

Japan Retail Fund Investment Corporation
30th Semi-Annual Report

September 1, 2016 – February 28, 2017

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 847.2 billion yen, making it the largest J-REIT specializing in retail properties, and one of the largest REITs listed in Japan. (As of February 28, 2017)

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

We have achieved stable distribution by improving portfolio profitability.

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).

Although we have seen little growth in some parts of the domestic macroeconomy over this February 2017 (30th) fiscal period, the improving employment and income situation indicates that it is gradually recovering. While the J-REIT market continues to be sensitive to changes in interest rates in Japan and overseas, the market capitalization is on the increase and continues to grow steadily.

Under such circumstances, JRF has continually secured stable rent income based on its large-scale, balanced portfolio. In addition, in view of the promising real estate environment with higher liquidity, we have carried out asset replacement to improve portfolio profitability. As a result, operating revenues for the period decreased by 14.8% from the previous fiscal period to 31,585 million yen due to removing the gain on sales of property listed for the previous period, but net income increased by 7.8% from the the previous fiscal period to 11,664 million yen. We have decided to put a portion of the net income in the reserve for dividends so that distributions per unit can remain the same amount as the previous period at 4,250 yen.

Thanks to your support, it has been 15 years since JRF became listed. We will do our utmost to ensure further growth.

This March, JRF celebrated the 15th anniversary of its listing on the Tokyo Stock Exchange in 2002. We would like to sincerely thank all investors' support and patronage.

JRF, the first investment corporation in Japan specializing in retail properties, has been making steady steps through portfolio management, using knowledge that has been gained through many years of experience in operating retail properties. Although JRF owned four properties with a value (total of the acquisition prices) of 40.9 billion yen shortly after the listing in 2002, it now owns 92 properties worth 847.2 billion yen as of the end of this period, making it a leading REIT in Japan. However, as the J-REIT market has grown and matured over these 15 years, competition has intensified due to changes in the investment environment. In view of such circumstances, we strongly recognize that it is essential to have more strategic asset management from long-term and diversified standpoints in the future.

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.

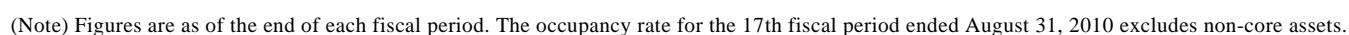
Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

- Distribution per unit (Japanese Yen)

Year	Month	Fiscal Period	Number of Employees
2012	Feb.	20th	3,673
	Aug.	21st	3,840
2013	Feb.	22nd	3,868
	Aug.	23rd	3,929
2014	Feb.	24th	4,120
	Aug.	25th	4,165
2015	Feb.	26th	4,180
	Aug.	27th	4,204
2016	Feb.	28th	4,200
	Aug.	29th	4,250
2017	Feb.	30th	4,250
	Aug.	31st	4,250
2018	Feb.	32th	4,330

	Aug. 2015 fiscal period	Feb. 2016 fiscal period	Aug. 2016 fiscal period	Feb. 2017 fiscal period
Operating Revenues	30.9 billion yen	32.0 billion yen	37.0 billion yen	31.5 billion yen
Operating Income	12.8 billion yen	13.6 billion yen	13.8 billion yen	13.9 billion yen
Net Income	10.7 billion yen	10.9 billion yen	10.8 billion yen	11.6 billion yen
NAV per Unit	161 thousand yen	162 thousand yen	162 thousand yen	163 thousand yen

— Total assets ● Number of properties — Occupancy ratio^(Note).



Interview with the President & CEO of the Asset Manager

Highlights

- Increased the proportion of urban-type properties to the portfolio under a strategy of mainly investing in assets with "locational advantage"
- Reopened "Nara Family" (Nara City, Nara Prefecture) after the first renovation
- Completed additional acquisition by reconstructing "G-Bldg. Jiyugaoka 01 (Bldg. B)" (Meguro-ku, Tokyo)
- Completed the renewal construction of "Bic Camera Tachikawa" (Tachikawa-shi, Tokyo)
- Announced the global offering to acquire new five properties

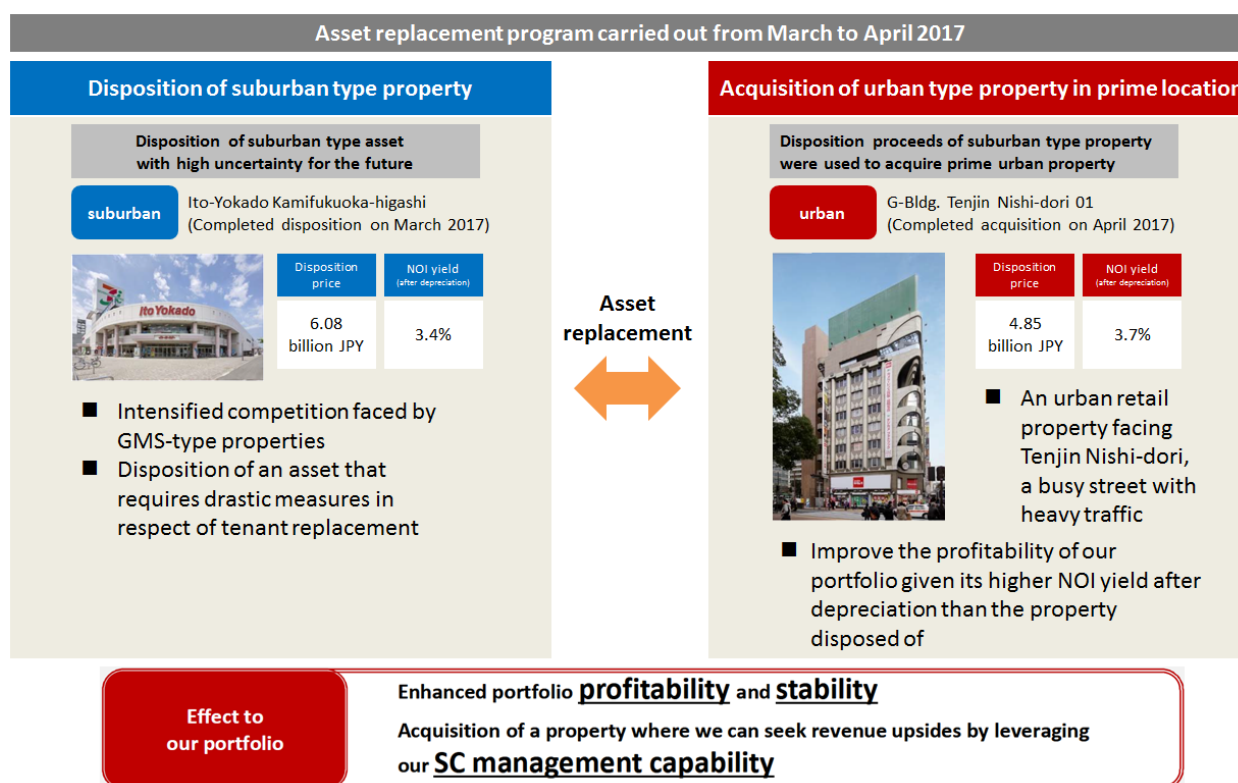
Q1. Please review the February 2017 (30th) fiscal period first.

Through continuous asset replacement, we completely sold out the properties among our suburban assets which had been placed for consideration of drastic measures. This has enhanced the stability of our portfolio further.

JRF aims to establish a strong portfolio that can respond to changes in the social structure and the retail environment in order to continuously enhance unitholder value. In addition to expanding the asset scale, it is also important to improve the quality of the portfolio, promote diversification, and expand our revenue base in order to realize our aim. In recent years, we have been focusing on strategic replacement of suburban assets with urban-type assets with locational advantage and easiness of tenant replacement. In this period, we sold a quasi-co-ownership interest of one suburban asset last September, while acquiring two urban-type assets (including additional acquisition) last September and October.

Most recently, we sold "Ito-Yokado Kamifukuoka-higashi" (Fujimino-shi, Saitama) this March, which required consideration of drastic measures from the perspective of tenant continuity and tenant replaceability due to intensified competition. Using a portion of the acquired fund, we obtained the retail property "G-Bldg. Tenjin Nishi-dori 01" (Fukuoka-shi, Fukuoka), a multi-tenant retail property located in the Tenjin area in Fukuoka, which is the largest downtown suburb in Kyushu, this April.

We have finished addressing the properties of suburban assets in the existing portfolio, which required consideration of drastic measures and enhanced the stability of the portfolio.



Q2. You are taking initiatives steadily to raise the competitiveness of your assets.

We have taken various measures to increase the quality of our portfolio from a medium- to long-term viewpoint by using SC (shopping center) management ability unique to JRF.

In order to improve the quality of the portfolio, it is essential to continuously work toward improving the value of the existing assets as well as increasing the number of quality properties. In terms of improving the value of retail properties, the first thing we should do is to maintain a space which always feels new to customers and makes them want to visit again and again. This is the greatest element underlying profitability and stability. With this in mind, JRF is conducting a variety of action plans including the maintenance of property environments, tenant replacement, extension, and reconstruction by using SC management ability, our strong point. Last November in this period, we reopened “Nara Family” (Nara-shi, Nara) after its first large-scale renovation which started in the autumn of 2015. We renovated it to a facility based on the concept of “Yamato Modern” bringing out the atmosphere of Nara, while extending the specialty store zone, where a number of stores opened, including newcomers to Nara Prefecture. In the same month, we also completed additional acquisition by reconstructing “G-Bldg. Jiyugaoka 01 (Bldg. B)” (Meguro-ku, Tokyo). The property has been attracting wide attention as a very rare wooden retail property leased by the global clothing brand “KOE” as a new lifestyle outlet named “KOE HOUSE”.

In the following December, we completed the renovation of “Bic Camera Tachikawa” (Tachikawa-shi, Tokyo). We have increased performance and enhanced facility competitiveness through seismic strengthening work for the entire building, repairs to the facilities and façade, and redesign of the exterior. Our tenant Bic Camera has agreed to increased rent starting from the completion of the renovation. Consequently, we have also increased our profitability.

We will formulate and implement various action plans to maximize asset potential from the next period on.

Q3. Global offering was announced in February 2017. Please explain the outline.

We raised funds for approximately 24.6 billion yen through the global offering announced in February 2017, and newly borrowed funds totaling 20 billion yen based on contracts concluded at the same time. By using these funds, we plan to acquire five properties (approximately 41.4 billion yen).

This global offering is one of the measures to establish a strong portfolio responding to changes in the social structure and retail environment. We chose the five properties, mainly urban retail properties, after selecting investment targets based on a strategy: “invest selectively in properties with strong locational advantage that can provide a place where people gather and have fun”, in order to contribute to the optimization of our portfolio.

“G-Bldg. Midosuji 01” (Osaka-shi, Osaka) and “G-Bldg. Shinsaibashi 03 (Bldg. B)*” (Osaka-shi, Osaka) are retail properties in prime urban shopping districts located along Shinsaibashisuji and Midosuji which are the largest commercial area in Western Japan. These properties have good appeal as a market and a facility, and are located in a commercial area where long-term, stable profits can be expected due to high demand for opening stores despite changes in consumption trends.

“MARINE & WALK YOKOHAMA” (Yokohama-shi, Kanagawa), located in the Yokohama Minato Mirai 21 district, is a multi-tenant retail property which includes a variety of tenants such as boutiques, restaurants, and bridal facilities. The acquisition of the quality asset located in the most commercial and sightseeing areas among the metropolitan area which is crowded with tourists and business customers from Japan and abroad is due to the support of Mitsubishi Corporation as a sponsor, resulting from the JRF network. Furthermore, we plan to acquire “G-Bldg. Naha-shintoshin 01” (Naha-shi, Okinawa) and “Kasugai (Land with leasehold interest)” (Kasugai-shi, Aichi) located in areas we can expect an increasing population as a due to being high-density areas, and stable consumption demand. Under the current strong real estate market and with the intensification of competition in acquiring properties, it is beneficial to include quality assets in our portfolio according to our aims, focusing on urban assets with locational advantage. After acquiring the five properties related to the global offering, the asset size is expected to increase to 886.7 billion yen from 847.2 billion yen as of the end of the February 2017 (30th) fiscal period, and the ratio of urban-type properties to our portfolio is expected to increase to 47.4% from 44.8% as of the end of the February 2017 (30th) fiscal period.

* “G-Bldg. Shinsaibashi 03 (Bldg. B)” consists of the main building and the land with the leasehold interest. The main building has already been acquired in March 2017. The land with the leasehold interest will be acquired by December 29, 2017.

Effects on each indicator

Asset	As of February 28, 2017	After acquisitions of (anticipated) properties through PO
Number of properties	92 properties	96 properties
Total (anticipated) acquisition price	847.2 billion JPY	886.7 billion JPY
Difference between aggregated appraisal and net book value	+114.6 billion JPY	+120.3 billion JPY
Share of urban properties (based on appraisal value)	44.8%	47.4%
Average NOI yield (before depreciation)	5.0%	5.0%
Average NOI yield (after depreciation)	3.7%	3.7%
Occupancy ratio	99.6%	99.6%
Average remaining term of lease	5.9 years	6.1 years
Total number of tenants	937	975

Debt	As of February 28, 2017	After acquisitions of (anticipated) properties through PO
LTV	50.3%	50.0%
LTV ratio excluding tenant leasehold and security deposits	44.4%	44.2%
Long-term borrowings ratio	100.0%	100.0%
Fixed interest rate ratio	96.3%	96.5%
Average remaining years to maturity	4.4 years	4.4 years
Average debt cost	1.19%	1.11%

Equity		
NAV per unit	208,100 JPY	210,600 JPY
Distributions per unit	4,250 JPY	Aim to increase unitholder value

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

We performed financial operations keeping the commitment line in mind and strived to strengthen the stability of our financial base by diversifying maturity dates and leveling repayment amounts.

In the February 2017 (30th) fiscal term, we supported the portfolio management which plays a role of the JRF's growth engine by performing the financial strategy to build a stronger financial base.

In regard to our main financial measures performed in this fiscal period, we have strived to lengthen all the short-term commitment lines for 35 billion yen since October 2016 in order to ensure more flexible and more stable financing methods. As a result, we lengthened of all the commitment lines for 60 billion yen.

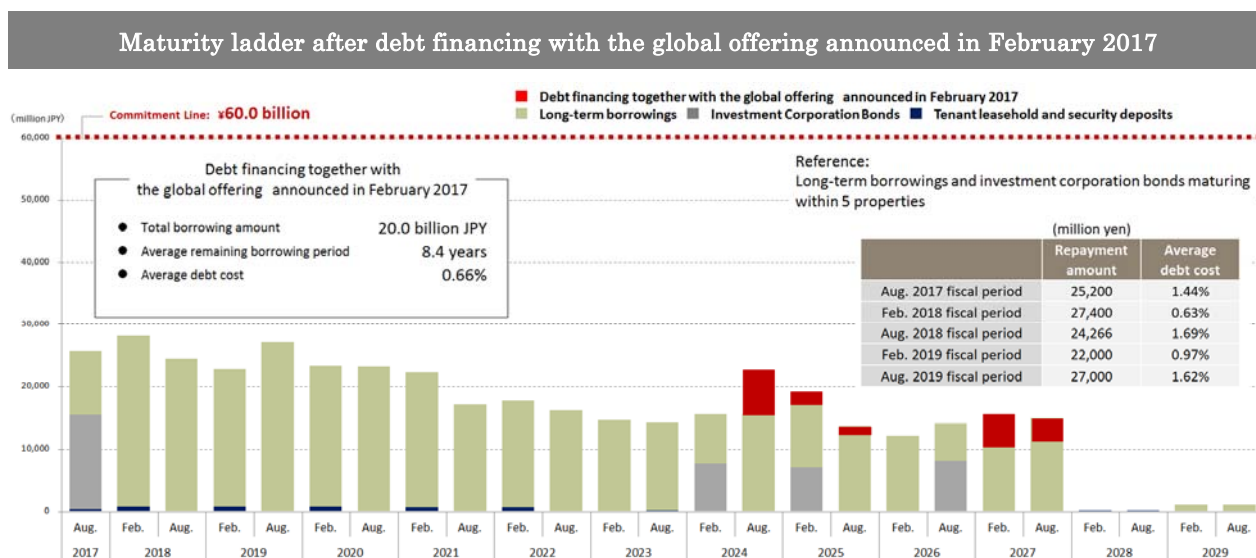
The contracts for new borrowings totaling 20 billion yen were concluded along with the global offering announced in February 2017. While we strive to lengthen the repayment periods by making the average repayment period 8.4 years, we have succeeded in diversifying maturity dates and

leveling repayment amounts within the scope of the commitment line.

With regard to the LTV (interest-bearing debts including tenant leasehold and security deposits) ratio, a range of the LTV ratio from 45% to 55% is set as JRF's benchmark. The ratio was 50.3% at the end of this fiscal period. We strive to build a stable financial base by ensuring financial stability and flexibility and focusing on debt cost control in order to take measures for the future establishment of a strong portfolio.

In March 2017, we welcomed our 15th year since being listed on the Tokyo Stock Exchange. We would like to express our sincere gratitude to all investors for your ongoing support, and are poised to make a further leap. The next step is to realize the medium-term targets, which are asset size of 1 trillion yen (in acquisition price), boosting the ratio of urban assets to 50% (in appraisal value), and distributions per unit of 4,500 yen. We aim to enrich our portfolio and further increase unitholder value by strengthening the competitiveness of our existing properties along with acquiring quality assets through a variety of investment methods.

We will continue to strive to live up to unitholders' expectations and look forward to receiving your continued support.



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

JRF × Sustainability

Towards Sustainable Society

1

Community contribution through JRF's properties

“KAWASAKI Le FRONT”

Kawasaki Rescue Fair

It was 50 years since the firefighting and rescue team of Kawasaki-city was established. In commemoration of this, a rescue fair for citizens sponsored by the Fire Department was held in “KAWASAKI Le FRONT” (Kawasaki-shi, Kanagawa). On the day, a helicopter gave flight demonstrations above KAWASAKI Le FRONT.



“Oyama Yuen Harvest Walk”

Aki Marché

For regional development,

“Market (Marche)”, where local restaurants and artists opened shops, was held in “Oyama Yuen Harvest Walk” (Oyama-shi, Tochigi). Many people came to the market as a place to communicate and interact.



2

Nine properties newly obtained environmental certifications from two external institutions.

CASBEE for Building Certifications

acquired in February, 2017



- AEON MALL Yamato
- Ario Otori
- AEON MALL Kobe Kita
- AEON MALL Sapporo Naebo

These four properties acquired S rank.
(the highest ranking out of four levels)

DBJ Green Building Certification

acquired in March, 2017



DBJ Green Building

- Bic Camera Tachikawa
- KAMISHIN PLAZA
- SEIYU Hibarigaoka
- La Porte Aoyama
- pivo Izumi Chuo

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			26th	27th	28th	29th	30th
As of /for the six months ended			February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017
Operating revenues	Note 1	(Millions of yen)	31,399	30,962	32,017	37,078	31,585
(Rental revenues)	Note 1	(Millions of yen)	(30,614)	(30,962)	(31,028)	(30,851)	(30,199)
Operating expenses	Note 1	(Millions of yen)	17,707	18,146	18,332	23,237	17,603
(Rental expenses)	Note 1	(Millions of yen)	(14,906)	(15,285)	(15,400)	(15,055)	(14,689)
Operating income		(Millions of yen)	13,692	12,816	13,684	13,841	13,981
Ordinary income		(Millions of yen)	11,061	10,217	11,154	11,396	11,665
Net income	(a)	(Millions of yen)	10,658	10,731	10,912	10,820	11,664
Net assets	(b)	(Millions of yen)	390,928	391,559	414,705	415,274	416,655
(Period-on-period change)		(%)	(+6.8)	(+0.2)	(+5.9)	(+0.1)	(+0.3)
Total assets	(c)	(Millions of yen)	834,687	842,568	829,239	858,390	856,627
(Period-on-period change)		(%)	(+6.3)	(+0.9)	(-1.6)	(+3.5)	(-0.2)
Unitholders' capital		(Millions of yen)	363,254	363,254	387,198	387,198	387,198
(Period-on-period change)		(%)	(+7.2)	(0.0)	(+6.6)	(0.0)	(0.0)
Number of units issued and outstanding	(d)	(Units)	2,430,198	2,430,198	2,552,198	2,552,198	2,552,198
Net asset value per unit	(b)/(d)	(Yen)	160,862	161,122	162,489	162,712	163,253
Total distributions	(e)	(Millions of yen)	10,158	10,216	10,719	10,846	10,846
Distribution per unit	(e)/(d)	(Yen)	4,180	4,204	4,200	4,250	4,250
(Profit distribution per unit)		(Yen)	(4,180)	(4,204)	(4,200)	(4,250)	(4,250)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 2	(%)	1.4 (2.8)	1.2 (2.4)	1.3 (2.7)	1.4 (2.7)	1.4 (2.7)
Return on unitholders' equity	Note 2	(%)	2.8 (5.7)	2.7 (5.4)	2.7 (5.4)	2.6 (5.2)	2.8 (5.7)
Ratio of net assets to total assets	(b)/(c)	(%)	46.8	46.5	50.0	48.4	48.6
(Period-on-period change)		(%)	(+0.2)	(-0.3)	(+3.5)	(-1.6)	(+0.2)
Payout ratio	(e)/(a)	(%)	95.3	95.2	98.2	100.3	93.0
Additional information:							
Rental net operating income (NOI)	Note 2	(Millions of yen)	21,805	21,914	21,767	21,812	21,141
Net profit margin	Notes 2 and 4	(%)	34.0	33.0	34.1	29.2	36.9
Debt service coverage ratio	Notes 2 and 4	(Multiple)	9.0	8.8	9.4	9.7	10.4
Funds from operation (FFO) per unit	Notes 2 and 4	(Yen)	6,582	6,770	6,293	6,217	6,234
FFO multiples	Notes 2 and 4	(Multiple)	19.3	16.6	20.3	18.8	18.0
Distributable income per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	4,359	4,412	4,256	4,234	4,558
FFO per unit after adjustment for taxes on property and equipment	Notes 3 and 4	(Yen)	6,555	6,767	6,274	6,202	6,222

Note 1 Consumption taxes are not included.

Note 2 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 181,184,182,184 and 181 days for the 26th, 27th, 28th, 29th and 30th fiscal period, respectively. FFO multiples are unaudited.

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

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

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

2. Outline of asset management operation for the 30th fiscal period

(1) Principal activities

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

In the fiscal period ended February 28, 2017, the 15th year after its listing, in line with its asset replacement strategy, JRF disposed of its 51% quasi-co-ownership interest of trust beneficiary right in a suburban retail property in September 2016 (disposition price: 7,395 million yen) and used the funds obtained from the sale of assets until then to acquire two urban retail properties in September through October 2016 (one acquisition was an additional acquisition of an existing property) (total acquisition price: 5,045 million yen). JRF also made an additional acquisition of a building by completing a reconstruction project for owned asset in November 2016 (acquisition price: 504 million yen).

As a result, the total assets managed by JRF as at the end of the 30th fiscal period (fiscal period ended on February 28, 2017) amounted to 847.2 billion yen (the total acquisition price for 92 properties).

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

The macroeconomic environment has been changing since the presidential election in the United States in November 2016. Based on expectations of large-scale government investment in infrastructure and tax cuts, stock prices and interest rates in the United States have turned upwards and the interest rate gap with Japan, which has maintained negative interest rates, has expanded and consequently, the value of the yen, which had been high, has shifted lower. As a result, financial results of Japanese businesses are expected to be revised upwards and Japanese stock prices are rising. In addition, the preliminary report of the real GDP growth rate for the October to December 2016 quarter was an increase of 0.3% compared to the same period of the previous year, marking four consecutive quarters of positive growth. Due to these and other factors, the economy is expected to rally.

(Trends in the retail sector)

The unemployment rate remains low and real wages are increasing moderately, but the rate of increase remains low and there has not been any major recovery in consumer sentiment. In the retail sector, responses are being made to changes in household structures and consumer intentions in each trading area through efforts to reform product lineups, store composition, and management. With regard to consumption by inbound visitors, consumption per person lacks its former momentum, but the number of travelers to Japan continues to increase, and consumption by inbound visitors is expected to remain strong.

(Trends in the real estate sector)

According to the land price announcement issued by the Ministry of Land, Infrastructure, Transport and Tourism on January 1, 2017, prices in commercial districts increased for two consecutive years, and the scope of the increase was 1.4%, higher than in the previous year. The top five districts with the highest growth rates were in the Namba area of Osaka City and the area in the vicinity of Osaka Station. Factors contributing to the increase included strong demand for new stores and hotel sites in conjunction with the increase in inbound visitors.

The Ginza area contained the eighth to 10th-place districts, and this area is seen as remaining highly attractive.

ii. Results

Under the market environment described above, during this fiscal period, JRF used the funds gained from the sale of eight suburban retail properties that it owned to acquire two urban retail properties (G-Bldg. Takadanobaba 01 (additional acquisition) and G-Bldg. Sendai Ichiban-cho 01 (building with leasehold interest)) as part of the asset replacement measures regarded as one of JRF’s external growth strategies.

Furthermore, as one aspect 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 the Bic Camera Tachikawa and a reconstruction plan for G-Bldg. Jiyugaoka 01 (Bldg. B), and the first phase of the Nara Family renewal opened on November 1, 2016. The updated facility

features an expanded specialty shop zone linked with a department store and extensive renewal of the interior environment. The reconstruction project for G-Bldg. Jiyugaoka 01 (Bldg. B) was completed, construction was finished on October 27, 2016, and acquisition of the building was finalized on November 7.

Renewal including earthquake-proofing improvements of the Bic Camera Tachikawa was completed on December 15, 2016. Bic Camera Inc., the tenant of this property, signed a long-term, fixed-term lease (20-year term) on July 31, 2015. Under this lease, the parties agreed to increase the rent after the construction work is completed, and this has improved profitability.

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 98.0% together with a 99.8% occupancy rate maintained for 44 suburban retail properties.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 92 properties with a total value of 847,281 million yen on an acquisition price basis and 916,540 million yen on an appraisal value basis. The total leasable area was 2,563,897.20 m² with the total number of tenants standing at 937, and the occupancy rate of the overall portfolio was 99.6%.

The unrealized losses/gains (see Note) of the overall portfolio at the end of the fiscal period increased by 10.9 billion yen from the end of the previous fiscal period to 114.6 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 borrowed a total of 10.5 billion yen in long-term borrowings from September to December 2016 for application to repayment of 10.5 billion yen existing long-term borrowings. In January 2017, JRF obtained an additional 3.5 billion yen in long-term borrowings for repayment of 3.5 billion yen in existing short-term borrowings.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 379.9 billion yen, consisting of 342.4 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 100.0%, 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 31,585 million yen, and operating income was 13,981 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 11,665 million yen, and net income was 11,664 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.

In accordance with this distribution policy, of the 11,664 million yen in unappropriated retained earnings at end of the period, 817 million yen in a part of gains on sale obtained from sale of the 51% quasi-co-ownership interest of trust beneficiary right in the AEON MALL Kashiihama was reserved internally as reserve for dividends, and the balance of 10,846 million yen was distributed as distribution of profit. As a result, distribution per unit amounted to 4,250 yen.

JRF has tax loss carryforwards (which may be deferred until the fiscal period ending February 2020), and therefore, there is no tax imposed on internal reserves.

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	
October 1, 2012	Global offering	194,500	2,074,698	24,162	294,915	Note 1
October 31, 2012	Allocation of investment units to a third party	4,500	2,079,198	559	295,474	Note 2
October 2, 2013	Global offering	229,000	2,308,198	43,465	338,940	Note 3
September 25, 2014	Global offering	119,500	2,427,698	23,816	362,756	Note 4
October 22, 2014	Allocation of investment units to a third party	2,500	2,430,198	498	363,254	Note 5
September 9, 2015	Global offering	119,500	2,549,698	23,453	386,707	Note 6
October 7, 2015	Allocation of investment units to a third party	2,500	2,552,198	490	387,198	Note 7

Note 1 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 2 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 3 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 4 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 5 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 6 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 7 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:

Fiscal period	(Yen)				
	26th	27th	28th	29th	30th
As of /for the six months ended	February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017
Highest price	269,900	260,300	272,600	274,800	250,900
Lowest price	209,300	218,000	203,700	231,600	217,800
Closing price at end of period	256,500	223,600	257,200	232,300	226,000

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 transferred ¥817,906,525, a portion of gain on sales of property, to reserve for dividends from retained earnings as of February 28, 2017 in the amount of ¥11,664,748,025, and declared a total of ¥10,846,841,500 for cash distributions, representing all of the retained earnings after the transfer. As a result, distribution per unit amounted to ¥4,250 for the six months ended February 28, 2017.

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	26th	27th	28th	29th	30th
As of /for the six months ended	February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017
Net income (Thousands of yen)	10,658,506	10,731,054	10,912,308	10,820,993	11,664,748
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	2,932,797	3,447,298	3,640,375	3,614,527	4,432,434
Total distributions (Thousands of yen)	10,158,227	10,216,552	10,719,231	10,846,841	10,846,841
(Distribution per unit) (Yen)	(4,180)	(4,204)	(4,200)	(4,250)	(4,250)
Profit distributions (Thousands of yen)	10,158,227	10,216,552	10,719,231	10,846,841	10,846,841
(Profit distribution per unit) (Yen)	(4,180)	(4,204)	(4,200)	(4,250)	(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

As the employment and income environment in Japan continues to improve, there are expectations that various governmental policies will have effects and the domestic economy will undergo a moderate recovery, but uncertainty in overseas economies is increasing including the impact of normalization of monetary policies in the United States, uncertain economic outlooks for China and other emerging nations in Asia, and the issue of withdrawal from the EU by the United Kingdom, and it is necessary to consider the effects on the Japanese economy. Personal consumption continues to improve and as the employment and income environment improves, there are expectations that the future outlook will improve, but we believe that it is necessary to closely monitor economic conditions and 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 February 2017. The main features of JRF's investment portfolio are including retail properties in a variety of industries and business categories including urban retail facilities such as street-level shops and specialty-shop buildings in prime locations that are leased to tenants such as luxury brand shops and retail facilities in favorable locations in front of major train stations as well as largest-class regional suburban retail properties generating solid sales in the suburbs of major cities across Japan.

When investing in retail properties, JRF considers it important to 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.

JRF seeks to continuously increase investor value by using the stability supported by its distinguishing asset scale as a J-REIT and distributed investment in retail facilities in a wide range of industries and business categories in various regions and pursuing both external growth through further expansion of its asset scale and internal growth supported by SC management abilities while controlling downside risks through flexible asset allocation.

Note: "SC management" is one of JRF's asset management processes 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. "SC management ability" means the ability to implement SC management supported by a human and organizational foundation.

i. External growth strategy

JRF has set Type A to Type D indicated below as its investment targets and rigorously selects investments based on a strategy of mainly investing in assets with "locational advantage" that can provide spaces where people can gather and have fun in order to build a robust portfolio that can respond flexibly to changes in social structures and the retail environment.

Type A: Large-scale retail properties with strong regional market shares

Type B: Neighborhood retail properties in densely-populated areas

Type C: Retail properties in favorable locations adjacent to major train stations

Type D: Retail properties in prime urban shopping districts

Amidst an increasing presence away from the "consumption of goods" with the intention of purchasing and owning or consuming products or enjoying functional services and towards the "consumption of things" that provides services or enjoyable experiences through consumption intended to directly provide consumers a sense of satisfaction or sense of exultation exemplified by experiences and shared emotion, JRF is working to build a portfolio that focuses on Type A, C, and D assets from among the four target asset types that can provide greater appeal as spaces where people can gather and have fun. For the time being, efforts are being focused on the acquisition of Type C and D assets in particular with the aim of reaching 50% holdings of urban properties, one of JRF's medium-term targets.

For the acquisition of new properties, JRF dynamically acquires prime properties through bridge structures and other optimal acquisition methods, making use of its diverse deal sources that use JRF's network as one of the largest domestic buyers of retail properties, strategic corporate real estate (CRE) approaches, and sponsor support.

JRF is also considering the sale of assets regarding which it would be difficult to respond to changes in social structures and the retail environment and may fall outside the scope of its investment targets as targets

for asset replacement.

ii. Internal growth strategy

JRF is formulating and implementing action plans intended to maintain and enhance asset value and reinforce facility competitiveness while closely monitoring changes in tenant operating conditions and building and facility operating status at individual properties, the competitive environment, consumer trends, and so on with a focus on direct lease properties where JRF can exercise its SC management capabilities using leasing abilities and merchandising (MD) configuration abilities. Through these measures, JRF seeks to increase portfolio profitability and stability.

JRF believes that action plans for raising asset value must include measures for increasing profits and measures for stabilizing profits, and overall portfolio management is conducted while integrating these two factors, resulting in improved portfolio profitability and stability.

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 strategies described below.

Basic strategies 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 distributions

JRF takes measures to stabilize distribution levels over the long term through provision for and reversal of reserve for dividends, retained earnings for temporary difference adjustment, and reserve for reduction entry of property through application of the Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010.

6. Subsequent events

Issuance of New Investment Units

At meetings held on February 27, 2017 and March 7, 2017, the Board of Directors of JRF resolved to issue new investment units as follows:

Issuance of new investment units through public offering:

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

- (i) Number of new investment units to be offered: 112,500 investment units, out of which 55,000 new units to be offered through the Domestic Public Offering and the remaining 57,500 new units to be offered through the Overseas Offering consisting of 55,000 new units to be underwritten and purchased by overseas underwriters and an option to purchase up to an aggregate of 2,500 additional new units granted to the overseas underwriters.
- (ii) Offer price: ¥221,382 per unit
- (iii) Total offering amount: ¥24,905,475,000
- (iv) Issue price (amount to be paid in): ¥214,605 per unit
- (v) Total amount to be paid in: ¥24,143,062,500
- (vi) Payment date: March 14, 2017
- (vii) Distribution: The units to be issued will first be entitled to distributions, if any, for the six months commencing on March 1, 2017 and ending on August 31, 2017.

Issuance of new investment units through third-party allotment:

- (i) Number of new investment units: 2,500 investment units
- (ii) Issue price (amount to be paid in): ¥214,605 per unit
- (iii) Total amount to be paid in: ¥536,512,500
- (iv) Payment date: March 29, 2017
- (v) Distribution: The units to be issued will first be entitled to distributions, if any, for the six months commencing on March 1, 2017 and ending on August 31, 2017.
- (vi) Allottee: SMBC Nikko Securities Inc.

Use of proceeds:

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

As a result of the Offerings and third-party allotment, unitholders' capital increased to ¥411,878,082,160 and number of investment units issued and outstanding increased to 2,667,198 units on March 29, 2017.

Outline of JRF

1. Investment unit

Fiscal period	26th	27th	28th	29th	30th
As of	February 28, 2015	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017
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)	2,430,198	2,430,198	2,552,198	2,552,198	2,552,198
Number of unitholders (People)	20,305	19,147	18,448	17,783	17,520

2. Unitholders

Major unitholders as of February 28, 2017 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	409,565	16.04
Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	214,162	8.39
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	182,827	7.16
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	107,821	4.22
NOMURA BANK (LUXEMBOURG) S. A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	83,467	3.27
STATE STREET BANK WEST CLIENT – TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	61,157	2.39
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	49,091	1.92
STATE STREET BANK – WEST PENSION FUND CLIENTS – EXEMPT 505233	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	48,821	1.91
STATE STREET BANK AND TRUST COMPANY 505223	P. O. BOX 351 BOSTON MASSACHUSETTS 02101 U. S. A.	46,685	1.82
Total		1,263,558	49.50

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended February 28, 2017 (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 posts in other companies than those 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

If necessary, the Board of Directors shall dismiss the independent auditor in accordance with the Act on Investment Trusts and Investment Corporation of Japan. 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 August 31, 2016		As of February 28, 2017	
		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	17,088	2.0	17,058	2.0
	Osaka and Nagoya metropolitan areas	6,930	0.8	6,924	0.8
	Other metropolitan areas	2,953	0.3	4,509	0.5
	Sub-total	26,972	3.1	28,492	3.3
Trust beneficial interest in real property	Tokyo metropolitan area	386,815	45.1	390,051	45.5
	Osaka and Nagoya metropolitan areas	303,008	35.3	303,150	35.4
	Other metropolitan areas	86,840	10.1	80,200	9.4
	Sub-total	776,664	90.5	773,403	90.3
Bank deposits and other assets		54,753	6.4	54,731	6.4
Total assets		858,390	100.0	856,627	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of February 28, 2017 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)	54,295	86,727.87	85,476.96	98.6	11.5	Retail facilities
Higashi-Totsuka Aurora City (trust beneficial interest)	46,434	109,365.50	109,365.50	100.0	4.5	Retail facilities
Nara Family (Note 4) (trust beneficial interest)	36,340	82,893.46	81,226.23	98.0	5.8	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	30,308	56,141.33	54,495.43	97.1	5.8	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	26,546	137,466.97	137,466.97	100.0	3.1	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	24,700	138,538.63	138,538.63	100.0	3.0	Retail facilities
G-Bldg. Shinsaibashi 03 (Note 5) (trust beneficial interest)	22,208	4,631.13	4,631.13	100.0	-	Retail facilities
GYRE (trust beneficial interest)	21,756	4,815.02	4,705.94	97.7	1.8	Retail facilities
AEON MALL Itami (trust beneficial interest)	19,023	157,904.26	157,904.26	100.0	1.9	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,292	18,848.20	18,848.20	100.0	1.2	Retail facilities
Total	299,906	797,332.37	792,659.25	99.4	-	

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 February 28, 2017 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	5,221
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,500	1,217
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,815.02	26,700	21,756
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	20,800	13,981
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,530	940
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	2,274.60	4,670	2,886
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,230	3,957
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,610	2,344
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,160	3,394
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,710	2,289
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	8,880	10,103
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,161.18	10,800	9,296
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	8,060	6,574
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	3,950	5,456
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami-Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,066.09	8,050	6,141
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	5,020	2,764
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,590	1,842
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	7,470	5,863
Round Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	5,090	3,833
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	5,980	3,660
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	9,130	5,574
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,141.33	37,300	30,308
G-Bldg. Shibuya 01	20-13 Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,582.08	4,110	3,193
G-Bldg. Omotesando 02	25-15 Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	21,550	17,824
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,512.03	3,840	3,571
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.54	9,550	8,566
G-Bldg. Ueno 01	9-14 Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,700	3,444
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	6,270	6,192
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	5,310	5,020
G-Bldg. Akihabara 02	113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,053.55	2,680	2,516
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	16,400	15,386
G-Bldg. Ginza Chuo-dori 01	6-16 Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	13,400	13,106
Ito-Yokado Kawasaki	2-1, Oda-sakai 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,690	13,887

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	12,500	9,397
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,940	1,323
Ito-Yokado Kamifukuoka Higashi	1-30, Ohara 2-chome, Fujimino-shi, Saitama	Trust beneficial interest	28,316.18	5,790	5,982
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,400	10,467
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,060	4,636
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,000	10,829
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	18,000	15,385
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	7,350	4,830
Higashi-Totsuka Aurora City	537-1, Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	42,800	46,434
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	11,100	12,755
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,900	26,546
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,810	5,540
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,200	2,339
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,200	2,262
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,430	3,079
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	4,100	3,177
8953 Osaka Shinsaibashi Building	4-12, Minami Senba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	15,700	12,310
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,600	18,292
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	2,520	1,593
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	10,600	8,091
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	948.72	7,680	4,325
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru ori Rokkakui-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,650	2,756
G-Bldg. Shinsaibashi 03	2-17, Shinsaibashisuji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	4,631.13	27,500	22,208
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	2,010	1,959
EDION Kyobashi (Land with leasehold interest)	53-1, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	4,307.16	5,790	5,756
G-Bldg. Abeno 01	4-7, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka	Trust beneficial interest	4,700.58	4,630	4,305
G-Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	10,400	9,796
G-Bldg. Shinsaibashi 04	10-5 Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,390	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	2,500	2,202
Narupark (Note 4)	232 Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.61	5,110	7,478
Nara Family (Note 6)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,893.46	40,100	36,340
AEON Takatsuki	47-2, Haginoshio 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,900	10,109
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,778.44	3,590	3,343
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,628.00	5,360	6,425
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,600	24,700

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	20,100	19,023
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,900	15,512
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	11,760	9,200
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,050	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	1,330	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 6)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,727.87	64,500	54,295
Round1 Stadium Sakai Chuo Kanryo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,420	1,677
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	7,060	5,647
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,930.76	4,840	4,274
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,870	2,043
m-city Toyonaka	2-18, 2-chome, Hinode-cho Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,400	5,470
Round1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	4,010	2,881
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,500	15,696
G-Bldg. Sendai Ichibancho 01	5-12 Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi	Real property	2,387.17	4,730	4,509
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,248.96	10,500	8,714
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,830	6,628
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,660	5,469
AEON Naha Shopping Center	10-2, Kanagusaku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,900	10,021
Oyama Yuen Harvest Walk (Note 6)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,872.65	9,520	8,654
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169.00	18,200	15,822
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,240	2,463
Tec Land Fukuoka Shime Honten (Note 5)	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	—	5,230	3,849
Total			2,563,897.20	916,540	801,896

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

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

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

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

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

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

Operating results of each retail facility for the six months ended August 31, 2016 and February 28, 2017 were as follows:

Name of property	For the six months ended August 31, 2016				For the six months ended February 28, 2017			
	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	75	0.2	4	100.0	78	0.3
G-Bldg. Daikanyama 01	1	100.0	40	0.1	1	100.0	39	0.1
GYRE	23	100.0	563	1.8	22	97.7	555	1.8
Bic Camera Tachikawa	2	100.0	357	1.2	2	100.0	486	1.6
G-Bldg. Kita Aoyama 01	3	100.0	34	0.1	3	100.0	34	0.1
G-Bldg. Jiyugaoka 01	2	100.0	71	0.2	3	100.0	93	0.3
Cheers Ginza	10	100.0	103	0.3	10	100.0	105	0.4
G-Bldg. Jingumae 06	4	100.0	53	0.2	4	100.0	52	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	129	0.4	4	100.0	129	0.4
La Porte Aoyama (Note 3)	23	96.2	282	0.9	23	99.1	261	0.9
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	161	0.5
G-Bldg. Jingumae 03	8	100.0	78	0.3	8	100.0	80	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	7	87.1	233	0.8	8	100.0	229	0.8
Urban Terrace Jingumae	2	100.0	100	0.3	2	100.0	99	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	180	0.6	3	100.0	178	0.6
G-Bldg. Ginza 01	8	100.0	173	0.6	8	100.0	173	0.6
KAWASAKI Le FRONT	67	96.9	1,772	5.7	68	97.1	1,744	5.8
G-Bldg. Shibuya 01 (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Omotesando 02	6	100.0	370	1.2	6	100.0	371	1.2
G-Bldg. Kichijoji 01 (Note 4)	1	100.0	-	-	0	0.0	-	-
CUTE CUBE HARAJUKU	9	97.3	194	0.6	11	100.0	184	0.6
G-Bldg. Ueno 01	1	100.0	75	0.2	1	100.0	75	0.2
G-Bldg. Takadanobaba 01	1	100.0	48	0.2	15	100.0	136	0.5
G-Bldg. Akihabara 01 (Note 4)	1	100.0	-	-	1	100.0	-	-

Name of property	For the six months ended August 31, 2016				For the six months ended February 28, 2017			
	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	9	100.0	209	0.7
Ito-Yokado Kawasaki	5	100.0	475	1.5	5	100.0	475	1.6
Abiko Shopping Plaza	54	99.9	632	2.0	56	100.0	615	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	1.5
Ito-Yokado Tsunashima	1	100.0	168	0.5	1	100.0	168	0.6
AEON Itabashi Shopping Center	1	100.0	656	2.1	1	100.0	652	2.2
AEON MALL Yamato	1	100.0	536	1.7	1	100.0	530	1.8
SEIYU Hibarigaoka	1	100.0	249	0.8	1	100.0	249	0.8
Higashi-Totsuka Aurora City	4	100.0	1,358	4.4	4	100.0	1,369	4.5
Ito-Yokado Yotsukaido	2	100.0	294	1.0	2	100.0	299	1.0
AEON MALL Musashi Murayama	1	100.0	934	3.0	1	100.0	926	3.1
Makuhari Plaza	5	100.0	211	0.7	4	99.3	217	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	370	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	142	0.5	9	100.0	141	0.5

Name of property	For the six months ended August 31, 2016				For the six months ended February 28, 2017			
	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	11	92.8	219	0.7	11	89.0	214	0.7
G-Bldg. Shinsaibashi 04	7	100.0	77	0.2	4	73.3	84	0.3
G-Bldg. Kyoto Kawaramachi 01	3	36.2	25	0.1	3	36.2	28	0.1
Narupark (Note 3)	48	98.5	331	1.1	48	99.2	335	1.1
Nara Family (Note 5)	57	87.0	1,746	5.7	106	98.0	1,752	5.8
AEON Takatsuki	1	100.0	399	1.3	1	100.0	394	1.3
AEON Yagoto	2	100.0	126	0.4	2	100.0	125	0.4
Kyoto Family	64	100.0	577	1.9	62	99.5	576	1.9
AEON MALL Tsurumi Ryokuchi	1	100.0	892	2.9	1	100.0	893	3.0
AEON MALL Itami	1	100.0	581	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	403	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	3,316	10.8	213	98.6	3,503	11.5
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	37	98.3	252	0.8	37	98.3	291	1.0
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	86	0.3
AEON Sendai Nakayama	2	100.0	415	1.3	2	100.0	409	1.4
AEON MALL Kashiihama (Note 6)	1	100.0	333	1.1	-	-	39	0.1
AEON MALL Sapporo Naebo	1	100.0	371	1.2	1	100.0	367	1.2
AEON Tobata Shopping Center	1	100.0	315	1.0	1	100.0	316	1.0
AEON Naha Shopping Center	1	100.0	373	1.2	1	100.0	369	1.2

Name of property	For the six months ended August 31, 2016				For the six months ended February 28, 2017			
	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)	71	99.8	812	2.6	69	97.4	844	2.8
AEON MALL Sapporo Hassamu	1	100.0	577	1.9	1	100.0	570	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)	-	-	736	2.4	-	-	-	-
AEON MALL Higashiura (Note 8)	-	-	404	1.3	-	-	-	-
Neyagawa (Land with leasehold interest) (Notes 4 and 8)	-	-	-	-	-	-	-	-
Total	880	99.4	30,851	100.0	937	99.6	30,199	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%, 19% and 51% quasi-co-ownership interest of the property on October 15, 2015, August 31, 2016 and September 30, 2016, respectively.

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

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

4. Details of specified transaction

The details of specified transaction as of February 28, 2017 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)	249,575	230,575	(3,524)
Total		249,575	230,575	(3,524)

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 in the above table "3. Details of property".

There were no other significant specified assets as of February 28, 2017.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended February 28, 2017	Total of advanced payment
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Renewal construction	April, 2017 to October, 2017	555	1	2
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Installation of shutter safety device	October, 2017 to January, 2018	301	-	-
Nara Family	Nara-shi, Nara	Construction for a tenant	January, 2017 to March, 2017	118	-	-
Narupark	Midori-ku, Nagoya-shi, Aichi	Renewal construction	March, 2017 to June, 2017	94	3	3
G-Bldg. Akihabara 01	Chiyoda-ku, Tokyo	Renewal construction for Earthquake-resistant	October, 2017 to December, 2017	92	-	-

2. Capital expenditures for the six months ended February 28, 2017

Maintenance expenditures on property for the six months ended February 28, 2017 amounted to ¥8,784 million, consisting of ¥7,969 million of capital expenditures stated as below and ¥815 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
Nara Family	Nara-shi, Nara	Renewal construction	October, 2015 to October, 2016	3,910
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Renewal including the earthquake-resistant construction	August, 2015 to December, 2016	2,826
AEON MALL Sapporo Naebo	Higashi-ku, Sapporo-shi, Hokkaido	Repair of outer wall	June, 2016 to November, 2016	99
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Repair of outer wall	September, 2016 to December, 2016	61
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Replacement of the parking lot equipment	January, 2017 to February, 2017	40
Others	-	-	-	1,030
Total				7,969

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	29th fiscal period	30th fiscal period
	For the six months ended August 31, 2016	For the six months ended February 28, 2017
Asset management fees	2,576,449	2,553,610
Custodian fees	29,936	30,027
General administration fees	123,872	123,646
Compensation for Directors	5,940	5,940
Other operating expenses	187,219	200,453
Total	2,923,417	2,913,677

2. Borrowings

Borrowings as of February 28, 2017 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2016 (Millions of yen)	February 28, 2017 (Millions of yen)					
Short-term	Mizuho Bank, Ltd.	February 3, 2016	1,000	-	0.2	January 31, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 1, 2016	2,500	-	0.2	January 31, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sub-total		3,500	-					
Long-term	Development Bank of Japan Inc.	July 30, 2009	14,466	14,066	2.2	July 30, 2018	(Note 5)	(Note 6)	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 6)	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 6)	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 6)	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 6)	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 7)	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 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	The Bank of Fukuoka, Ltd.	September 22, 2011	2,000	-	0.6 (Note 3)	September 22, 2016	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 4)	Use (Note 6)	Remarks
			August 31, 2016 (Millions of yen)	February 28, 2017 (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 6)	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 6)	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 7)	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 7)	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 6)	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 6)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2011	2,500	-	0.6 (Note 3)	September 30, 2016	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2011	1,000	-	0.6 (Note 3)	September 30, 2016	Lump sum (Note 4)	(Note 6)	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 8)	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 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,355	2,355					
	Sumitomo Mitsui Trust Bank, Limited		1,869	1,869					
	The Chugoku Bank, LTD.	December 21, 2011	3,000	-	0.8 (Note 3)	December 21, 2016	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2011	2,000	-	0.8 (Note 3)	December 21, 2016	Lump sum (Note 4)	(Note 6)	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 8)	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 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	May 22, 2012	3,570	3,570	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 2)		3,030	3,030					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,400	2,400					
	The Joyo Bank, Ltd. (Note 2)	May 22, 2012	1,000	1,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD. (Note 2)	May 22, 2012	2,000	2,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd. (Note 2)	September 14, 2012	3,000	3,000	0.5 (Note 3)	September 14, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 28, 2012	2,000	2,000	0.5	September 29, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd. (Note 2)	October 2, 2012	1,000	1,000	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2016	February 28, 2017					
	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 7)	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 7)	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 7)	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 7)	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 7)	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 7)	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 7)	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. (Note 2)	October 2, 2012	1,500	1,500	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd. (Note 2)		1,000	1,000					
	The Bank of Yokohama, Ltd. (Note 2)		500	500					
	Shinkin Central Bank (Note 2)	December 28, 2012	2,500	2,500	0.5	December 29, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Gunma Bank, Ltd.	December 28, 2012	500	500	0.6 (Note 3)	December 28, 2018	Lump sum (Note 4)	(Note 6)	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 6)	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 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 6)	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 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 6)	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 7)	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 7)	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 7)	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 6)	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 6)	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 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2016	February 28, 2017					
			(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 7)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 4)	(Note 6)	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 6)	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 7)	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 6)	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 6)	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 6)	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 6)	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 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 6)	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 7)	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 7)	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 7)	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 7)	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 7)	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 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 4)	(Note 6)	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 6)	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 7)	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 6)	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 7)	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 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2016	February 28, 2017					
			(Millions of yen)	(Millions of yen)					
Long-term	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 4)	(Note 6)	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 8)	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 8)	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 6)	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 6)	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 6)	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 6)	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 6)	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 6)	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 6)	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 6)	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 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 1, 2016	396	396	0.5 (Note 3)	March 31, 2026	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		336	336					
	Sumitomo Mitsui Trust Bank, Limited		267	267					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	March 1, 2016	3,965	3,965	0.2	July 31, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 2)		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,670	2,670					
	Development Bank of Japan Inc.	March 1, 2016	2,500	2,500	0.2	March 30, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 1, 2016	2,000	2,000	0.4 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	1,000	1,000	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	1,000	1,000	0.3	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	March 31, 2016	1,000	1,000	0.5	March 31, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2016 (Millions of yen)	February 28, 2017 (Millions of yen)					
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 28, 2016	2,180	2,180	0.5	September 30, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,468	1,468					
	Development Bank of Japan Inc.	July 29, 2016	10,850	10,850	0.4	July 30, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 21, 2016	-	2,000	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2016	-	2,500	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2016	-	1,000	0.4	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	December 21, 2016	-	3,000	0.7	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2016	-	2,000	0.6	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd. (Note 2)	January 31, 2017	-	1,000	0.1	January 31, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 2)	January 31, 2017	-	2,500	0.1	January 31, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sub-total		339,391	342,491					
Total			342,891	342,491					

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

Note 2 The balances as of February 28, 2017 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 (¥ 20,000 million) per year, and the remaining balance is repaid on due date. The interest payment date is September 30, 2009 at first, and thereafter the 30th of March, June, September and December, and due date. The balance as of February 28, 2017, includes ¥ 800 million of current portion of long-term borrowings.

Note 6 The funds were mainly appropriated to repayment of borrowings.

Note 7 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.

Note 8 The funds were appropriated to redemption of corporate bonds.

3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
		August 31, 2016 (Millions of yen)	February 28, 2017 (Millions of yen)					
Sixth series unsecured investment corporation bonds (Note 1)	May 23, 2007	15,000	15,000	2.170	May 23, 2017	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Seventh series unsecured investment corporation bonds	December 18, 2013	7,500	7,500	1.108	December 18, 2023	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Eighth series unsecured investment corporation bonds	June 26, 2014	8,000	8,000	1.260	June 26, 2026	Lump sum (Note 2)	(Note 3)	Unsecured and unguaranteed
Ninth series unsecured investment corporation bonds	February 5, 2015	7,000	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 February 28, 2017.

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

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposition	Disposition amount (Note 1)	Net book value	Gain (loss) on disposition (Note 2)
G-Bldg. Sendai Ichibancho 01	September 29, 2016	1,500	-	-	-	-
G-Bldg. Takadanobaba 01	October 3, 2016	3,545	-	-	-	-
G-Bldg. Jiyugaoka 01 (B building)	November 7, 2016	504	-	-	-	-
AEON MALL Kashiikama	-	-	September 30, 2016	7,395	5,908	1,385
Total	-	5,549	-	7,395	5,908	1,385

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 Gain (loss) on disposition is calculated by subtracting book value of the property and other sales expenses from the disposition amount.

2. Transactions of other assets

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

3. Research for specified assets value

(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. Sendai Ichibancho 01	September 29, 2016	1,500	1,620	CBRE K.K.	September 14, 2016
Acquisition	G-Bldg. Takadanobaba 01	October 3, 2016	3,545	3,750	CBRE K.K.	July 1, 2016
Acquisition	G-Bldg. Jiyugaoka 01 (B building)	November 7, 2016	504	700	Japan Real Estate Institute	November 7, 2016
Disposition	AEON MALL Kashiihama	September 30, 2016	7,395	7,395 (Note 2)	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 Appraisal value of AEON MALL Kashiihama is calculated by multiplying its appraisal value as of August 31, 2015 amounting to ¥14,500 million by 51%, which is an ownership percentage of co-ownership interest disposed on September 30, 2016.

(2) Other transactions

None

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

No specified asset was acquired from or disposed to interested parties or major shareholders.

(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	1,359,302	Mitsubishi UFJ Lease & Finance Company Limited	443	0.0
		Mitsubishi Shoji & Sun Co., Ltd.	10	0.0
Other rental expenses	1,026,083	Mitsubishi Corporation Urban Development, Inc.	2,103	0.2
		Mitsubishi Shoji & Sun Co., Ltd.	1,525	0.1

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.

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 corporations

1. Disclosures relating to overseas real estate investment corporations

None

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

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 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%
The 30th fiscal period (September 1, 2016 to February 28, 2017)	3,200	723,200	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

The Board of Directors Meeting

Execution or modification of significant agreement approved by the Board of Directors of JRF for the six months ended February 28, 2017 was as follows:

Approval day	Item	Summary
February 27, 2017	Underwriting agreements of new investment units	In connection with the global offering of new investment units, the Board of Directors of JRF approved entering into the underwriting agreements with SMBC Nikko Securities Inc, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., UBS Securities Japan Co., Ltd. as joint domestic coordinator, and UBS AG, London Branch, Morgan Stanley & Co. International plc and SMBC Nikko Capital Markets Limited as international joint lead managers.

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 report.



Independent Auditor's Report

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 of February 28, 2017, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month 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 auditor considers 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 of February 28, 2017 and its financial performance and cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 25 to the financial statements which discloses the issuance of new investment units.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended February 28, 2017 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

May 29, 2017

PricewaterhouseCoopers Aarata LLC

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of August 31, 2016 and February 28, 2017

	As of		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 47,488	¥ 47,435	\$ 421,419
Restricted bank deposits (Note 4).....	513	513	4,557
Rental receivables	818	628	5,579
Consumption tax refundable	-	494	4,388
Other current assets	1,176	1,195	10,616
Total current assets	49,995	50,267	446,579
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	575,712	575,394	5,111,886
Buildings.....	291,192	297,619	2,644,092
Building improvements.....	14,650	14,558	129,335
Machinery and equipment.....	1,992	2,051	18,221
Furniture and fixtures.....	3,820	4,297	38,175
Construction in progress.....	3,968	44	390
	891,337	893,965	7,942,119
Less: Accumulated depreciation.....	(93,056)	(97,404)	(865,351)
Net property and equipment	798,280	796,561	7,076,767
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	5,259	5,239	46,544
Other intangible assets (Notes 4, 7 and 8).....	97	95	843
Lease deposits (Note 4).....	1,655	1,648	14,641
Long-term prepaid expenses	2,315	2,091	18,576
Bond issuance costs	121	110	977
Unit issuance costs	143	93	826
Other	520	520	4,619
Total other assets	10,114	9,798	87,046
TOTAL ASSETS	¥ 858,390	¥ 856,627	\$ 7,610,403

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEETS
As of August 31, 2016 and February 28, 2017

	As of		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 9).....	¥ 3,500	¥ -	\$ -
Current portion of long-term borrowings (Note 9).....	21,300	37,800	335,820
Current portion of long-term bonds issued — unsecured (Note 10).....	15,000	15,000	133,262
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	831	952	8,457
Accounts payable—operating	2,036	1,623	14,418
Accounts payable—other	16	14	124
Accrued expenses	2,126	2,041	18,132
Consumption tax payable	920	-	-
Rent received in advance	3,057	3,120	27,718
Deposits received	1,341	1,078	9,577
Other current liabilities	222	125	1,110
Total current liabilities	50,354	61,757	548,658
Non-current liabilities:			
Long-term borrowings (Note 9).....	318,091	304,691	2,706,920
Long-term bonds issued—unsecured (Note 10).....	22,500	22,500	199,893
Tenant leasehold and security deposits (Notes 4 and 11).....	50,315	49,761	442,084
Asset retirement obligations (Note 21).....	483	486	4,317
Derivatives liabilities (Note 20).....	1,369	773	6,867
Other	3	2	17
Total non-current liabilities	392,761	378,214	3,360,110
TOTAL LIABILITIES	443,116	439,971	3,908,768
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,552,198 units as of August 31, 2016 and February 28, 2017 issued and outstanding.....	387,198	387,198	3,439,925
Capital surplus.....	14,986	14,986	133,137
Reserve for reduction entry of property	502	476	4,228
Reserve for dividends.....	3,138	3,138	27,878
Retained earnings.....	10,820	11,664	103,624
Total unitholders' equity	416,646	417,464	3,708,813
Valuation and translation adjustments:			
Deferred losses on hedges.....	(1,372)	(808)	(7,178)
Total valuation and translation adjustments	(1,372)	(808)	(7,178)
TOTAL NET ASSETS	415,274	416,655	3,701,625
TOTAL LIABILITIES AND NET ASSETS	¥ 858,390	¥ 856,627	\$ 7,610,403

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF INCOME AND RETAINED EARNINGS
For the six months ended August 31, 2016 and February 28, 2017

	For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rental and other operating revenues (Note 14).....	¥ 30,851	¥ 30,199	\$ 268,292
Gain on sales of property (Note 15).....	6,226	1,385	12,304
	<u>37,078</u>	<u>31,585</u>	<u>280,605</u>
Operating expenses			
Property-related expenses (Note 14).....	15,055	14,689	130,499
Loss on sales of property (Note 15).....	5,257	-	-
Asset management fees	2,576	2,553	22,681
Custodian fees	29	30	266
General administration fees	123	123	1,092
Other	193	206	1,830
	<u>23,237</u>	<u>17,603</u>	<u>156,387</u>
Operating income	<u>13,841</u>	<u>13,981</u>	<u>124,209</u>
Non-operating revenues			
Non-operating revenues.....	2	3	26
	<u>2</u>	<u>3</u>	<u>26</u>
Non-operating expenses			
Interest expense	1,660	1,561	13,868
Corporate bonds interest	283	279	2,478
Amortization of bond issuance costs	10	10	88
Amortization of unit issuance costs	72	49	435
Loan-related costs	416	413	3,669
Other non-operating expenses	4	4	35
	<u>2,447</u>	<u>2,319</u>	<u>20,602</u>
Ordinary income	<u>11,396</u>	<u>11,665</u>	<u>103,633</u>
Extraordinary losses			
Loss related to settlement of rent and others (Note 16).....	575	-	-
	<u>575</u>	<u>-</u>	<u>-</u>
Income before income taxes	<u>10,821</u>	<u>11,665</u>	<u>103,633</u>
Income taxes (Note 17):			
Current.....	-	-	-
Deferred.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>10,820</u>	<u>11,664</u>	<u>103,624</u>
Unappropriated earnings at beginning of period	-	-	-
Retained earnings at end of period (Note 13)	<u>¥ 10,820</u>	<u>¥ 11,664</u>	<u>\$ 103,624</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS
For the six months ended August 31, 2016 and February 28, 2017

	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 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
Changes during the period										
Reversal of reserve for reduction entry of property.....	-	-	(25)	-	25	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	(10,846)	(10,846)	(10,846)	-	-	(10,846)
Net income.....	-	-	-	-	11,664	11,664	11,664	-	-	11,664
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	563	563	563
Total changes during the period	-	-	(25)	-	843	817	817	563	563	1,381
Balance as of February 28, 2017.....	¥ 387,198	¥ 14,986	¥ 476	¥ 3,138	¥ 11,664	¥ 30,266	¥ 417,464	¥ (808)	¥ (808)	¥ 416,655

	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 August 31, 2016.....	\$ 3,439,925	\$ 133,137	\$ 4,459	\$ 27,878	\$ 96,126	\$ 261,620	\$ 3,701,545	\$ (12,189)	\$ (12,189)	\$ 3,689,356
Changes during the period										
Reversal of reserve for reduction entry of property.....	-	-	(222)	-	222	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	(96,357)	(96,357)	(96,357)	-	-	(96,357)
Net income.....	-	-	-	-	103,624	103,624	103,624	-	-	103,624
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	5,001	5,001	5,001
Total changes during the period	-	-	(222)	-	7,489	7,258	7,258	5,001	5,001	12,269
Balance as of February 28, 2017.....	\$ 3,439,925	\$ 133,137	\$ 4,228	\$ 27,878	\$ 103,624	\$ 268,887	\$ 3,708,813	\$ (7,178)	\$ (7,178)	\$ 3,701,625

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS
For the six months ended August 31, 2016 and February 28, 2017

	For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S.dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 10,821	¥ 11,665	\$ 103,633
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	6,017	5,632	50,035
Amortization of bond issuance costs.....	10	10	88
Amortization of unit issuance costs.....	72	49	435
Gain on sales of property.....	(6,226)	(1,385)	(12,304)
Loss on sales of property.....	5,257	-	-
Loss on disposal of fixed assets.....	45	37	328
Interest income.....	-	-	-
Interest expense.....	1,943	1,840	16,346
Loss related to settlement of rent and others.....	575	-	-
Changes in assets and liabilities:			
(Increase) decrease in rental receivables.....	(25)	189	1,679
(Increase) decrease in consumption tax refundable.....	-	(494)	(4,388)
(Increase) decrease in long-term prepaid expenses.....	200	224	1,990
Increase (decrease) in accounts payable - operating.....	259	(254)	(2,256)
Increase (decrease) in accounts payable - other.....	2	(1)	(8)
Increase (decrease) in accrued expenses.....	67	(30)	(266)
Increase (decrease) in consumption tax payable.....	(499)	(920)	(8,173)
Increase (decrease) in rent received in advance.....	61	63	559
Increase (decrease) in deposits received.....	25	(263)	(2,336)
Other, net.....	103	44	390
Sub total.....	18,712	16,406	145,753
Interest received.....	-	-	-
Interest expenses paid.....	(1,922)	(1,894)	(16,826)
Payments for settlement of rent and others.....	(575)	-	-
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	16,214	14,512	128,926
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(20,112)	(10,108)	(89,800)
Proceeds from sales of property and equipment.....	18,496	7,294	64,800
Purchase of intangible assets.....	(1)	-	-
Payments of tenant leasehold and security deposits.....	(2,252)	(2,273)	(20,193)
Proceeds from tenant leasehold and security deposits.....	590	1,759	15,627
Proceeds from deposits and others.....	7	7	62
Payments of deposits and others.....	-	-	-
Net cash (used in) provided by investing activities.....	(3,271)	(3,320)	(29,495)
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings.....	2,500	-	-
Repayments of short-term borrowings.....	-	(3,500)	(31,094)
Proceeds from long-term borrowings.....	39,850	14,000	124,378
Repayments of long-term borrowings.....	(11,550)	(10,900)	(96,837)
Distribution payments.....	(10,720)	(10,844)	(96,339)
Net cash (used in) provided by financing activities.....	20,079	(11,244)	(99,893)
Net change in cash and cash equivalents.....	33,022	(52)	(461)
Cash and cash equivalents at beginning of period.....	14,466	47,488	421,890
Cash and cash equivalents at end of period.....	¥ 47,488	¥ 47,435	\$ 421,419

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended August 31, 2016 and February 28, 2017

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 30th fiscal period (February 28, 2017) amounted to ¥847.2 billion (US\$7,526 million) (the total acquisition price of 92 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 ¥65 million and ¥4 million (US\$35 thousand) for the six months ended August 31, 2016 and February 28, 2017, 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) Leases

The Company capitalized all finance leases that do not transfer ownership of the leased assets 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 ¥112.56 = US\$1, the effective rate of exchange prevailing at February 28, 2017. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended February 28, 2017 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 10,879	¥ 10,443	\$ 92,777
Restricted bank deposits.....	513	513	4,557
Property and equipment, at cost:			
Land.....	550,515	548,901	4,876,519
Buildings.....	289,116	295,264	2,623,169
Building improvements.....	14,587	14,495	128,775
Machinery and equipment.....	1,992	2,051	18,221
Furniture and fixtures.....	3,804	4,281	38,033
Construction in progress.....	3,956	42	373
	863,973	865,036	7,685,110
Less: Accumulated depreciation.....	(92,666)	(96,969)	(861,487)
Net property and equipment.....	771,307	768,066	6,823,614
Other assets:			
Leasehold rights.....	5,259	5,239	46,544
Other intangible assets.....	97	95	843
Lease deposits.....	1,655	1,648	14,641
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	831	952	8,457
Non-current liabilities:			
Tenant leasehold and security deposits.....	48,501	47,907	425,613

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings, machinery and equipment were reduced by government subsidies received. The accumulated amounts of such reduction for the six months ended August 31, 2016 and February 28, 2017 were ¥23 million and ¥379 million (US\$¥3,367 thousand), respectively.

Note 6 — Schedule of Property and Equipment

(i) 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

(ii) Schedule of Property and Equipment as of February 28, 2017 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.....	¥ 575,712	¥ 3,869	¥ 4,187	¥ 575,394	¥ -	¥ -	¥ 575,394
Buildings.....	291,192	9,194	2,767	297,619	88,775	5,113	208,843
Building improvements.....	14,650	49	141	14,558	5,108	271	9,450
Machinery and equipment.....	1,992	65	7	2,051	1,001	62	1,049
Furniture and fixtures.....	3,820	563	86	4,297	2,518	148	1,778
Construction in progress.....	3,968	1,183	5,107	44	-	-	44
Total.....	¥ 891,337	¥ 14,926	¥ 12,297	¥ 893,965	¥ 97,404	¥ 5,594	¥ 796,561

	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.....	\$ 5,114,712	\$ 34,372	\$ 37,197	\$ 5,111,886	\$ -	\$ -	\$ 5,111,886
Buildings.....	2,586,993	81,680	24,582	2,644,092	788,690	45,424	1,855,392
Building improvements.....	130,152	435	1,252	129,335	45,380	2,407	83,955
Machinery and equipment.....	17,697	577	62	18,221	8,893	550	9,319
Furniture and fixtures.....	33,937	5,001	764	38,175	22,370	1,314	15,796
Construction in progress.....	35,252	10,509	45,371	390	-	-	390
Total.....	\$ 7,918,772	\$ 132,604	\$ 109,248	\$ 7,942,119	\$ 865,351	\$ 49,697	\$ 7,076,767

Note 7 — Schedule of Intangible Assets

(i) 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

(ii) Schedule of Intangible Assets as of February 28, 2017 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.....	¥ 5,389	¥ -	¥ -	¥ 5,389	¥ 149	¥ 20	¥ 5,239
Other intangible assets.....	325	15	-	340	245	17	95
Total.....	¥ 5,714	¥ 15	¥ -	¥ 5,729	¥ 395	¥ 37	¥ 5,334

	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.....	\$ 47,876	\$ -	\$ -	\$ 47,876	\$ 1,323	\$ 177	\$ 46,544
Other intangible assets.....	2,887	133	-	3,020	2,176	151	843
Total.....	\$ 50,764	\$ 133	\$ -	\$ 50,897	\$ 3,509	\$ 328	\$ 47,388

Note 8 — Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2016 and February 28, 2017.

	As of / For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 807,141	¥ 803,637	\$ 7,139,632
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(3,504)	(1,741)	(15,467)
Balance at the end of the period.....	<u>¥ 803,637</u>	<u>¥ 801,896</u>	<u>\$ 7,124,164</u>
Fair value⁽ⁱⁱⁱ⁾	¥ 907,284	¥ 916,831	\$ 8,145,264

Notes:

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

For the six months ended August 31, 2016:		Increase (decrease) in net book value (in millions)
Acquisitions:		
G-Bldg. Ginza Chuo-dori 01.....	¥	13,134
G-Bldg. Kyoto Kawaramachi 01.....		2,215
G-Bldg. Shinsaibashi 04.....		865
Ito-Yokado Yotsukaido.....		147
G-Bldg. Minami Aoyama 01.....		6
Capital expenditures:		
Renewal construction of Nara Family.....		285
Total of capital expenditures for the period (including above expenditure).....		1,675
Disposition:		
Kishiwada CanCan Bay side Mall.....		(7,162)
AEON MALL Higashiura.....		(7,014)
AEON MALL Kashiwama (partial disposition of interest of quasi-co-ownership).....		(2,203)
Neyagawa(Land with leasehold interest).....		(1,154)

For the six months ended February 28, 2017:

	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:		
G-Bldg. Takadanobaba 01.....	¥ 3,698	\$ 32,853
G-Bldg. Sendai Ichibancho 01.....	1,575	13,992
G-Bldg. Jiyugaoka 01.....	511	4,539
Capital expenditures:		
Renewal construction of Nara Family.....	3,910	34,737
Renewal construction including seismic strengthening works of Bic Camera Tachikawa.....	2,826	25,106
Disposition:		
AEON MALL Kashiwama (partial disposition of interest of quasi-co-ownership).....	(5,908)	(52,487)

- (iii) Fair value has been determined based on appraisals by independent appraisers. For AEON MALL Kashiwama sold on October 15, 2015, the selling price is used for the six months ended August 31, 2016. For Ito-Yokado Kamifukuoka Higashi signed disposition contract on January 31, 2017, the selling price is used for the six months ended February 28, 2017.

For rental revenues and expenses for the six months ended August 31, 2016 and February 28, 2017, please refer to “Note 14 — Analysis of Rental and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of August 31, 2016 and February 28, 2017 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ 3,500	¥ -	\$ -
Long-term borrowings.....	339,391	342,491	3,042,741
Total.....	¥ 342,891	¥ 342,491	\$ 3,042,741
Average interest rates range for the period.....	From 0.2% to 3.0%	From 0.1% to 3.0%	

As of August 31, 2016 and February 28, 2017, the Company entered into credit facilities and committed lines of credit as follows:

	As of		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 315,387
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 315,387
Commitment Lines			
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 533,049
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 533,049

Note 10 — Corporate Bonds

The details of unsecured corporate bonds issued and outstanding as of August 31, 2016 and February 28, 2017 are as follows:

	Balance as of		
	August 31, 2016	February 28, 2017	February 28, 2017
	(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	\$ 133,262
¥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	66,631
¥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	71,073
¥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	62,189
Total.....	¥ 37,500	¥ 37,500	\$ 333,155

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥242,772 million and ¥239,202 million (US\$2,125,106 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥24,237 million and ¥22,839 million (US\$202,905 thousand) as of August 31, 2016 and February 28, 2017, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure co-owner's payments of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,138 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,109 thousand) as of August 31, 2016 and February 28, 2017, 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\$444 thousand) as required by the Investment Trust Act.

The number of units issued and outstanding were 2,552,198 as of August 31, 2016 and February 28, 2017.

Note 13 — Appropriation of Retained Earnings

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

The following table shows the distributions of retained earnings for the six months ended August 31, 2016 and February 28, 2017, respectively.

	For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 10,820	¥ 11,664	\$ 103,624
Reversal of reserve for dividends.....	-	3,138	27,878
Reversal of reserve for reduction entry of property.....	25	-	-
Cash distribution declared.....	(10,846)	(10,846)	(96,357)
Provision of reserve for dividends.....	-	(817)	(7,258)
Provision of retained earnings for temporary difference adjustment.....	-	(3,138)	(27,878)
Retained earnings carried forward.....	¥ -	¥ -	\$ -

For the year ended August 31, 2016, the Company reversed ¥25 million 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 at the end of the period then ended after the reversal.

For the year ended February 28, 2017, the Company reversed all of remaining reserve for dividends amounting to ¥3,138 million (US\$27,878 thousand) which was derived from negative goodwill, and transferred all of the reversal to retained earnings for temporary difference adjustment by applying Article 3 of the Supplementary Provision of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015). The Company also transferred ¥817 million (US\$7,258 thousand), a portion of gain on sales of property, to reserve for dividends from retained earnings of ¥11,664 million (US\$103,624 million) at the end of the period then ended and declared a total distribution of ¥10,846 million (US\$96,357 thousand), representing at the end of the period then ended after the reversal and the transfers.

The financial statements do not reflect the reversal of or provision of reserve for dividends, reversal of reserve for reduction entry of property, provision of retained earnings for temporary difference adjustment or cash distribution declared as of the end of each fiscal period. The retained earnings for temporary difference adjustment will be reversed in forthcoming periods by equal to or more than amount divided by 50 years.

Cash distributions per investment unit were ¥4,250 and ¥4,250 (US\$37) for the six months ended August 31, 2016 and February 28, 2017, respectively.

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

Rental and other operating revenues and property-related expenses for the six months ended August 31, 2016 and February 28, 2017 consist of the following:

	For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rental and other operating revenues:			
Rental and parking revenue.....	¥ 26,972	¥ 26,402	\$ 234,559
Common area charges.....	1,466	1,299	11,540
Other.....	2,411	2,497	22,183
Total rental and other operating revenues.....	¥ 30,851	¥ 30,199	\$ 268,292
Property-related expenses:			
Property management fees.....	¥ 865	¥ 888	\$ 7,889
Facility management fees.....	1,464	1,359	12,073
Utilities.....	1,696	1,404	12,473
Property-related taxes.....	2,814	2,655	23,587
Repair and maintenance.....	227	815	7,240
Insurance.....	44	36	319
Trust fees.....	76	65	577
Rent expense ⁽ⁱ⁾	856	768	6,823
Other.....	947	1,026	9,115
Depreciation.....	6,017	5,632	50,035
Loss on disposal of property.....	45	37	328
Total property-related expenses.....	¥ 15,055	¥ 14,689	\$ 130,499
Operating income from property leasing activities.....	¥ 15,795	¥ 15,509	\$ 137,784

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 August 31, 2016 and February 28, 2017 is as follows:

	Gain on sales of property for the six months ended			Loss on sales of property for the six months ended August 31, 2016
	August 31, 2016	February 28, 2017	February 28, 2017	
	(in millions)		(in thousands of U.S. dollars (Note 3))	(in millions)
Sale of property.....	¥ 16,625	¥ 7,395	\$ 65,698	¥ 1,900
Cost of property.....	(10,372)	(5,908)	(52,487)	(7,155)
Other sales expenses.....	(26)	(100)	(888)	(2)
Gain (Loss) on sales of property, net.....	¥ 6,226	¥ 1,385	\$ 12,304	¥ (5,257)

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 provide for a valuation allowance in full for future deductible temporary differences that would give rise to deferred tax assets. Deferred tax liabilities are recognized except for cases where it is highly likely that the Company will not be subject to income tax in the future.

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

	For the six months ended	
	August 31, 2016	February 28, 2017
	(Rate)	
Statutory tax rate.....	32.31%	31.74%
Deductible cash distributions.....	(32.39)	(29.51)
Change in tax rate.....	1.76	(0.12)
Change in valuation allowance (for deferred tax assets).....	(1.67)	(2.14)
Other.....	0.00	0.04
Effective tax rate.....	0.01%	0.01%

Deferred tax assets and liabilities consist of the following:

	As of		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Current:			
Tax loss carryforwards.....	¥ 2,589	¥ 2,399	\$ 21,313
Other.....	-	11	97
<i>Sub total</i>	2,590	2,410	21,410
Valuation allowance.....	(2,590)	(2,410)	(21,410)
<i>Total</i>	-	-	-
Non-current:			
Amortization of leasehold rights.....	67	77	684
Depreciation.....	99	12	106
Asset retirement obligations.....	152	153	1,359
Valuation differences on assets acquired through the merger.....	5,362	5,370	47,707
Deferred losses on hedges.....	431	244	2,167
Other.....	28	32	284
<i>Sub total</i>	6,141	5,890	52,327
Valuation allowance.....	(6,141)	(5,890)	(52,327)
<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 August 31, 2016 and February 28, 2017 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 23,761	¥ 23,010	\$ 204,424
Due after one year.....	96,840	92,879	825,151
Total.....	¥ 120,602	¥ 115,890	\$ 1,029,584

(b) Lease Commitments

As described in Note 2 (o), Finance lease transactions that do not transfer ownership of the leased assets to the lessee, are capitalized and depreciated on a straight-line basis, assuming no residual value, over the lease term. Such capitalized leased assets 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 August 31, 2016 and February 28, 2017.

	As of								
	August 31, 2016			February 28, 2017			February 28, 2017		
	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.....	¥ 47,488	¥ 47,488	¥ -	¥ 47,435	¥ 47,435	¥ -	\$ 421,419	\$ 421,419	\$ -
(2) Restricted bank deposits.....	513	513	-	513	513	-	4,557	4,557	-
Total.....	¥ 48,001	¥ 48,001	¥ -	¥ 47,949	¥ 47,949	¥ -	\$ 425,986	\$ 425,986	\$ -
Liabilities:									
(1) Short-term borrowings.....	¥ 3,500	¥ 3,500	¥ -	¥ -	¥ -	¥ -	\$ -	\$ -	\$ -
(2) Current portion of long-term borrowings.....	21,300	21,308	(8)	37,800	37,804	(4)	335,820	335,856	(35)
(3) Current portion of long-term bonds issued—unsecured.....	15,000	15,226	(226)	15,000	15,068	(68)	133,262	133,866	(604)
(4) Current portion of tenant leasehold and security deposits.....	831	843	(12)	952	963	(10)	8,457	8,555	(88)
(5) Long-term borrowings.....	318,091	323,994	(5,903)	304,691	308,825	(4,134)	2,706,920	2,743,647	(36,727)
(6) Long-term bonds issued—unsecured.....	22,500	23,579	(1,079)	22,500	23,513	(1,013)	199,893	208,893	(8,999)
(7) Tenant leasehold and security deposits.....	3,407	3,628	(220)	2,534	2,675	(141)	22,512	23,765	(1,252)
Total.....	¥ 384,630	¥ 392,081	¥ (7,451)	¥ 383,477	¥ 388,850	¥ (5,373)	\$ 3,406,867	\$ 3,454,601	\$ (47,734)
Derivative instruments*	¥ (1,372)	¥ (1,372)	¥ -	¥ (808)	¥ (808)	¥ -	\$ (7,178)	\$ (7,178)	\$ -

* 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—unsecured and (6) Long-term bonds issued—unsecured

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		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Tenant leasehold and security deposits	¥ 46,907	¥ 47,226	\$ 419,562
Total liabilities	¥ 46,907	¥ 47,226	\$ 419,562

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

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

As of August 31, 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 February 28, 2017:	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	¥ 47,435	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits	513	-	-	-	-	-
Total.....	¥ 47,949	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 28, 2017:	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	\$ 421,419	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits	4,557	-	-	-	-	-
Total.....	\$ 425,986	\$ -	\$ -	\$ -	\$ -	\$ -

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

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)			
Short-term borrowings	¥ 3,500	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings	21,300	-	-	-	-	-
Current portion of long-term bonds issued—unsecured.....	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 —unsecured.....	-	-	-	-	-	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
As of February 28, 2017:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in millions)			
Current portion of long-term borrowings	¥ 37,800	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term bonds issued—unsecured.....	15,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	952	-	-	-	-	-
Long-term borrowings	-	46,266	49,500	44,575	34,000	130,350
Long-term bonds issued —unsecured.....	-	-	-	-	-	22,500
Tenant leasehold and security deposits.....	-	619	619	605	590	100
Total.....	¥ 53,752	¥ 46,885	¥ 50,119	¥ 45,180	¥ 34,590	¥ 152,950
As of February 28, 2017:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in thousands of U.S. dollars (Note 3))			
Current portion of long-term borrowings	\$ 335,820	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term bonds issued—unsecured.....	133,262	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	8,457	-	-	-	-	-
Long-term borrowings	-	411,034	439,765	396,011	302,061	1,158,049
Long-term bonds issued —unsecured.....	-	-	-	-	-	199,893
Tenant leasehold and security deposits.....	-	5,499	5,499	5,374	5,241	888
Total.....	\$ 477,540	\$ 416,533	\$ 445,264	\$ 401,385	\$ 307,302	\$ 1,358,830

Note 20 — Derivatives

Information on derivative transactions undertaken by the Company as of August 31, 2016 and February 28, 2017 is as follows. Derivative instruments are used for hedging purposes only and are subject to hedge accounting.

As of August 31, 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	¥ (1,372)
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)
Total.....			¥ 260,075	¥ 249,575	¥ (5,176)

As of February 28, 2017:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱⁱ⁾		
			Total	Over 1 year		Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾
			(in millions)			(in thousands of U.S. dollars (Note 3))		
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 127,075	¥ 108,075	¥ (808)	\$ 1,128,953	\$ 960,154	\$ (7,178)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500	122,500	(2,715)	1,088,308	1,088,308	(24,120)
Total.....			¥ 249,575	¥ 230,575	¥ (3,524)	\$ 2,217,261	\$ 2,048,463	\$ (31,307)

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.

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 August 31, 2016 and February 28, 2017 are as follows:

	For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 479	¥ 483	\$ 4,291
Adjustment for passage of time.....	3	3	26
Balance at the end of the period.....	¥ 483	¥ 486	\$ 4,317

Note 22 — Related-Party Transactions

For the six months ended August 31, 2016 and February 28, 2017, there were no applicable transactions with related parties as defined under the Financial Instruments and Exchanges Act.

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

(a) Real Estate Acquisition

The Company acquired certain properties from Ginza 26 TMK for ¥13,000 million during the six months ended August 31, 2016.

(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 ¥2,576 million and ¥2,553 million (US\$22,681 thousand) were paid by the Company for the six months ended August 31, 2016 and February 28, 2017, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥128 million and ¥44 million (US\$390 thousand) were paid by the Company for the six months ended August 31, 2016 and February 28, 2017, 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\$1,092 thousand) for general administration fees, and ¥47 million and ¥33 million (US\$293 thousand) for custodian fees for the six months ended August 31, 2016 and February 28, 2017, respectively.

In addition, the Company obtained long-term borrowings of ¥5,552 million from Mitsubishi UFJ Trust and Banking Corporation for the six months ended August 31, 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 February 28, 2017 were ¥42 million (US\$373 thousand), ¥6 million (US\$53 thousand), ¥6,395 million (US\$56,814 thousand) and ¥47,883 million (US\$425,399 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 August 31, 2016 and February 28, 2017 and net income per unit for the six months then ended.

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

	As of / For the six months ended		
	August 31, 2016	February 28, 2017	February 28, 2017
	(Yen)		(US\$ (Note 3))
The net asset value per unit.....	¥ 162,712	¥ 163,253	\$ 1,450
Net income per unit.....	¥ 4,239	¥ 4,570	\$ 40
Weighted average number of units.....	2,552,198	2,552,198	

Note 24 — Segment Information

Segment information for the six months ended August 31, 2016 and February 28, 2017 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 are 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.

(iii) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	August 31, 2016	February 28, 2017	February 28, 2017	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
Not disclosed ⁽ⁱ⁾	¥ 5,117	¥ -	\$ -	Property rental business
AEON Mall Co., Ltd.	¥ 3,756	¥ 3,333	\$ 29,610	Property rental business
AEON Retail Co., Ltd.	¥ 3,412	¥ 3,267	\$ 29,024	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.

Note 25 — Subsequent Events

Issuance of New Investment Units

At meetings held on February 27, 2017 and March 7, 2017, the Board of Directors of the Company resolved to issue new investment units as follows:

Issuance of new investment units through public offering:

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

- (i) Number of new investment units to be offered: 112,500 investment units, out of which 55,000 new units to be offered through the Domestic Public Offering and the remaining 57,500 new units to be offered through the Overseas Offering consisting of 55,000 new units to be underwritten and purchased by overseas underwriters and an option to purchase up to an aggregate of 2,500 additional new units granted to the overseas underwriters.
- (ii) Offer price: ¥221,382 (US\$1,966) per unit
- (iii) Total offering amount: ¥24,905 million (US\$221,259 thousand)
- (iv) Issue price (amount to be paid in): ¥214,605 (US\$1,906) per unit
- (v) Total amount to be paid in: ¥24,143 million (US\$214,490 thousand)
- (vi) Payment date: March 14, 2017
- (vii) Distribution: The units to be issued will first be entitled to distributions, if any, for the six months commencing on March 1, 2017 and ending on August 31, 2017.

Issuance of new investment units through third-party allotment:

- (i) Number of new investment units: 2,500 investment units
- (ii) Issue price (amount to be paid in): ¥214,605 (US\$1,906) per unit
- (iii) Total amount to be paid in: ¥536 million (US\$4,761 thousand)
- (iv) Payment date: March 29, 2017
- (v) Distribution: The units to be issued will first be entitled to distributions, if any, for the six months commencing on March 1, 2017 and ending on August 31, 2017.
- (vi) Allottee: SMBC Nikko Securities Inc.

Use of proceeds:

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

As a result of the Offerings and third-party allotment, unitholders' capital increased to ¥411,878 million (US\$3,659,186 thousand) and number of investment units issued and outstanding increased to 2,667,198 units on March 29, 2017.