577	1.9	1	100.0	577	1.9
MrMax Nagasaki (Note 4)	2	100.0	-	-	2	100.0	-	-
Tecc Land Fukuoka Shime Honten (Note 4)	1	100.0	-	-	1	100.0	-	-
Kishiwada CanCan Bayside Mall (Note 7)	89	90.4	670	2.2	-	-	736	2.4
AEON MALL Higashiura (Note 8)	1	100.0	480	1.5	-	-	404	1.3
AEON Nishi-Otsu (Note 9)	-	-	90	0.3	-	-	-	-
AEON Omiya (Note 9)	-	-	46	0.2	-	-	-	-
AEON Ueda (Note 9)	-	-	73	0.2	-	-	-	-
AEON MALL Yachiyo Midorigaoka (Note 9)	-	-	167	0.5	-	-	-	-
Neyagawa (Land with leasehold interest) (Note 4 and 8)	1	100.0	-	-	-	-	-	-
Total	1,007	99.7	31,028	100.0	880	99.4	30,851	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% and 19% quasi-co-ownership interest of the property on October 15, 2015 and August 31, 2016, respectively.

Note 7 JRF sold the property on August 5, 2016.

Note 8 JRF sold the property on August 2, 2016.

Note 9 JRF sold the property on October 15, 2015.

4. Details of specified transaction

The details of specified transaction as of August 31, 2016 were as follows:

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	260,075	249,575	(5,176)
Total		260,075	249,575	(5,176)

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

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

5. Other assets

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

There was no other significant specified asset as of August 31, 2016.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended August 31, 2016	Total of advanced payment
Nara Family	Nara-shi, Nara	Renewal construction	October, 2015 to October, 2016	4,119	1,551	1,685
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Repair of earthquake-resistant construction	August, 2015 to January, 2017	3,302	592	2,025
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Installation of shutter safety device	May, 2017 to July, 2017	301	-	-
AEON MALL Sapporo Naebo	Higashi-ku, Sapporo-shi, Hokkaido	Repair of outer wall	June, 2016 to October, 2016	102	-	-
Narupark	Midori-ku, Nagoya-shi, Aichi	Renewal construction	March, 2017 to August, 2017	94	-	-

2. Capital expenditures for the six months ended August 31, 2016

Maintenance expenditures on property for the six months ended August 31, 2016 were totaling to ¥1,902 million consisting of ¥1,675 million of capital expenditures stated as below and ¥227 million of repair and maintenance expenses charged to income.

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
Nara Family	Nara-shi, Nara	Renewal construction	October, 2015 to August, 2016	285
KAMISHIN PLAZA	Higashiyodogawa-ku, Osaka-shi, Osaka	Renewal construction	January, 2016 to July, 2016	255
AEON MALL Yamato	Yamato-shi, Kanagawa	Installation of automatic fire alarm facility	April, 2016 to August, 2016	93
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Repair of outer wall	July, 2016 to August, 2016	48
Ito-Yokado Kawasaki	Kawasaki-ku, Kawasaki-shi, Kanagawa	Repair of outer wall	June, 2016 to August, 2016	48
Others	-	-	-	943
Total				1,675

3. Reserved funds for long-term maintenance plan

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

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

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

There were no reserved funds for the last five fiscal periods.

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	28th fiscal period	29th fiscal period
	For the six months ended February 29, 2016	For the six months ended August 31, 2016
Asset management fees	2,502,248	2,576,449
Custodian fees	29,760	29,936
General administration fees	123,716	123,872
Compensation for Directors	5,940	5,940
Other operating expenses	270,631	187,219
Total	2,932,296	2,923,417

2. Borrowings

Borrowings as of August 31, 2016 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 4)	Use (Note 7)	Remarks
			February 29, 2016 (Millions of yen)	August 31, 2016 (Millions of yen)					
Short-term	Mizuho Bank, Ltd.	February 3, 2016	1,000	1,000	0.2	January 31, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 1, 2016	-	2,500	0.2	January 31, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Sub-total		1,000	3,500					
Long-term	Development Bank of Japan Inc.	July 30, 2009	11,150	-	1.8	July 30, 2016	(Note 5)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2009	14,866	14,466	2.2	July 30, 2018	(Note 6)	(Note 7)	Unsecured and unguaranteed
	American Family Life Assurance Company of Columbus	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	5,550	5,550	0.7 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,710	4,710					
	Sumitomo Mitsui Trust Bank, Limited		3,740	3,740					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	7,930	7,930	1.5 (Note 3)	March 29, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		6,730	6,730					
	Sumitomo Mitsui Trust Bank, Limited		5,340	5,340					
	Sumitomo Mitsui Banking Corporation	March 31, 2011	5,000	5,000	0.8 (Note 3)	March 30, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	1,982	1,982	1.0 (Note 3)	September 22, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,682	1,682					
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,965	3,965	0.9 (Note 3)	March 22, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	The Bank of Fukuoka, Ltd. (Note 2)	September 22, 2011	2,000	2,000	0.6 (Note 3)	September 22, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 4)	Use (Note 7)	Remarks
			February 29, 2016 (Millions of yen)	August 31, 2016 (Millions of yen)					
	Name of lender		(Millions of yen)	(Millions of yen)					
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,875	3,875	0.8 (Note 3)	September 18, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	3,487					
	Sumitomo Mitsui Trust Bank, Limited		2,712	2,712					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	5,000	5,000	0.7 (Note 3)	March 19, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,500	4,500					
	Sumitomo Mitsui Trust Bank, Limited		3,500	3,500					
	Sumitomo Mitsui Banking Corporation	September 30, 2011	2,000	2,000	0.9 (Note 3)	September 30, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	September 30, 2011	3,500	3,500	0.7 (Note 3)	March 30, 2018	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	2,500	2,500	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	4,000	4,000	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Resona Bank, Limited (Note 2)	September 30, 2011	2,500	2,500	0.6 (Note 3)	September 30, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The 77 Bank Ltd. (Note 2)	September 30, 2011	1,000	1,000	0.6 (Note 3)	September 30, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	3,172	3,172	0.7 (Note 3)	December 20, 2019	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,692	2,692					
	Sumitomo Mitsui Trust Bank, Limited		2,136	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	2,775	2,775	0.6 (Note 3)	June 21, 2019	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,355	2,355					
	Sumitomo Mitsui Trust Bank, Limited		1,869	1,869					
	The Chugoku Bank, LTD. (Note 2)	December 21, 2011	3,000	3,000	0.8 (Note 3)	December 21, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Resona Bank, Limited (Note 2)	December 21, 2011	2,000	2,000	0.8 (Note 3)	December 21, 2016	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	2,180	2,180	1.0 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	1.1 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	3,570	3,570	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,030	3,030					
	Sumitomo Mitsui Trust Bank, Limited		2,400	2,400					
	The Joyo Bank, Ltd.	May 22, 2012	1,000	1,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	May 22, 2012	2,000	2,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 14, 2012	3,000	3,000	0.5 (Note 3)	September 14, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 28, 2012	2,000	2,000	0.5	September 29, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2012	1,000	1,000	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 8)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2016	August 31, 2016					
	Name of lender		(Millions of yen)	(Millions of yen)					
Long-term	Development Bank of Japan Inc.	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 8)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 2, 2012	2,000	2,000	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,190	1,190	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,010	1,010					
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,784	1,784	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,514	1,514					
	Sumitomo Mitsui Trust Bank, Limited		1,202	1,202					
	Sumitomo Mitsui Banking Corporation	October 2, 2012	3,000	3,000	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	2,974	2,974	0.5 (Note 3)	October 2, 2019	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,524	2,524					
	Sumitomo Mitsui Trust Bank, Limited		2,002	2,002					
	The Daishi Bank, Ltd.	October 2, 2012	1,500	1,500	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	1,000					
	The Bank of Yokohama, Ltd.		500	500					
	Shinkin Central Bank	December 28, 2012	2,500	2,500	0.5	December 29, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Gunma Bank, Ltd.	December 28, 2012	500	500	0.6 (Note 3)	December 28, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.		500	500					
	The Higashi-Nippon Bank, Limited		500	500					
	Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 3)	February 28, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 3)	March 31, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,000	1,000	2.2 (Note 3)	October 6, 2028	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,000	1,000	1.3	October 6, 2023	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,189	1,189	1.4 (Note 3)	October 6, 2023	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,387	1,387	1.3 (Note 3)	April 7, 2023	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,177	1,177					
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.3	April 7, 2023	Lump sum	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 7, 2013	1,500	1,500	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	1,000	1,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2016	August 31, 2016					
	Name of lender		(Millions of yen)	(Millions of yen)					
Long-term	Sumitomo Mitsui Banking Corporation	October 7, 2013	2,000	2,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	October 7, 2013	1,000	1,000	1.0 (Note 3)	October 7, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,189	1,189	0.9 (Note 3)	April 7, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	Shinkin Central Bank	October 7, 2013	1,500	1,500	0.8	October 7, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	1,500	1,500	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Joyo Bank, Ltd.	October 7, 2013	1,000	1,000	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 1, 2014	594	594	1.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		504	504					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.	October 1, 2014	3,000	3,000	1.3	October 1, 2025	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	793	793	1.1 (Note 3)	October 1, 2024	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		673	673					
	Sumitomo Mitsui Trust Bank, Limited		534	534					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	800	800	1.1	October 1, 2024	Lump sum	(Note 8)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	1,189	1,189	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	THE NISHI-NIPPON CITY BANK, LTD.	October 1, 2014	1,000	1,000	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 1, 2014	2,000	2,000	0.7 (Note 3)	April 1, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 1, 2014	1,387	1,387	0.7 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,177	1,177					
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	The Norinchukin Bank	October 1, 2014	1,500	1,500	0.6 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 1, 2014	3,000	3,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 1, 2014	1,000	1,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%)	Due date	Repayment method	Use	Remarks
			February 29, 2016	August 31, 2016					
			(Millions of yen)	(Millions of yen)	(Note 1)				
Long-term	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		1,000	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 5, 2015	1,571	1,571	0.8 (Note 3)	February 5, 2024	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,357	1,357					
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	February 5, 2015	1,571	1,571	0.7 (Note 3)	February 3, 2023	Lump sum (Note 4)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,357	1,357					
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	Sumitomo Mitsui Banking Corporation	March 2, 2015	1,000	1,000	1.6 (Note 3)	March 30, 2029	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	7,000	7,000	1.0 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.9 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.7 (Note 3)	March 31, 2023	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 18, 2016	6,000	6,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Resona Bank, Limited	February 18, 2016	1,000	1,000	0.5 (Note 3)	July 31, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 1, 2016	-	396	0.5 (Note 3)	March 31, 2026	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	336					
	Sumitomo Mitsui Trust Bank, Limited		-	267					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	March 1, 2016	-	3,965	0.2	July 31, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 2)		-	3,365					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		-	2,670					
	Development Bank of Japan Inc.	March 1, 2016	-	2,500	0.2	March 31, 2018	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 1, 2016	-	2,000	0.4 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	-	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	-	1,000	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	-	1,000	0.3	March 29, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	-	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	-	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	-	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	March 31, 2016	-	1,000	0.5	March 31, 2026	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2016 (Millions of yen)	August 31, 2016 (Millions of yen)					
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 28, 2016	-	2,180	0.5	September 30, 2024	Lump sum	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	1,850					
	Sumitomo Mitsui Trust Bank, Limited		-	1,468					
	Development Bank of Japan Inc.	July 29, 2016	-	10,850	0.4	July 30, 2027	Lump sum	(Note 7)	Unsecured and unguaranteed
	Sub-total		311,091	339,391					
Total			312,091	342,891					

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

Note 2 The balances as of August 31, 2016 are included in current portion of long-term borrowings in the balance sheets.

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

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

Note 5 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥ 15,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date.

Note 6 The principal is repaid on each interest payment date at an amount corresponding to 4% of the initial principal (¥ 20,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of August 31, 2016, includes ¥ 800 million of current portion of long-term borrowings.

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

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

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

3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
		February 29, 2016 (Millions of yen)	August 31, 2016 (Millions of yen)					
Sixth series unsecured investment corporation bonds (Note 1)	May 23, 2007	15,000	15,000	2.17	May 23, 2017	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Seventh series unsecured investment corporation bonds	December 18, 2013	7,500	7,500	1.108	December 18, 2023	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Eighth series unsecured investment corporation bonds	June 26, 2014	8,000	8,000	1.26	June 26, 2026	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Ninth series unsecured investment corporation bonds	February 5, 2015	7,000	7,000	0.765	February 5, 2025	Lump sum (Note 2)	(Note 4)	Unsecured and unguaranteed
Total		37,500	37,500					

Note 1 Maturity date of the sixth series unsecured investment corporation bonds is within one year from August 31, 2016.

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

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

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

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

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

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposition	Disposition amount	Net book value	Gain (loss) on disposition
G-Bldg. Ginza Chuo-dori 01	March 1, 2016	7,150	-	-	-	-
G-Bldg. Kyoto Kawaramachi 01	March 18, 2016	2,180	-	-	-	-
G-Bldg. Shinsaibashi 04	March 31, 2016	820	-	-	-	-
G-Bldg. Ginza Chuo-dori 01	April 28, 2016	5,850	-	-	-	-
G-Bldg. Minami Aoyama 01	July 15, 2016	5	-	-	-	-
Ito-Yokado Yotsukaido	July 29, 2016	144	-	-	-	-
AEON MALL Higashiura	-	-	August 2, 2016	13,870 (Note 2)	7,014	5,676 (Note 2)
Neyagawa (Land with leasehold interest)	-	-	August 2, 2016		1,154	
Kishiwada CanCan Bayside Mall	-	-	August 5, 2016	1,900	7,162	(5,257)
AEON MALL Kashiihama	-	-	August 31, 2016	2,755	2,203	550
Total	-	16,150	-	18,525	17,534	969

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

Note 2 Disposition amounts of each property are not disclosed because the consent from the counter party has not been obtained.

2. Transactions of other assets

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

3. Research for specified assets value, etc.

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	G-Bldg. Ginza Chuo-dori 01	March 1, 2016	7,150	7,315	CBRE K.K.	January 15, 2016
Acquisition	G-Bldg. Kyoto Kawaramachi 01	March 18, 2016	2,180	2,340	Daiwa Real Estate Appraisal Co., Ltd.	January 22, 2016
Acquisition	G-Bldg. Shinsaibashi 04	March 31, 2016	820	869	CBRE K.K.	March 1, 2016
Acquisition	G-Bldg. Ginza Chuo-dori 01	April 28, 2016	5,850	5,985	CBRE K.K.	January 15, 2016
Acquisition	G-Bldg. Minami Aoyama 01	July 15, 2016	5	5	Tanizawa Sōgō Appraisal Co., Ltd.	June 30, 2016
Acquisition	Ito-Yokado Yotsukaido	July 29, 2016	144	148	CBRE K.K.	July 21, 2016
Disposition	AEON MALL Higashiura	August 2, 2016	13,870 (Note 2)	10,600	Japan Real Estate Institute	February 29, 2016
Disposition	Neyagawa (Land with leasehold interest)	August 2, 2016		1,710	Daiwa Real Estate Appraisal Co., Ltd.	February 29, 2016
Disposition	Kishiwada CanCan Bayside Mall	August 5, 2016	1,900	1,790	CBRE K.K.	July 1, 2016
Disposition	AEON MALL Kashiihama	August 31, 2016	2,755	2,755 (Note 3)	Tanizawa Sōgō Appraisal Co., Ltd.	August 31, 2015

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

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

Note 3 Appraisal value of AEON MALL Kashiihama is calculated by multiplying its appraisal value as of August 31, 2015 amounting to ¥14,500 million by 19%, which is an ownership percentage of co-ownership interest disposed on August 31, 2016.

(2) Other transactions

None

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

Classification	Acquisition cost / Disposition amount (Notes 2 and 3)	
	Acquisition cost	Disposition amount
Total amount	¥16,150,008 thousand	¥18,525,000 thousand
<i>Breakdown for transactions with interested parties</i>		
<i>Ginza 26 TMK</i>	¥13,000,000 thousand (80.5%)	- (-)
total	¥13,000,000 thousand (80.5%)	- (-)

(2) Amounts of fees paid and other expenses

(Thousands of yen)

Classification	Total amounts (A)	Transactions with interested parties or major shareholders		(B) / (A) (%)
		Name of counter party	Amount of payment (B)	
Facility management fees	1,464,603	Mitsubishi UFJ Lease & Finance Company Limited	258	0.0
		Mitsubishi Shoji & Sun Co., Ltd.	14	0.0
Other rental expenses	947,305	Mitsubishi Corporation Urban Development, Inc.	2,023	0.2
		Mitsubishi Shoji & Sun Co., Ltd.	1,581	0.2
Other operating expenses	187,219	Mitsubishi Corporation	15	0.0

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

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

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

Note 4 In addition to above transaction, JRF paid Mitsubishi Corporation for research fees which were capitalized as a cost of property amounting to ¥16 thousand.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporation

1. Disclosures relating to overseas real estate investment corporation

None

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

None

Other information

1. Investment units held by the asset manager

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

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

Date	Number of units increased (Units)	Number of units decreased (Units)	Number of units held (Units)
Accumulated number	-	-	3,200

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

Date	Number of units held at end of period (Units)	Aggregated value of units held at end of period (Note 1) (Thousands of yen)	Ratio of number of units held to number of units issued and outstanding
The 20th fiscal period (September 1, 2011 to February 29, 2012)	3,200	389,440	0.2%
The 21st fiscal period (March 1, 2012 to August 31, 2012)	3,200	428,160	0.2%
The 22nd fiscal period (September 1, 2012 to February 28, 2013)	3,200	579,840	0.2%
The 23rd fiscal period (March 1, 2013 to August 31, 2013)	3,200	577,920	0.2%
The 24th fiscal period (September 1, 2013 to February 28, 2014)	3,200	642,560	0.1%
The 25th fiscal period (March 1, 2014 to August 31, 2014)	3,200	698,240	0.1%
The 26th fiscal period (September 1, 2014 to February 28, 2015)	3,200	820,800	0.1%
The 27th fiscal period (March 1, 2015 to August 31, 2015)	3,200	715,520	0.1%
The 28th fiscal period (September 1, 2015 to February 29, 2016)	3,200	823,040	0.1%
The 29th fiscal period (March 1, 2016 to August 31, 2016)	3,200	743,360	0.1%

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

2. Notice

None

3. Other

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



Report of Independent Auditors

To the Board of Directors of Japan Retail Fund Investment Corporation

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation (“the Company”), which comprise the balance sheet as at August 31 2016 and the statement of income, and retained earnings, statement of changes in net assets and statement of cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at August 31, 2016 and its financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six months period ended August 31 2016 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata LLC

November 18, 2016

PricewaterhouseCoopers Aarata LLC

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JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of February 29, 2016 and August 31, 2016

	As of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 14,466	¥ 47,488	\$ 460,244
Restricted bank deposits (Note 4).....	513	513	4,971
Rental receivables	792	818	7,927
Other current assets	1,277	1,176	11,397
Total current assets.....	17,050	49,995	484,541
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	566,877	575,712	5,579,685
Buildings.....	302,847	291,192	2,822,174
Building improvements.....	15,625	14,650	141,984
Machinery and equipment.....	2,004	1,992	19,306
Furniture and fixtures.....	4,033	3,820	37,022
Construction in progress.....	1,978	3,968	38,457
	893,365	891,337	8,638,660
Less: Accumulated depreciation.....	(92,768)	(93,056)	(901,880)
Net property and equipment.....	800,597	798,280	7,736,770
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	6,422	5,259	50,969
Other intangible assets (Notes 4, 7 and 8).....	122	97	940
Lease deposits (Note 4).....	1,663	1,655	16,039
Long-term prepaid expenses	2,516	2,315	22,436
Bond issuance costs	132	121	1,172
Unit issuance costs	215	143	1,385
Other	519	520	5,039
Total other assets.....	11,592	10,114	98,022
TOTAL ASSETS	¥ 829,239	¥ 858,390	\$ 8,319,344

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of February 29, 2016 and August 31, 2016

	As of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 9).....	¥ 1,000	¥ 3,500	\$ 33,921
Current portion of long-term borrowings (Note 9).....	22,450	21,300	206,435
Current portion of long-term bonds issued — unsecured (Note 10).....	-	15,000	145,377
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	830	831	8,053
Accounts payable—operating	1,824	2,036	19,732
Accounts payable—other	14	16	155
Accrued expenses	2,038	2,126	20,604
Consumption tax payable	1,419	920	8,916
Rent received in advance	2,995	3,057	29,627
Deposits received	1,315	1,341	12,996
Other current liabilities	158	222	2,151
Total current liabilities	34,048	50,354	488,020
Non-current liabilities:			
Long-term borrowings (Note 9).....	288,641	318,091	3,082,874
Long-term bonds issued—unsecured (Note 10).....	37,500	22,500	218,065
Tenant leasehold and security deposits (Notes 4 and 11).....	52,002	50,315	487,642
Asset retirement obligations (Note 21).....	479	483	4,681
Derivatives liabilities (Note 20).....	1,831	1,369	13,268
Other	31	3	29
Total non-current liabilities	380,485	392,761	3,806,561
TOTAL LIABILITIES	414,533	443,116	4,294,591
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,552,198 units as of February 29, 2016 and August 31, 2016 issued and outstanding.....	387,198	387,198	3,752,645
Capital surplus.....	14,986	14,986	145,241
Reserve for reduction entry of property	502	502	4,865
Reserve for dividends.....	2,944	3,138	30,412
Retained earnings.....	10,912	10,820	104,865
Total unitholders' equity	416,544	416,646	4,038,050
Valuation and translation adjustments:			
Deferred losses on hedges.....	(1,839)	(1,372)	(13,297)
Total valuation and translation adjustments	(1,839)	(1,372)	(13,297)
TOTAL NET ASSETS	414,705	415,274	4,024,752
TOTAL LIABILITIES AND NET ASSETS	¥ 829,239	¥ 858,390	\$ 8,319,344

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the six months ended February 29, 2016 and August 31, 2016

	For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rental and other operating revenues (Note 14).....	¥ 31,028	¥ 30,851	\$ 299,001
Gain on sales of property (Note 15).....	989	6,226	60,341
	<u>32,017</u>	<u>37,078</u>	<u>359,352</u>
Operating expenses			
Property-related expenses (Note 14).....	15,400	15,055	145,910
Loss on sales of property (Note 15).....	-	5,257	50,949
Asset management fees	2,502	2,576	24,966
Custodian fees	29	29	281
General administration fees	123	123	1,192
Other	276	193	1,870
	<u>18,332</u>	<u>23,237</u>	<u>225,208</u>
Operating income	<u>13,684</u>	<u>13,841</u>	<u>134,144</u>
Non-operating revenues			
Non-operating revenues.....	9	2	19
	<u>9</u>	<u>2</u>	<u>19</u>
Non-operating expenses			
Interest expense	1,661	1,660	16,088
Corporate bonds interest	375	283	2,742
Amortization of bond issuance costs	10	10	96
Amortization of unit issuance costs	75	72	697
Loan-related costs	410	416	4,031
Other non-operating expenses	4	4	38
	<u>2,539</u>	<u>2,447</u>	<u>23,715</u>
Ordinary income	<u>11,154</u>	<u>11,396</u>	<u>110,447</u>
Extraordinary losses			
Litigation settlement.....	242	-	-
Loss related to settlement of rent and others (Note 16).....	-	575	5,572
	<u>242</u>	<u>575</u>	<u>5,572</u>
Income before income taxes	<u>10,912</u>	<u>10,821</u>	<u>104,874</u>
Income taxes (Note 17):			
Current.....	-	-	-
Deferred.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>10,912</u>	<u>10,820</u>	<u>104,865</u>
Unappropriated earnings at beginning of period	-	-	-
Retained earnings at end of period (Note 13)	<u>¥ 10,912</u>	<u>¥ 10,820</u>	<u>\$ 104,865</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
For the six months ended February 29, 2016 and August 31, 2016

	Unitholders' equity							Valuation and translation adjustments		
	Surplus									
	Unitholders' capital	Capital surplus	Reserve for reduction entry of property	Reserve for dividends	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in millions)									
Balance as of August 31, 2015.....	¥ 363,254	¥ 14,986	¥ 502	¥ 2,430	¥ 10,731	¥ 28,650	¥ 391,905	¥ (345)	¥ (345)	¥ 391,559
Changes during the period										
Issuance of new investment units.....	23,943	-	-	-	-	-	23,943	-	-	23,943
Appropriation of reserve for dividends.....	-	-	-	514	(514)	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	(10,216)	(10,216)	(10,216)	-	-	(10,216)
Net income.....	-	-	-	-	10,912	10,912	10,912	-	-	10,912
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	(1,493)	(1,493)	(1,493)
Total changes during the period	23,943	-	-	514	181	695	24,639	(1,493)	(1,493)	23,146
Balance as of February 29, 2016.....	¥ 387,198	¥ 14,986	¥ 502	¥ 2,944	¥ 10,912	¥ 29,346	¥ 416,544	¥ (1,839)	¥ (1,839)	¥ 414,705
Changes during the period										
Appropriation of reserve for dividends.....	-	-	-	193	(193)	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	(10,719)	(10,719)	(10,719)	-	-	(10,719)
Net income.....	-	-	-	-	10,820	10,820	10,820	-	-	10,820
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	466	466	466
Total changes during the period	-	-	-	193	(91)	101	101	466	466	568
Balance as of August 31, 2016.....	¥ 387,198	¥ 14,986	¥ 502	¥ 3,138	¥ 10,820	¥ 29,448	¥ 416,646	¥ (1,372)	¥ (1,372)	¥ 415,274

	Unitholders' equity							Valuation and translation adjustments		
	Surplus									
	Unitholders' capital	Capital surplus	Reserve for reduction entry of property	Reserve for dividends	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in thousands of U.S. dollars (Note 3))									
Balance as of February 29, 2016.....	\$ 3,752,645	\$ 145,241	\$ 4,865	\$ 28,532	\$ 105,756	\$ 284,415	\$ 4,037,061	\$ (17,823)	\$ (17,823)	\$ 4,019,238
Changes during the period										
Appropriation of reserve for dividends.....	-	-	-	1,870	(1,870)	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	(103,886)	(103,886)	(103,886)	-	-	(103,886)
Net income.....	-	-	-	-	104,865	104,865	104,865	-	-	104,865
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	4,516	4,516	4,516
Total changes during the period	-	-	-	1,870	(881)	978	978	4,516	4,516	5,504
Balance as of August 31, 2016.....	\$ 3,752,645	\$ 145,241	\$ 4,865	\$ 30,412	\$ 104,865	\$ 285,404	\$ 4,038,050	\$ (13,297)	\$ (13,297)	\$ 4,024,752

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the six months ended February 29, 2016 and August 31, 2016

	For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 10,912	¥ 10,821	\$ 104,874
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	6,138	6,017	58,315
Amortization of bond issuance costs.....	10	10	96
Amortization of unit issuance costs.....	75	72	697
Gain on sales of property.....	(989)	(6,226)	(60,341)
Loss on sales of property.....	-	5,257	50,949
Loss on disposal of fixed assets.....	64	45	436
Interest income.....	(6)	-	-
Interest expense.....	2,037	1,943	18,831
Litigation settlement.....	242	-	-
Loss related to settlement of rent and others.....	-	575	5,572
Changes in assets and liabilities:			
Decrease (increase) in Rental receivables.....	87	(25)	(242)
Decrease in Long-term prepaid expenses.....	192	200	1,938
(Decrease) increase in Accounts payable - operating.....	(194)	259	2,510
Increase in Accounts payable - other.....	3	2	19
(Decrease) increase in Accrued expenses.....	(39)	67	649
Increase (decrease) in Consumption tax payable.....	297	(499)	(4,836)
Increase in Rent received in advance.....	9	61	591
Increase in Deposits received.....	238	25	242
Other, net.....	(293)	103	998
Sub total.....	18,788	18,712	181,352
Interest received.....	6	-	-
Interest expenses paid.....	(2,108)	(1,922)	(18,627)
Payments for litigation settlement.....	(282)	-	-
Payments for settlement of rent and others.....	-	(575)	(5,572)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	16,402	16,214	157,142
Cash Flows from Investing Activities:			
Proceeds from withdrawal of time deposits.....	1,500	-	-
Purchase of property and equipment.....	(66,537)	(20,112)	(194,921)
Proceeds from sales of property and equipment.....	58,158	18,496	179,259
Purchase of intangible assets.....	(46)	(1)	(9)
Proceeds from sales of intangible assets.....	228	-	-
Payments of tenant leasehold and security deposits.....	(10,120)	(2,252)	(21,825)
Proceeds from tenant leasehold and security deposits.....	2,567	590	5,718
Proceeds from deposits and others.....	44	7	67
Payments of deposits and others.....	(48)	-	-
Net cash used in investing activities.....	(14,254)	(3,271)	(31,701)
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings.....	5,500	2,500	24,229
Repayments of short-term borrowings.....	(7,500)	-	-
Proceeds from long-term borrowings.....	22,000	39,850	386,218
Repayments of long-term borrowings.....	(40,500)	(11,550)	(111,940)
Redemption of corporate bonds.....	(10,000)	-	-
Proceeds from issuance of investment units.....	23,799	-	-
Distribution payments.....	(10,220)	(10,720)	(103,896)
Net cash (used in) provided by financing activities.....	(16,921)	20,079	194,601
Net change in cash and cash equivalents.....	(14,772)	33,022	320,042
Cash and cash equivalents at beginning of period.....	29,239	14,466	140,201
Cash and cash equivalents at end of period.....	¥ 14,466	¥ 47,488	\$ 460,244

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended February 29, 2016 and August 31, 2016

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 29th fiscal period (August 31, 2016) amounted to ¥848.5 billion (US\$8,223 million) (the total acquisition price of 93 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Bond Issuance Costs

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

(i) Unit Issuance Costs

Unit issuance costs are capitalized and amortized over three years.

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

Taxes on property and equipment capitalized amounted to ¥50 million and ¥65 million (US\$629 thousand) for the six months ended February 29, 2016 and August 31, 2016, respectively.

(m) Revenue Recognition

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

(n) Hedge Accounting

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

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

(o) Equipment Leases

The Company capitalized all finance leases that do not transfer ownership of the leased property to the lessee on its balance sheets and depreciates the leased assets using the straight-line method, assuming no residual value, over the lease term.

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥103.18 = US\$1, the effective rate of exchange prevailing at August 31, 2016. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended August 31, 2016 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 10,262	¥ 10,879	\$ 105,437
Restricted bank deposits.....	513	513	4,971
Property and equipment, at cost:			
Land.....	541,684	550,515	5,335,481
Buildings.....	300,772	289,116	2,802,054
Building improvements.....	15,562	14,587	141,374
Machinery and equipment.....	2,004	1,992	19,306
Furniture and fixtures.....	4,017	3,804	36,867
Construction in progress.....	1,966	3,956	38,340
	866,007	863,973	8,373,454
Less: Accumulated depreciation.....	(92,413)	(92,666)	(898,100)
Net property and equipment.....	773,593	771,307	7,475,353
Other assets:			
Leasehold rights.....	6,422	5,259	50,969
Other intangible assets.....	122	97	940
Lease deposits.....	1,663	1,655	16,039
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	830	831	8,053
Non-current liabilities:			
Tenant leasehold and security deposits.....	50,179	48,501	470,062

Note 5 — Reduction Entry for Property

Acquisition costs of certain machinery and equipment were reduced by government subsidies received. The amounts of such reduction for the six months ended August 31, 2016 were ¥23 million (US\$222 thousand).

Note 6 — Schedule of Property and Equipment

(i) Schedule of Property and Equipment as of February 29, 2016 consisted of the following:

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
				(in millions)			
Land.....	¥ 551,759	¥ 58,923	¥ 43,805	¥ 566,877	¥ -	¥ -	¥ 566,877
Buildings.....	316,416	13,381	26,949	302,847	84,025	5,572	218,822
Building improvements.....	16,471	608	1,454	15,625	5,347	295	10,277
Machinery and equipment.....	1,843	275	114	2,004	898	59	1,105
Furniture and fixtures.....	4,081	280	328	4,033	2,496	161	1,537
Construction in progress.....	1,141	1,115	278	1,978	-	-	1,978
Total.....	¥ 891,713	¥ 74,584	¥ 72,931	¥ 893,365	¥ 92,768	¥ 6,089	¥ 800,597

(ii) Schedule of Property and Equipment as of August 31, 2016 consisted of the following:

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
				(in millions)			
Land.....	¥ 566,877	¥ 15,015	¥ 6,179	¥ 575,712	¥ -	¥ -	¥ 575,712
Buildings.....	302,847	2,809	14,464	291,192	84,737	5,471	206,454
Building improvements.....	15,625	84	1,059	14,650	4,932	288	9,718
Machinery and equipment.....	2,004	59	70	1,992	941	62	1,051
Furniture and fixtures.....	4,033	133	346	3,820	2,445	156	1,375
Construction in progress.....	1,978	2,809	818	3,968	-	-	3,968
Total.....	¥ 893,365	¥ 20,911	¥ 22,940	¥ 891,337	¥ 93,056	¥ 5,978	¥ 798,280

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
				(in thousands of U.S. dollars (Note 3))			
Land.....	\$ 5,494,058	\$ 145,522	\$ 59,885	\$ 5,579,685	\$ -	\$ -	\$ 5,579,685
Buildings.....	2,935,132	27,224	140,182	2,822,174	821,254	53,023	2,000,911
Building improvements.....	151,434	814	10,263	141,984	47,799	2,791	94,184
Machinery and equipment.....	19,422	571	678	19,306	9,119	600	10,186
Furniture and fixtures.....	39,087	1,289	3,353	37,022	23,696	1,511	13,326
Construction in progress.....	19,170	27,224	7,927	38,457	-	-	38,457
Total.....	\$ 8,658,315	\$ 202,665	\$ 222,329	\$ 8,638,660	\$ 901,880	\$ 57,937	\$ 7,736,770

Note 7 — Schedule of Intangible Assets

(i) Schedule of Intangible Assets as of February 29, 2016 consisted of the following:

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
				(in millions)			
Leasehold rights.....	¥ 6,987	¥ 19	¥ 476	¥ 6,531	¥ 109	¥ 30	¥ 6,422
Other intangible assets.....	309	46	16	339	216	18	122
Total.....	¥ 7,297	¥ 66	¥ 492	¥ 6,871	¥ 326	¥ 49	¥ 6,544

(ii) Schedule of Intangible Assets as of August 31, 2016 consisted of the following:

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
				(in millions)			
Leasehold rights.....	¥ 6,531	¥ -	¥ 1,142	¥ 5,389	¥ 129	¥ 20	¥ 5,259
Other intangible assets.....	339	1	15	325	227	18	97
Total.....	¥ 6,871	¥ 1	¥ 1,157	¥ 5,714	¥ 357	¥ 38	¥ 5,357

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
				(in thousands of U.S. dollars (Note 3))			
Leasehold rights.....	\$ 63,297	\$ -	\$ 11,068	\$ 52,229	\$ 1,250	\$ 193	\$ 50,969
Other intangible assets.....	3,285	9	145	3,149	2,200	174	940
Total.....	\$ 66,592	\$ 9	\$ 11,213	\$ 55,378	\$ 3,459	\$ 368	\$ 51,918

Note 8 — Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended February 29, 2016 and August 31, 2016.

	As of / For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 803,103	¥ 807,141	\$ 7,822,649
Net increase (decrease) during the period ⁽ⁱⁱ⁾	4,038	(3,504)	(33,960)
Balance at the end of the period.....	<u>¥ 807,141</u>	<u>¥ 803,637</u>	<u>\$ 7,788,689</u>
Fair value⁽ⁱⁱⁱ⁾	¥ 898,682	¥ 907,284	\$ 8,793,215

Notes:

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

For the six months ended February 29, 2016:

	Increase (decrease) in net book value (in millions)	
Acquisitions:		
G-Bldg. Kichijoji 02.....	¥	15,429
mozo wonder city (additional acquisition of interest of quasi-co-ownership).....		11,921
G-Bldg. Umeda 01.....		9,822
G-Bldg. Akihabara 01.....		5,037
G-Bldg. Abeno 01.....		4,338
G-Bldg. Minami Aoyama 01 (additional acquisition of interest of quasi-co-ownership).....		3,693
G-Bldg. Sendai Ichibancho 01.....		2,937
DFS T GALLERIA OKINAWA (additional acquisition of interest of quasi-co-ownership).....		2,573
G-Bldg. Akihabara 02.....		2,530
Takadanobaba (Land with leasehold interest).....		2,509
G-Bldg. Shinsaibashi 04.....		2,448
Capital expenditures:		
Construction for activating plan of mozo wonder city.....		1,724
Total of capital expenditures for the period (including above expenditure).....		3,556
Disposition:		
AEON MALL Yachiyo Midorigaoka.....		27,944
AEON Nishi-Otsu.....		12,194
AEON Ueda.....		7,997
AEON Omiya.....		5,744
AEON MALL Kashiihama (partial disposition of interest of quasi-co-ownership).....		3,516

For the six months ended August 31, 2016:

	Increase (decrease) in net book value (in millions)		Increase (decrease) in net book value (in thousands of U.S. dollars (Note 3))	
Acquisitions:				
G-Bldg. Ginza Chuo-dori 01.....	¥	13,134	\$	127,292
G-Bldg. Kyoto Kawaramachi 01.....		2,215		21,467
G-Bldg. Shinsaibashi 04.....		865		8,383
Ito-Yokado Yotsukaide.....		147		1,424
G-Bldg. Minami Aoyama 01.....		6		58
Capital expenditures:				
Renewal of disaster prevention equipment of Nara Family.....		285		2,762
Total of capital expenditures for the period (including above expenditure).....		1,675		16,233
Disposition:				
Kishiwada CanCan Bay side Mall.....		7,162		69,412
AEON MALL Higashiura.....		7,014		67,978
AEON MALL Kashiihama (partial disposition of interest of quasi-co-ownership).....		2,203		21,351
Neyagawa(Land with leasehold interest).....		1,154		11,184

- (iii) Fair value has been determined based on independent real estate appraisers. For AEON MALL Kashiihama, a sales price of the sales agreement dated October 15, 2015 is used.

For rental revenues and expenses for the six months ended February 29, 2016 and August 31, 2016, please refer to “Note 14 — Analysis of Rental and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of February 29, 2016 and August 31, 2016 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ 1,000	¥ 3,500	\$ 33,921
Long-term borrowings.....	311,091	339,391	3,289,309
Total.....	¥ 312,091	¥ 342,891	\$ 3,323,231
Average interest rates range for the period.....	From 0.2% to 3.0%	From 0.2% to 3.0%	

As of February 29, 2016 and August 31, 2016, the Company entered into credit facilities and committed lines of credit as follows:

	As of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 344,058
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 344,058
Commitment Lines			
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 581,508
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 581,508

Note 10 — Corporate Bonds

The details of unsecured corporate bonds issued and outstanding as of February 29, 2016 and August 31, 2016 were as follows:

	Balance as of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Long-term bonds—unsecured			
¥15 billion of 10-year bonds, issued on May 23, 2007, maturing on May 23, 2017 with a coupon of 2.17%.....	¥ 15,000	¥ 15,000	\$ 145,377
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%.....	7,500	7,500	72,688
¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.26%.....	8,000	8,000	77,534
¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%.....	7,000	7,000	67,842
Total.....	¥ 37,500	¥ 37,500	\$ 363,442

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥243,923 million and ¥242,772 million (US\$2,352,897 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥24,312 million and ¥24,237 million (US\$234,900 thousand) as of February 29, 2016 and August 31, 2016, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,697 thousand) and a former owner's payment of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,392 thousand) as of February 29, 2016 and August 31, 2016, respectively.

Note 12 — Net Assets

The Company issues only non-par value units in accordance with the Investment Trust Act, and the entire amount of the issue price of new units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$484 thousand) in accordance with the Investment Trust Act.

The number of units issued and outstanding were 2,552,198 as of February 29, 2016 and August 31, 2016.

Note 13 — Appropriation of Retained Earnings

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

The following table shows the distributions of retained earnings for the six months ended February 29, 2016 and August 31, 2016, respectively.

	For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 10,912	¥ 10,820	\$ 104,865
Reversal of reserve for reduction entry of property.....	-	25	242
Cash distribution declared.....	(10,719)	(10,846)	(105,117)
Transfer to reserve for dividends.....	(193)	-	-
Retained earnings carried forward.....	¥ -	¥ -	\$ -

For the year ended February 29, 2016, the Company transferred ¥193 million, a portion of gain on sales of property, to reserve for dividends from retained earnings of ¥10,912 million at the end of the period then ended and declared a total distribution of ¥10,719 million, representing all of the remaining profit after the transfer.

For the year ended August 31, 2016, the Company reversed ¥25 million (US\$242 thousand) of reserve for reduction entry of property and declared a total distribution of ¥10,846 million, including all of retained earnings of ¥10,820 million (US\$104,865 thousand) at the end of the period then ended after the reversal.

The financial statements do not reflect the transfer to reserve for dividends, reversal of reserve for reduction entry of property or declaration of distribution as of the end of each fiscal period.

Cash distributions per investment unit were ¥4,200 and ¥4,250 (US\$41) for the six months ended February 29, 2016 and August 31, 2016, respectively.

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

Rental and other operating revenues and property-related expenses for the six months ended February 29, 2016 and August 31, 2016 consist of the following:

	For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rental and other operating revenues:			
Rental and parking revenue.....	¥ 27,382	¥ 26,972	\$ 261,407
Common area charges.....	1,502	1,466	14,208
Other.....	2,143	2,411	23,366
Total rental and other operating revenues.....	¥ 31,028	¥ 30,851	\$ 299,001
Property-related expenses:			
Property management fees.....	¥ 805	¥ 865	\$ 8,383
Facility management fees.....	1,476	1,464	14,188
Utilities.....	1,749	1,696	16,437
Property-related taxes.....	2,803	2,814	27,272
Repair and maintenance.....	346	227	2,200
Insurance.....	53	44	426
Trust fees.....	87	76	736
Rent expense ⁽ⁱ⁾	889	856	8,296
Other.....	984	947	9,178
Depreciation.....	6,138	6,017	58,315
Loss on disposal of property.....	64	45	436
Total property-related expenses.....	¥ 15,400	¥ 15,055	\$ 145,910
Operating income from property leasing activities.....	¥ 15,628	¥ 15,795	\$ 153,081

Note:

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

Note 15 — Analysis of Gain (Loss) on Sales of Property

Analysis of gain or loss on sales of property for the six months ended February 29, 2016 and August 31, 2016 is as follows:

	Gain on sales of property for the six months ended			Loss on sales of property for the six months ended	
	February 29, 2016	August 31, 2016	August 31, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))	(in millions)	(in thousands of U.S. dollars (Note 3))
Sale of property.....	¥ 58,417	¥ 16,625	\$ 161,126	¥ 1,900	\$ 18,414
Cost of property.....	(57,397)	(10,372)	(100,523)	(7,155)	(69,344)
Other sales expenses.....	(30)	(26)	(251)	(2)	(19)
Gain (Loss) on sales of property, net.....	¥ 989	¥ 6,226	\$ 60,341	¥ (5,257)	\$ (50,949)

Note 16 — Loss Related to Settlement of Rent and Others

Loss related to settlement of rent and others for the six months ended August 31, 2016 is the amount equivalent to the difference between current rent and reduced rent of a large tenant. Further information is not disclosed because the consent from the tenant has not been obtained.

Note 17 — Income Taxes

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

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

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

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

	For the six months ended	
	February 29, 2016	August 31, 2016
	(Rate)	
Statutory tax rate.....	32.31%	32.31%
Deductible cash distributions.....	(31.74)	(32.39)
Change in tax rate.....	-	1.76
Change in valuation allowance (for deferred tax assets).....	(0.59)	(1.67)
Other.....	0.03	0.00
Effective tax rate.....	0.01%	0.01%

Deferred tax assets and liabilities consist of the following:

	As of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Current:			
Tax loss carryforwards.....	¥ 2,715	¥ 2,589	\$ 25,092
Other.....	2	-	-
<i>Sub total</i>	2,717	2,590	25,101
Valuation allowance.....	(2,717)	(2,590)	(25,101)
<i>Total</i>	-	-	-
Non-current:			
Amortization of leasehold rights.....	58	67	649
Depreciation.....	58	99	959
Asset retirement obligations.....	155	152	1,473
Valuation differences on assets acquired through the merger.....	5,504	5,362	51,967
Derivatives liabilities.....	591	431	4,177
Other.....	7	28	271
<i>Sub total</i>	6,375	6,141	59,517
Valuation allowance.....	(6,375)	(6,141)	(59,517)
<i>Total</i>	-	-	-
<i>Total deferred tax assets</i>	-	-	-
Net deferred tax assets	¥ -	¥ -	\$ -

Note 18 — Leases

(a) Lease Rental Revenues

The Company leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of February 29, 2016 and August 31, 2016 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 27,989	¥ 23,761	\$ 230,286
Due after one year.....	103,937	96,840	938,553
Total.....	¥ 131,926	¥ 120,602	\$ 1,168,850

(b) Lease Commitments

As described in Note 2 (o), 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 furniture and fixtures and machinery and equipment.

Note 19 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of February 29, 2016 and August 31, 2016.

	As of								
	February 29, 2016			August 31, 2016			August 31, 2016		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands of U.S. dollars (Note 3))		
Assets:									
(1) Cash and cash equivalents.....	¥ 14,466	¥ 14,466	¥ -	¥ 47,488	¥ 47,488	¥ -	\$ 460,244	\$ 460,244	\$ -
(2) Restricted bank deposits.....	513	513	-	513	513	-	4,971	4,971	-
Total.....	¥ 14,979	¥ 14,979	¥ -	¥ 48,001	¥ 48,001	¥ -	\$ 465,216	\$ 465,216	\$ -
Liabilities:									
(1) Short-term borrowings.....	¥ 1,000	¥ 1,000	¥ -	¥ 3,500	¥ 3,500	¥ -	\$ 33,921	\$ 33,921	\$ -
(2) Current portion of long-term borrowings.....	22,450	22,571	(121)	21,300	21,308	(8)	206,435	206,512	(77)
(3) Current portion of long-term bonds issued.....	-	-	-	15,000	15,226	(226)	145,377	147,567	(2,190)
(4) Current portion of tenant leasehold and security deposits.....	830	843	(12)	831	843	(12)	8,053	8,170	(116)
(5) Long-term borrowings.....	288,641	295,551	(6,910)	318,091	323,994	(5,903)	3,082,874	3,140,085	(57,210)
(6) Long-term bonds issued.....	37,500	39,092	(1,592)	22,500	23,579	(1,079)	218,065	228,522	(10,457)
(7) Tenant leasehold and security deposits.....	3,486	3,718	(231)	3,407	3,628	(220)	33,019	35,161	(2,132)
Total.....	¥ 353,908	¥ 362,776	¥ (8,867)	¥ 384,630	¥ 392,081	¥ (7,451)	\$ 3,727,757	\$ 3,799,970	\$ (72,213)
Derivative instruments*	¥ (1,839)	¥ (1,839)	¥ -	¥ (1,372)	¥ (1,372)	¥ -	\$ (13,297)	\$ (13,297)	\$ -

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

Notes:

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

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

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

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

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

Derivative instruments

Please refer to "Note 20 — Derivatives" for disclosure of the fair value of the interest rate swaps that is based on the amount calculated by the counterparty to the swap contracts.

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

	As of		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Tenant leasehold and security deposits	¥ 48,515	¥ 46,907	\$ 454,613
Total liabilities	¥ 48,515	¥ 46,907	\$ 454,613

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

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

As of February 29, 2016:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents	¥ 14,466	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits	513	-	-	-	-	-
Total.....	¥ 14,979	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2016:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents	¥ 47,488	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits	513	-	-	-	-	-
Total.....	¥ 48,001	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2016:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Cash and cash equivalents	\$ 460,244	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits	4,971	-	-	-	-	-
Total.....	\$ 465,216	\$ -	\$ -	\$ -	\$ -	\$ -

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

<i>As of February 29, 2016:</i>						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Short-term borrowings.....	¥ 1,000	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings.....	22,450	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	752	-	-	-	-	-
Long-term borrowings.....	-	24,300	43,766	49,500	44,575	126,500
Long-term bonds issued.....	-	15,000	-	-	-	22,500
Tenant leasehold and security deposits.....	-	668	668	615	540	540
Total.....	¥ 24,202	¥ 39,968	¥ 44,434	¥ 50,115	¥ 45,115	¥ 149,540
<i>As of August 31, 2016:</i>						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Short-term borrowings.....	¥ 3,500	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings.....	21,300	-	-	-	-	-
Current portion of long-term bonds issued.....	15,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	752	-	-	-	-	-
Long-term borrowings.....	-	48,166	49,000	45,500	38,575	136,850
Long-term bonds issued.....	-	-	-	-	-	22,500
Tenant leasehold and security deposits.....	-	668	668	550	540	540
Total.....	¥ 40,552	¥ 48,834	¥ 49,668	¥ 46,050	¥ 39,115	¥ 159,890
<i>As of August 31, 2016:</i>						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Short-term borrowings.....	\$ 33,921	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term borrowings.....	206,435	-	-	-	-	-
Current portion of long-term bonds issued.....	145,377	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	7,288	-	-	-	-	-
Long-term borrowings.....	-	466,815	474,898	440,976	373,861	1,326,322
Long-term bonds issued.....	-	-	-	-	-	218,065
Tenant leasehold and security deposits.....	-	6,474	6,474	5,330	5,233	5,233
Total.....	\$ 393,021	\$ 473,289	\$ 481,372	\$ 446,307	\$ 379,094	\$ 1,549,622

Note 20 — Derivatives

Information on derivative transactions undertaken by the Company as of February 29, 2016 and August 31, 2016 is as follows. Derivative instruments are used for hedging purposes only and are subject to hedge accounting.

As of February 29, 2016:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)	
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 132,575	¥ 127,075	¥ (1,839)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	118,500	113,500	(4,228)
Total.....			¥ 251,075	¥ 240,575	¥ (6,067)

As of August 31, 2016:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year		Total	Over 1 year	
			(in millions)			(in thousands of U.S. dollars (Note 3))		
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 132,575	¥ 127,075	¥ (1,372)	\$ 1,284,890	\$ 1,231,585	\$ (13,297)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	127,500	122,500	(3,804)	1,235,704	1,187,245	(36,867)
Total.....			¥ 260,075	¥ 249,575	¥ (5,176)	\$ 2,520,595	\$ 2,418,831	\$ (50,164)

Notes:

- The interest rate swaps for which the Company applies the special treatment provided under the Accounting Standard Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, are not required to be separately recorded in the Company's balance sheets.
- The notional amounts relating to derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- The fair value is determined at the amount with reference to the calculation performed by the counterparty to the interest rate swaps contracts, based on the prevailing market interest rates and other assumptions.
- The above table as of February 29, 2016 does not include the interest rate swaps contracts of ¥7,000 million in notional amounts entered into on February 26, 2016 which are designated as hedging instruments for specific long-term borrowings funded on March 1, 2016 and subject to the special treatment provided under Japanese GAAP for the interest rate swaps.

Note 21 — Asset Retirement Obligations

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

Movements of asset retirement obligations for the six months ended February 29, 2016 and August 31, 2016 are as follows:

	For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 476	¥ 479	\$ 4,642
Adjustment for passage of time.....	3	3	29
Balance at the end of the period.....	¥ 479	¥ 483	\$ 4,681

Note 22 — Related-Party Transactions

For the six months ended February 29, 2016 and August 31, 2016, there were no applicable transactions with related parties defined under the Financial Instruments and Exchanges Act.

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

(a) Real Estate Acquisition

The Company acquired certain properties from Kamiotai SC2 LLC, Chayamachi 1522 LLC and Mitsubishi Corporation Urban Development, Inc. for ¥11,740 million, ¥9,483 million and ¥3,650 million for the six months ended February 29, 2016 and Ginza 26 TMK for ¥13,000 million (US\$125,993 thousand) for the six months ended August 31, 2016, respectively.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,502 million and ¥2,576 million (US\$24,966 thousand) were paid by the Company for the six months ended February 29, 2016 and August 31, 2016, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥494 million and ¥128 million (US\$1,240 thousand) were paid by the Company for the six months ended February 29, 2016 and August 31, 2016, respectively. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥123 million and ¥123 million (US\$1,192 thousand) for general administration fees, and ¥48 million and ¥47 million (US\$455 thousand) for custodian fees for the six months ended February 29, 2016 and August 31, 2016, respectively.

In addition, the Company obtained long-term borrowings of ¥3,196 million and ¥5,552 million (US\$53,808 thousand) from Mitsubishi UFJ Trust and Banking Corporation for the six months ended February 29, 2016 and August 31, 2016, respectively. The Company repaid ¥7,403 million of long-term borrowings for the six months ended February 29, 2016.

The ending balances of accrued general administration fees, accounts payable for custodian fees, current portion of long-term borrowings and long-term borrowings as of August 31, 2016 were ¥42 million (US\$407 thousand), ¥6 million (US\$58 thousand), ¥3,365 million (US\$32,612 thousand) and ¥50,913 million (US\$493,438 thousand), respectively.

Notes:

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

Note 23 — Per Unit Information

The following table shows the net asset value per unit as of February 29, 2016 and August 31, 2016 and net income per unit for the six months then ended.

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

	As of / For the six months ended		
	February 29, 2016	August 31, 2016	August 31, 2016
	(Yen)		(US\$ (Note 3))
The net asset value per unit.....	¥ 162,489	¥ 162,712	\$ 1,576
Net income per unit.....	¥ 4,285	¥ 4,239	\$ 41
Weighted average number of units.....	2,546,450	2,552,198	

Note 24 — Segment Information

Segment information for the six months ended February 29, 2016 and August 31, 2016 is as follows:

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(c) Information about Major Customers

Name of Customer	Revenues for the six months ended			Related Segment
	February 29, 2016	August 31, 2016	August 31, 2016	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
Not disclosed ⁽ⁱ⁾	¥ -	¥ 5,117	\$ 49,592	Property rental business
AEON Mall Co., Ltd.	¥ 3,835	¥ 3,756	\$ 36,402	Property rental business
AEON Retail Co., Ltd.	3,840	3,412	33,068	Property rental business

Note:

(i) Name of customer is not disclosed because the consent from the customer has not been obtained. The customer is not related parties or interested parties under the Investment Trust Act.