

Translation

JAPAN RETAIL FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2017

April 13, 2017

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	http://www.jrf-reit.com
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Toru Tsuji, President & CEO & Representative Director
Contact:	Keita Araki, Executive Officer, Head of Retail Division
	Tel: (03)5293-7081
Scheduled date for filing of securities report:	May 30, 2017
Scheduled date for distributions payment:	May 18, 2017
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended February 28, 2017 (September 1, 2016 to February 28, 2017)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended February 28, 2017	31,585	-14.8	13,981	1.0	11,665	2.4	11,664	7.8
August 31, 2016	37,078	15.8	13,841	1.1	11,396	2.2	10,820	-0.8

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen	%	Yen	%	Yen	%	Yen	%
For the six months ended February 28, 2017	4,570	2.8			1.4		36.9	
August 31, 2016	4,239	2.6			1.4		30.7	

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended February 28, 2017	4,250	10,846	0	0	93.0	2.6
August 31, 2016	4,250	10,846	0	0	100.3	2.6

Note 1: Total distributions for the six months ended February 28, 2017 consist of net income at the end of period after transferring ¥817 million to reserve for dividends.

Note 2: Total distributions for the six months ended August 31, 2016 include reversal of reserve for reduction entry of property amounting to ¥25 million and differ from net income.

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2017	856,627	416,655	48.6	163,253
August 31, 2016	858,390	415,274	48.4	162,712

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the six months ended February 28, 2017	14,512	(3,320)	(11,244)	47,435
August 31, 2016	16,214	(3,271)	20,079	47,488

2. Outlook for the six months ending August 31, 2017 (March 1, 2017 to August 31, 2017) and February 28, 2018 (September 1, 2017 to February 28, 2018)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2017	31,040	-1.7	13,535	-3.2	11,195	-4.0	11,195	-4.0
February 28, 2018	31,259	0.7	13,783	1.8	11,518	2.9	11,517	2.9

	Net income per unit	Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
For the six months ending	Yen	Yen	Yen
August 31, 2017	4,210	4,250	0
February 28, 2018	4,318	4,330	0

Note: Total distributions for the six months ending August 31, 2017 include reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and reserve for reduction entry of property amounting to ¥109 million. Total distributions for the six months ending February 28, 2018 include reversal of retained earnings for temporary difference adjustment amounting to ¥31 million.

3. Others

- (1) Changes in accounting policies and accounting estimates or restatements
Changes in accounting policies due to accounting standards revision: None
Changes in accounting policies due to other reasons: None
Changes in accounting estimates: None
Restatements: None

- (2) Number of units issued
Number of units issued at end of period (including treasury units):
As of February 28, 2017 2,552,198 units
As of August 31, 2016 2,552,198 units
Number of treasury units at end of period:
As of February 28, 2017 0 units
As of August 31, 2016 0 units

Note: For the number of unit as a basis of calculation of net income per unit, please refer to per unit information on page 29.

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook of next period” on page 11-13.

1. Summary of related corporations of JRF

There have not been any significant changes to the “structure of the investment corporation” in the most recent financial report (submitted on November 28, 2016), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management policies

There have not been any significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted on November 28, 2016), and hence, description of these matters is omitted.

(2) State of operations

A. Operations during the period

i. Principal activities

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

In the fiscal period ended February 28, 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).

ii. Investment environment and results

(1) 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.

(2) 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.

iii. 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.

iv. 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.

B. Outlook of next period

i. 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.

ii. 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.

(1) 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.

(2) 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.

(3) Financial strategy

JRF constantly works to improve financial stability further.

(i) 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

(ii) LTV control

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

(4) Measures for ensuring delivery of stable 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.

iii. Earnings forecast

With regard to the asset management operation in the fiscal period ending August, 2017 (31st fiscal period), JRF expects to post an operating revenue of 31,040 million yen, ordinary income of 11,195 million yen, and net income of 11,195 million yen with distribution per unit of 4,250 yen. Also, as to the asset management operation in February 2018 (32nd fiscal period), JRF expects to post an operating revenue of 31,259 million yen, ordinary income of 11,518 million yen, and net income of 11,517 million yen with distribution per unit of 4,330 yen. Please refer to the "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2017 (31st Fiscal Period: March 1, 2017 to August 31, 2017) and the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018)" on the following page for the assumptions of the forecast.

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

Note also that as described in "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2017 (31st Fiscal Period: March 1, 2017 to August 31, 2017) and the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018)" below, JRF expects, or has conducted issuance of new investment units, acquisition and disposition of properties after this fiscal period.

(1) Issuance of new investment units

At the Board of Directors' meeting held on February 27, 2017 and March 7, 2017, approval was given for issuance of new investment units as follows, and payment for the new investment units through public offering and the third party allotment was completed on March 14, 2017 and March 29, 2017, respectively. As a result, as of March 29, 2017, the total unitholders' capital was 411,878,082,160 yen and the number of outstanding investment units was 2,667,198 units. The terms for the issuance of the investment units are as follows.

[Issuance of new investment units through public offering]

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

Number of new units to be issued:	112,500 units (Domestic: 55,000 units, Overseas: 57,500 units (comprising 55,000 units to be underwritten and purchased by the international managers, and up to 2,500 units to be additionally issued pursuant to a purchase right to be granted to the international managers))
Issue price (offer price):	221,382 yen per unit
Total issue price (offer price):	24,905,475,000 yen
Issue value (amount paid in):	214,605 yen per unit
Total issue value (amount paid in):	24,143,062,500 yen
Payment date:	March 14, 2017
Record date:	March 1, 2017

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

Number of new units to be issued:	2,500 units
Issue value (amount paid in):	214,605 yen per unit
Total issue value (amount paid in):	536,512,500 yen
Payment date:	March 29, 2017
Record date:	March 1, 2017
Allottee:	SMBC Nikko Securities Inc.

[Use of proceeds]

The funds raised through this public offering will be used as part of funds for the acquisition of new specified assets by JRF. In addition, funds raised through the allocation of investment units to a third party will be used as part of funds for the acquisition of these specified assets, and if there is any surplus, this will be kept as cash on hand for the future acquisition of specified assets, etc.

(2) (Anticipated) Acquired Assets

JRF acquired and scheduled to acquire the trust beneficiary interest in real estate outlined in the chart below. (For details of properties acquired and scheduled to be acquired, please refer to the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in Kasugai (Land with leasehold interest)” dated September 28, 2016, “Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Tenjin Nishi-dori 01” dated January 23, 2017 and “Japan Retail Fund Investment Corporation to Acquire 4 Properties in Japan” dated February 27, 2017.)

Property Name	Location	(Anticipated) Acquisition price (¥ million)	(Anticipated) Acquisition Date
G-Bldg. Shinsaibashi 03 (Bldg. B main building) (trust beneficiary right in real estate)	Chuo-ku, Osaka-shi, Osaka	7,800	March 17, 2017 (completed)
G-Bldg. Naha-shintoshin 01 (trust beneficiary right in real estate)	Naha-shi, Okinawa	5,650	March 17, 2017 (completed)
MARINE & WALK YOKOHAMA (trust beneficiary right in real estate) (Note 1)	Naka-ku, Yokohama-shi, Kanagawa	11,300	March 24, 2017, May 1, 2017 (Note 2)
G-Bldg. Midotsuji 01 (trust beneficiary right in real estate)	Chuo-ku, Osaka-shi, Osaka	9,975	March 31, 2017 (completed)
G-Bldg. Tenjin Nishi-dori 01 (trust beneficiary right in real estate)	Chuo-ku, Fukuoka-shi, Fukuoka	4,850	April 5, 2017 (completed)
Kasugai (Land with leasehold interest) (trust beneficiary right in real estate) (Note 1)	Kasugai-shi, Aichi	6,350	Not determined yet (Note 3)
G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) (trust beneficiary right in real estate)	Chuo-ku, Osaka-shi, Osaka	400	by December 29, 2017 (Note 4)

(Note 1)			
Total	-	46,325	-

Note 1: The purchase and sale agreements for the trust beneficiary interests of these properties shall apply Forward Commitment, etc. by an investment corporation as provided in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. established by the Financial Services Agency. Forward commitment, etc. referred to herein is defined as “forward-dated sales contract in which settlement and delivery of property will be made at least one month after the date of contract or other similar contracts.”

With regard to MARINE & WALK YOKOHAMA, the 80% quasi-co-ownership interest of trust beneficiary right in real estate to be purchased on May 1, 2017 constitutes a Forward Commitment, etc. The relevant trust beneficiary interest purchase and sale agreement provides that in the case where JRF as purchaser breaches that agreement (including breach of representations and warranties) and a substantial impediment to achievement of the contractual purposes occurs, the seller can cancel the agreement and that in this case, JRF as purchaser shall owe a duty to pay a penalty equal to 20% of the total purchase price. The appraised value of the property as of February 1, 2017 determined by a real estate appraiser is 13,600 million yen.

With regard to Kasugai (land with leasehold interest), the relevant trust beneficiary interest purchase and sale agreement provides that in the case where JRF as purchaser breaches the agreement or makes a representation and warranty that is not true or could give rise to misunderstanding in a material point, the seller can cancel the agreement and that in this case, JRF as purchaser shall owe a duty to pay a penalty equal to 20% of the total purchase price. The appraised value of the property as of February 28, 2017 determined by a real estate appraiser is 6,490 million yen.

With regard to G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), the relevant trust beneficiary interest purchase and sale agreement provides that if JRF as purchaser breaches the agreement (including the case where representations and warranties are misrepresentations or not true), the seller can cancel the agreement and that in this case, JRF as purchaser shall owe duty to pay compensation for damage incurred by the seller (provided, however, that the total amount of such compensation for damage shall not exceed 20% of the purchase price in total). The appraised value of the property as of February 1, 2017 determined by a real estate appraiser is 409 million yen.

Note2: JRF acquired a 20% quasi-co-ownership interest of trust beneficiary right in the MARINE & WALK YOKOHAMA on March 24, 2017 (acquisition price: 2,260 million yen) and plans to acquire an 80% quasi-co-ownership interest of trust beneficiary right in the property on May 1, 2017 (anticipated acquisition price: 9,040 million yen).

Note3: JRF plans to acquire Kasugai (land with leasehold interest) after issuance of building inspection certificate for the planned building construction whose tenants consist of a food supermarket etc. At this time, this is planned for about September 2017.

Note4: With regard to G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), JRF has agreed with the seller that if it can be reasonably determined that the building on G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) owned by a third party can be rebuilt, or if we and the seller decide that it is reasonable to postpone the acquisition of the land with leasehold interest and we and the seller agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date.

(3) Disposed Assets

JRF disposed of the trust beneficiary right in real estate outlined in the chart below. (For details of the disposed property, please refer to the press release titled “Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Kamifukuoka-higashi” dated January 26, 2017.)

Property Name	Location	Disposition price (¥ million)	Disposition Date
Ito-Yokado Kamifukuoka-higashi (trust beneficiary right in real estate)	Fujimino-shi, Saitama	6,081	March 31, 2017 (completed)

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2017 (31st Fiscal Period: March 1, 2017 to August 31, 2017) and the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018)

Item	Assumptions
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending August 31, 2017 (31st fiscal period: March 1, 2017 to August 31, 2017) (184 days) - Fiscal period ending February 28, 2018 (32nd fiscal period: September 1, 2017 to February 28, 2018) (181 days)
Assets owned	<ul style="list-style-type: none"> - The forecast was calculated based on 96 properties comprising the 92 properties that JRF owned as of February 28, 2017 plus the 1 property planned for acquisition announced on September 28, 2016 in the press release titled “Notice concerning Acquisition of Trust Beneficiary Interest in Kasugai (Land with leasehold interest),” the 1 acquired property announced on January 23, 2017 in the press release titled “Notice concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Tenjin Nishi-dori 01”, and the four properties planned for acquisition announced on February 27, 2017 in the press release titled “Japan Retail Fund Investment Corporation to Acquire 4 Properties in Japan” (one of the properties was an additionally-acquired property adjacent to a previously-owned property and was jointly managed) and minus the 1 sold property announced on January 26, 2017 in the press release titled “Notice concerning Disposition of Trust Beneficiary Right in Ito-Yokado Kamifukuoka-higashi.” - We also assume that no other changes (anticipated) acquisitions of new properties, dispositions of current portfolio properties, etc., excluding reconstruction of current properties) of properties, except for the anticipated acquisitions and the anticipated disposition above, will occur prior to the end of the February 2018 (32nd) fiscal period.
Issue of units	<ul style="list-style-type: none"> - There are 2,552,198 units outstanding as of February 28, 2017; however, as the decision was made at the Board of Directors meeting held on February 27, 2017, the number will increase by 115,000 units due to the issuance of 112,500 new units through public offering and the issuance of 2,500 new units through third-party allotment in accordance with sales via over-allotment. - The number of units issued at the end of the fiscal period is 2,667,198 units, assuming that there will not be any additional issuance of new investment units.
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debt as of February 28, 2017 stood at 379,991 million yen. However, as a result of (i) loan agreements in the amount of 5,000 million yen that were concluded on February 27, 2017 and took effect on March 31, 2017 and (ii) repayment of loans in the amount of 200 million yen, which matured on March 30, 2017; interest-bearing debt as of the date of this document is 384,791 million yen, which comprises long-term borrowings and investment corporation bonds in the amounts of 347,291 million yen, and 37,500 million yen, respectively. - Out of the interest-bearing debt outstanding as of the date of this document, long-term debts in the amount of 37,600 million yen and investment corporation bonds in the amount of 15,000 million yen are to be repaid in the August 2017 (31st) fiscal period and February 2018 (32nd) fiscal period before maturity. We assume that we will repay part of these debts with cash on hand and repay the rest through funding including debt financing. - With regard to (1) a long-term borrowing of 8,500 million yen contracted on February 27, 2017 and scheduled to take effect on May 1, 2017 and (2) a long-term borrowing of 6,500 million yen scheduled to take effect between July 31, 2017 to October 31, 2017, we assume that long-term borrowing (1) will take effect on May 1, 2017 and that long-term borrowing (2) will take effect on September 1, 2017.

Item	Assumptions
Operating revenues	<ul style="list-style-type: none"> - Rental and other operating revenues are calculated based on the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. - We assume that there will be no arrears or nonpayment of rent by our tenants. - We plan to acquire Kasugai (Land with leasehold interest) after the issuance of the building inspection certificate for the planned building construction with tenants consisting of a grocery store and other tenants. Operating revenues of the property have been calculated under the assumption that we acquire the property on September 1, 2017. - With respect to G-Bldg. Shinsaibashi 03 (Bldg. B), we have agreed with the seller that if it can be reasonably determined that the building on the north-side land can be rebuilt or if we and the seller decide that it is reasonable to postpone the acquisition of the north-side land and if we agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date. The forecast of operating revenues of the property have been calculated under the assumption that we acquire the property on December 29, 2017. - We assume no gain or loss from the scheduled disposal of Ito-Yokado Kamifukuoka-higashi during the August 2017 (31st) fiscal period.
Operating expenses	<ul style="list-style-type: none"> - We assume that taxes and public charge of 2,684 million yen and 2,682 million yen in the August 2017 (31st) fiscal period and the February 2018 (32nd) fiscal period, respectively. - With respect to fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes and other taxes”) on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as rental expenses. However, should any need arise for settlement, such as a need to pay settlement amount for fixed asset taxes and other taxes, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to fixed asset taxes and other taxes”), such amounts are taken into account in the purchase price of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to fixed asset taxes and other taxes for the 6 properties (including 1 acquisition of a property adjacent to a current property which is expected to be integrally managed) that we anticipate acquiring during 2017, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2018 onwards. We have assumed the amounts equivalent to fixed asset taxes and other taxes which will be included in the 6 properties to be acquired to be equivalent to ¥127 million in total. - We assume that repair and maintenance will be 303 million yen for the August 2017 (31st) fiscal period and 277 million yen for the February 2018 (32nd) fiscal period. - We assume that depreciation will be 5,753 million yen for the August 2017 (31st) fiscal period and 5,797 million yen for the February 2018 (32nd) fiscal period. - We assume that property management fees will be 800 million yen for the August 2017 (31st) fiscal period and 864 million yen for the February 2018 (32nd) fiscal period, and building management fees will be 1,429 million yen for the August 2017 (31st) fiscal period and 1,430 million yen for the February 2018 (32nd) fiscal period. - We assume that we will incur ¥53 million in expenses for the loss on disposal of fixed assets related to the system renewal at mozo wonder city in the August 2017 (31st) fiscal period and ¥9 million for loss on disposal of fixed assets related to the system renewal at Nara Family in the February 2018 (32nd) fiscal period, respectively. With respect to the loss on disposal of fixed assets described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation.

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> - We assume that non-operating expenses (including interest expense, loan-related costs, corporate bonds interest, amortization of unit issuance costs, etc.) will be 2,340 million yen for the August 2017 (31st) fiscal period and 2,265 million yen for the February 2018 (32nd) fiscal period.
Distribution per unit	<ul style="list-style-type: none"> - Distribution per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - With regard to the distribution for the August 2017 (31st) fiscal period, it is assumed that a total of 11,335 million yen will be distributed (distribution of 4,250 yen per unit) by adding 31 million yen from reversal of 3,138 million yen in retained earnings for temporary difference adjustment and 109 million yen from reversal of 476 million yen in reserve for reduction entry of property to the 11,195 million yen in unappropriated retained earnings at the end of period. - Regarding the distribution for the February 2018 (32nd) fiscal period, it is assumed that a total of 11,548 million yen will be distributed (distribution of 4,330 yen per unit) by adding 31 million yen from reversal of 3,106 million yen in retained earnings for temporary difference adjustment to the 11,517 million yen in unappropriated retained earnings at the end of period. - It is assumed that retained earnings for temporary difference adjustment will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period. - It is assumed that other than the equal-amount reversals indicated above, reserve for reduction entry of property, reserve for dividends, and retained earnings for temporary difference adjustment will be reversed for temporary expenses in conjunction mainly with renewals (repair and maintenance such as demolition costs, loss on disposal, and compensation for relocation: 174 million yen in the August 2017 (31st) fiscal period and 21 million yen in the February 2018 (32nd) fiscal period) and to the extent of dilution of distributions per unit in conjunction with the issuance of new investment units.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> - We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

3. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	August 31, 2016	February 28, 2017
ASSETS		
Current assets:		
Cash and bank deposits	36,608,410	36,992,135
Cash and bank deposits in trust (Note 1)	11,393,062	10,956,980
Rental receivables	818,289	628,575
Income taxes receivable	33	120
Consumption tax refundable	-	494,488
Other current assets	1,176,099	1,195,088
Total current assets	49,995,894	50,267,389
Non-current assets:		
Property and equipment:		
Buildings	2,075,356	2,354,707
Accumulated depreciation	(364,873)	(406,954)
Buildings, net	1,710,483	1,947,752
Building improvements	62,787	63,419
Accumulated depreciation	(15,989)	(17,409)
Building improvements, net	46,797	46,010
Furniture and fixtures	16,555	16,555
Accumulated depreciation	(9,900)	(10,554)
Furniture and fixtures, net	6,654	6,000
Land	25,196,845	26,492,859
Construction in progress	11,880	1,750
Buildings in trust (Note 2)	289,116,758	295,264,747
Accumulated depreciation	(84,372,897)	(88,368,555)
Buildings in trust, net (Note 1)	204,743,860	206,896,192
Building improvements in trust	14,587,732	14,495,221
Accumulated depreciation	(4,916,139)	(5,090,970)
Building improvements in trust, net (Note 1)	9,671,593	9,404,251
Machinery and equipment in trust	1,992,793	2,051,073
Accumulated depreciation	(941,716)	(1,001,517)
Machinery and equipment in trust, net (Note 1)	1,051,077	1,049,556
Furniture and fixtures in trust	3,804,143	4,281,300
Accumulated depreciation	(2,435,476)	(2,508,376)
Furniture and fixtures in trust, net (Note 1)	1,368,667	1,772,924
Land in trust (Note 1)	550,515,834	548,901,327
Construction in progress in trust (Note 1)	3,956,626	42,679
Total property and equipment	798,280,321	796,561,305
Intangible assets:		
Leasehold rights in trust	5,259,464	5,239,391
Other intangible assets in trust	97,852	95,409
Total intangible assets	5,357,316	5,334,801
Investment and other assets:		
Lease deposits in trust	1,655,752	1,648,023
Long-term prepaid expenses	2,315,917	2,091,111
Other investments (Note 1)	520,232	520,292
Total investment and other assets	4,491,902	4,259,426
Total non-current assets	808,129,540	806,155,533
Deferred charges:		
Unit issuance costs	143,627	93,668
Bond issuance costs	121,559	110,631
Total deferred charges	265,186	204,300
TOTAL ASSETS	858,390,622	856,627,222

(To be continued on the following page)

(Thousands of yen)

	As of	
	August 31, 2016	February 28, 2017
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	2,036,787	1,623,314
Short-term borrowings	3,500,000	-
Current portion of long-term bonds issued – unsecured	15,000,000	15,000,000
Current portion of long-term borrowings	21,300,000	37,800,000
Accounts payable – other	16,548	14,723
Accrued expenses	2,126,285	2,041,753
Income taxes payable	605	605
Consumption tax payable	920,678	-
Rent received in advance	3,057,684	3,120,758
Deposits received	1,341,590	1,078,142
Current portion of tenant leasehold and security deposits in trust (Note 1)	831,694	952,499
Derivatives liabilities	2,674	35,322
Other current liabilities	219,641	89,972
Total current liabilities	50,354,191	61,757,090
Non-current liabilities:		
Long-term bonds issued – unsecured	22,500,000	22,500,000
Long-term borrowings	318,091,000	304,691,000
Tenant leasehold and security deposits	1,813,798	1,853,650
Tenant leasehold and security deposits in trust (Note 1)	48,501,536	47,907,525
Asset retirement obligations	483,054	486,239
Derivatives liabilities	1,369,454	773,640
Other non-current liabilities	3,013	2,430
Total non-current liabilities	392,761,857	378,214,485
TO TAL LIABILITIES	443,116,049	439,971,576
Net Assets (Note 4)		
Unitholders' equity:		
Unitholders' capital	387,198,507	387,198,507
Surplus:		
Capital surplus	14,986,826	14,986,826
Voluntary reserve		
Reserve for reduction entry of property	502,120	476,272
Reserve for dividends	3,138,254	3,138,254
Total voluntary reserve	3,640,375	3,614,527
Retained earnings	10,820,993	11,664,748
Total surplus	29,448,195	30,266,101
Total unitholders' equity	416,646,702	417,464,608
Valuation and translation adjustments:		
Deferred losses on hedges	(1,372,129)	(808,962)
Total valuation and translation adjustments	(1,372,129)	(808,962)
TO TAL NET ASSETS	415,274,573	416,655,646
TO TAL LIABILITIES AND NET ASSETS	858,390,622	856,627,222

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	August 31, 2016	February 28, 2017
Operating revenues		
Rental and other operating revenues (Note 5)	30,851,446	30,199,207
Gain on sales of property (Note 6)	6,226,939	1,385,919
Total operating revenues	37,078,385	31,585,127
Operating expenses		
Property-related expenses (Note 5)	15,055,840	14,689,965
Loss on sales of property (Note 7)	5,257,909	-
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 operating expenses	23,237,167	17,603,643
Operating income	13,841,217	13,981,484
Non-operating revenues		
Interest income	242	823
Other non-operating revenues	2,368	2,422
Total non-operating revenues	2,611	3,245
Non-operating expenses		
Interest expense	1,660,095	1,561,436
Corporate bonds interest	283,046	279,044
Amortization of bond issuance costs	10,928	10,928
Amortization of unit issuance costs	72,088	49,958
Loan-related costs	416,321	413,546
Other non-operating expenses	4,524	4,463
Total non-operating expenses	2,447,004	2,319,376
Ordinary income	11,396,824	11,665,353
Extraordinary losses		
Loss related to settlement of rent and others (Note 8)	575,226	-
Total extraordinary losses	575,226	-
Income before income taxes	10,821,598	11,665,353
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	10,820,993	11,664,748
Unappropriated earnings at beginning of period	-	-
Retained earnings at the end of period	10,820,993	11,664,748

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity							Valuation and translation adjustments			
	Surplus										
		Voluntary reserve									
	Unitholders' capital (Note 4)	Capital surplus	Reserve for reduction entry of property	Reserve for dividends	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of February 29, 2016	387,198,507	14,986,826	502,120	2,944,776	3,446,897	10,912,710	29,346,433	416,544,940	(1,839,072)	(1,839,072)	414,705,867
Changes during the period											
Appropriation of reserve for dividends	-	-	-	193,478	193,478	(193,478)	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	(10,719,231)	(10,719,231)	(10,719,231)	-	-	(10,719,231)
Net income	-	-	-	-	-	10,820,993	10,820,993	10,820,993	-	-	10,820,993
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	466,943	466,943	466,943
Total changes during the period	-	-	-	193,478	193,478	(91,717)	101,761	101,761	466,943	466,943	568,705
Balance as of August 31, 2016	387,198,507	14,986,826	502,120	3,138,254	3,640,375	10,820,993	29,448,195	416,646,702	(1,372,129)	(1,372,129)	415,274,573
Changes during the period											
Reversal of reserve for reduction entry of property	-	-	(25,848)	-	(25,848)	25,848	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	(10,846,841)	(10,846,841)	(10,846,841)	-	-	(10,846,841)
Net income	-	-	-	-	-	11,664,748	11,664,748	11,664,748	-	-	11,664,748
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	563,166	563,166	563,166
Total changes during the period	-	-	(25,848)	-	(25,848)	843,754	817,906	817,906	563,166	563,166	1,381,072
Balance as of February 28, 2017	387,198,507	14,986,826	476,272	3,138,254	3,614,527	11,664,748	30,266,101	417,464,608	(808,962)	(808,962)	416,655,646

(4) Statements of cash distributions

		(Yen)	
		For the six months ended	
		August 31, 2016	February 28, 2017
I	Retained earnings at the end of period	10,820,993,154	11,664,748,025
II	Reversal of voluntary reserve		
	<i>Reversal of reserve for dividends</i>	-	3,138,254,927
	<i>Reversal of reserve for reduction entry of property</i>	25,848,346	-
III	Cash distribution declared	10,846,841,500	10,846,841,500
	<i>(Cash distribution declared per unit)</i>	<i>(4,250)</i>	<i>(4,250)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	-	817,906,525
	<i>Provision of retained earnings for temporary difference adjustment (Note 9)</i>	-	3,138,254,927
V	Retained earnings carried forward	-	-

For the six months ended August 31, 2016:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended August 31, 2016 amounted to ¥10,846,841,500 consisted of all of retained earnings at end of the period of ¥10,820,993,154 and reversal of reserve for reduction entry of property of ¥25,848,346. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

For the six months ended February 28, 2017:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, JRF transferred a portion of gain on sales of property amounting to ¥817,906,525 from retained earnings at end of the period of ¥11,664,748,025 to reserve for dividends and declared a total of ¥10,846,841,500 for cash distributions which is all of the remaining retained earnings. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	August 31, 2016	February 28, 2017
Cash Flows from Operating Activities:		
Income before income taxes	10,821,598	11,665,353
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	6,017,065	5,632,635
Amortization of bond issuance costs	10,928	10,928
Amortization of unit issuance costs	72,088	49,958
Gain on sales of property	(6,226,939)	(1,385,919)
Loss on sales of property	5,257,909	-
Loss on disposal of fixed assets	45,538	37,649
Interest income	(242)	(823)
Interest expense	1,943,141	1,840,480
Loss related to settlement of rent and others	575,226	-
Changes in assets and liabilities:		
(Increase) decrease in rental receivables	(25,546)	189,714
(Increase) decrease in income taxes receivable	920	(87)
(Increase) decrease in consumption tax refundable	-	(494,488)
(Increase) decrease in long-term prepaid expenses	200,362	224,806
Increase (decrease) in accounts payable - operating	259,830	(254,616)
Increase (decrease) in consumption tax payable	(499,084)	(920,678)
Increase (decrease) in accounts payable - other	2,104	(1,824)
Increase (decrease) in accrued expenses	67,168	(30,786)
Increase (decrease) in rent received in advance	61,970	63,073
Increase (decrease) in deposits received	25,682	(263,448)
Other, net	102,977	44,803
Sub total	18,712,700	16,406,727
Interest received	242	823
Interest expenses paid	(1,922,589)	(1,894,225)
Payments for settlement of rent and others	(575,226)	-
Income taxes paid	(519)	(605)
Net cash provided by operating activities	16,214,607	14,512,720
Cash Flows from Investing Activities:		
Purchase of property and equipment	(4,837)	(1,566,508)
Purchase of property and equipment in trust	(20,107,303)	(8,542,340)
Proceeds from sales of property and equipment in trust	18,496,111	7,294,458
Purchase of intangible assets in trust	(1,100)	-
Payments of tenant leasehold and security deposits	(24,697)	(111,680)
Proceeds from tenant leasehold and security deposits	5,570	174,354
Payments of tenant leasehold and security deposits in trust	(2,227,874)	(2,161,656)
Proceeds from tenant leasehold and security deposits in trust	585,124	1,585,235
Payments of lease deposits in trust	(349)	-
Proceeds from lease deposits in trust	7,761	7,729
Payments for restricted bank deposits in trust	-	(61)
Other expenditures	(290)	(60)
Net cash provided by (used in) investing activities	(3,271,885)	(3,320,528)
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	2,500,000	-
Repayments of short-term borrowings	-	(3,500,000)
Proceeds from long-term borrowings	39,850,000	14,000,000
Repayments of long-term borrowings	(11,550,000)	(10,900,000)
Distribution payments	(10,720,636)	(10,844,609)
Net cash provided by (used in) financing activities	20,079,363	(11,244,609)
Net change in cash and cash equivalents	33,022,084	(52,417)
Cash and cash equivalents at beginning of period	14,466,214	47,488,299
Cash and cash equivalents at end of period (Note 10)	47,488,299	47,435,881

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

(6) Note relating to going concern assumption

Nothing to be noted.

(7) Summary of significant accounting policies

(a) Property and equipment

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

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

(b) Other intangible assets in trust

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

(c) Leased assets

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

(d) Long-term prepaid expenses

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

(e) Unit issuance costs

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

(f) Bond issuance costs

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

(g) Taxes on property and equipment

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

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

Taxes on property and equipment capitalized amounted to ¥65,523 thousand and ¥4,162 thousand for the six months ended August 31, 2016 and February 28, 2017, respectively.

(h) Hedge accounting

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

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

(i) Cash and cash equivalents

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

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

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

(k) Consumption tax

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

(8) Notes to financial information

Note 1 — Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥24,237,751 thousand and ¥22,839,681 thousand as of August 31, 2016 and February 28, 2017, respectively.

	(Thousands of yen)	
	As of	
	August 31, 2016	February 28, 2017
Cash and bank deposits in trust	513,173	513,234
Buildings in trust	68,792,026	70,807,419
Building improvements in trust	3,632,089	3,502,825
Machinery and equipment in trust	288,020	277,818
Furniture and fixtures in trust	346,981	775,425
Land in trust	166,984,099	162,796,337
Construction in progress in trust	1,696,988	10,602
Other investments	519,256	519,256
Total	242,772,634	239,202,919

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for amounts of ¥350,000 thousand as of August 31, 2016 and February 28, 2017.

Note 2 — Reduction Entry for Property

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

	(Thousands of yen)	
	For the six months ended	
	August 31, 2016	February 28, 2017
Buildings in trust	-	379,796
Machinery and equipment in trust	23,034	-
Total	23,034	379,796

Note 3 — Credit facilities and commitment lines

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

	(Thousands of yen)	
	As of	
	August 31, 2016	February 28, 2017
Credit facilities		
Total amount of credit facilities	35,500,000	35,500,000
Borrowings drawn down	-	-
Unused credit facilities	35,500,000	35,500,000
Commitment lines		
Total amount of committed lines of credit	60,000,000	60,000,000
Borrowings drawn down	-	-
Unused committed lines of credit	60,000,000	60,000,000

Note 4 — Net assets

(1) Number of units

	As of	
	August 31, 2016	February 28, 2017
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,552,198 units	2,552,198 units

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

Note 5 — 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:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2016	February 28, 2017
Rental and other operating revenues:		
Rental and parking revenue	26,972,997	26,402,223
Common area charges	1,466,745	1,299,696
Other	2,411,703	2,497,287
Total rental and other operating revenues	30,851,446	30,199,207
Property-related expenses:		
Property management fees	865,681	888,515
Facility management fees	1,464,603	1,359,302
Utilities	1,696,436	1,404,991
Property-related taxes	2,814,456	2,655,236
Repair and maintenance	227,199	815,154
Insurance	44,326	36,400
Trust fees	76,409	65,557
Rent expense	856,877	768,499
Other	947,305	1,026,083
Depreciation	6,017,005	5,632,575
Loss on disposal of property	45,538	37,649
Total property-related expenses	15,055,840	14,689,965
Operating income from property leasing activities	15,795,605	15,509,242

Note 6 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

(Thousands of yen)

	For the six months ended	
	August 31, 2016	February 28, 2017
Sale of property	16,625,000	7,395,000
Cost of property	(10,372,037)	(5,908,538)
Other sales expenses	(26,023)	(100,541)
Gain on sales of property, net	6,226,939	1,385,919

Note 7 — Analysis of loss on sales of property

Analysis of loss on sales of property is as follows:

(Thousands of yen)

	For the six months ended	
	August 31, 2016	February 28, 2017
Sale of property	1,900,000	-
Cost of property	(7,155,044)	-
Other sales expenses	(2,865)	-
Loss on sales of property, net	(5,257,909)	-

Note 8 — 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 9 — Provision of retained earnings for temporary difference adjustment

JRF transferred all of remaining reserve for dividends which was derived from negative goodwill 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) in the statements of cash distributions for the six months ended February 28, 2017. The retained earnings for temporary difference adjustment will be reversed in forthcoming periods by equal to or more than amount divided by 50 years.

Note 10 — Cash and cash equivalents

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

(Thousands of yen)

	As of	
	August 31, 2016	February 28, 2017
Cash and bank deposits	36,608,410	36,992,135
Cash and bank deposits in trust	11,393,062	10,956,980
Restricted bank deposits in trust ⁽ⁱ⁾	(513,173)	(513,234)
Cash and cash equivalents	47,488,299	47,435,881

Note:

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

Note 11 — Lease rental revenues

(a) Lease rental revenues

JRF leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2016 and February 28, 2017 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

(Thousands of yen)

	As of	
	August 31, 2016	February 28, 2017
Due within one year	23,761,293	23,010,829
Due after one year	96,840,972	92,879,819
Total	120,602,265	115,890,649

(b) Lease commitments

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

Note 12 — Financial instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of August 31, 2016 and February 28, 2017.

(Thousands of yen)

	As of August 31, 2016			As of February 28, 2017		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	36,608,410	36,608,410	-	36,992,135	36,992,135	-
(2) Cash and bank deposits in trust	11,393,062	11,393,062	-	10,956,980	10,956,980	-
Total assets	48,001,472	48,001,472	-	47,949,116	47,949,116	-
(1) Short-term borrowings	3,500,000	3,500,000	-	-	-	-
(2) Current portion of long-term bonds issued - unsecured	15,000,000	15,226,350	(226,350)	15,000,000	15,068,550	(68,550)
(3) Current portion of long-term borrowings	21,300,000	21,308,987	(8,987)	37,800,000	37,804,613	(4,613)
(4) Current portion of tenant leasehold and security deposits in trust	831,694	843,726	(12,032)	952,499	963,226	(10,727)
(5) Long-term bonds issued - unsecured	22,500,000	23,579,080	(1,079,080)	22,500,000	23,513,210	(1,013,210)
(6) Long-term borrowings	318,091,000	323,994,957	(5,903,957)	304,691,000	308,825,642	(4,134,642)
(7) Tenant leasehold and security deposits in trust	3,407,812	3,628,773	(220,961)	2,534,437	2,675,743	(141,306)
Total liabilities	384,630,506	392,081,875	(7,451,368)	383,477,936	388,850,985	(5,373,048)
Derivatives (derivatives liabilities), net	(1,372,129)	(1,372,129)	-	(808,962)	(808,962)	-

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

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

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

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

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

Derivatives

Please refer to "Note 14—Derivatives".

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

(Thousands of yen)

	As of	
	August 31, 2016	February 28, 2017
Tenant leasehold and security deposits	1,813,798	1,853,650
Tenant leasehold and security deposits in trust	45,093,724	45,373,087
Total	46,907,523	47,226,737

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

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

(Thousands of yen)

As of August 31, 2016	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	36,608,410	-	-	-	-	-
Cash and bank deposits in trust	11,393,062	-	-	-	-	-
Total	48,001,472	-	-	-	-	-
As of February 28, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	36,992,135	-	-	-	-	-
Cash and bank deposits in trust	10,956,980	-	-	-	-	-
Total	47,949,116	-	-	-	-	-

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

(Thousands of yen)

As of August 31, 2016	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	3,500,000	-	-	-	-	-
Current portion of long-term bonds issued - unsecured	15,000,000	-	-	-	-	-
Current portion of long-term borrowings	21,300,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	752,444	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	-	-	22,500,000
Long-term borrowings	-	48,166,000	49,000,000	45,500,000	38,575,000	136,850,000
Tenant leasehold and security deposits in trust	-	668,999	668,999	550,750	540,000	540,000
Total	40,552,444	48,834,999	49,668,999	46,050,750	39,115,000	159,890,000
As of February 28, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term bonds issued - unsecured	15,000,000	-	-	-	-	-
Current portion of long-term borrowings	37,800,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	952,499	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	-	-	22,500,000
Long-term borrowings	-	46,266,000	49,500,000	44,575,000	34,000,000	130,350,000
Tenant leasehold and security deposits in trust	-	619,250	619,250	605,937	590,000	100,000
Total	53,752,499	46,885,250	50,119,250	45,180,937	34,590,000	152,950,000

Note 13 — Securities

JRF has no security to be disclosed as of August 31, 2016 and February 28, 2017.

Note 14 — Derivatives

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

As of August 31, 2016

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	132,575,000	127,075,000	(1,372,129)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	127,500,000	122,500,000	- ⁽ⁱ⁾	-
Total			260,075,000	249,575,000	(1,372,129) ⁽ⁱ⁾	-

As of February 28, 2017

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	127,075,000	108,075,000	(808,962)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500,000	122,500,000	- ⁽ⁱ⁾	-
Total			249,575,000	230,575,000	(808,962) ⁽ⁱ⁾	-

Note:

- (i) As disclosed in “(7) Summary of significant accounting policies (h) Hedge accounting”, JRF applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, is determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term borrowings as hedged item is calculated together as one and disclosed as such under Note (i) in “Note 12 Financial instruments (b) Quantitative information for financial instruments”.
- (ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- (iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts.

Note 15 — Related-party transaction

There was no related-party transaction to be disclosed for the six months ended August 31, 2016 and February 28, 2017.

Note 16 — Income taxes

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	August 31, 2016	February 28, 2017
Deferred tax assets:		
Current:		
Tax loss carryforwards	2,589,373	2,399,448
Other	848	11,211
Sub total	2,590,221	2,410,659
Valuation allowance	(2,590,221)	(2,410,659)
Total current deferred tax assets	-	-
Non-current:		
Amortization of leasehold rights	67,032	77,080
Depreciation	99,759	12,604
Asset retirement obligations	152,210	153,603
Valuation differences on assets acquired through merger	5,362,501	5,370,630
Deferred losses on hedges	431,515	244,266
Other	28,511	32,058
Sub total	6,141,530	5,890,243
Valuation allowance	(6,141,530)	(5,890,243)
Total non-current deferred tax assets	-	-
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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

(%)

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

Note 17 — Asset retirement obligations

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

Movements of asset retirement obligations for the six months ended August 31, 2016 and February 28, 2017 are as follows:

(Thousands of yen)

	For the six months ended	
	August 31, 2016	February 28, 2017
Balance at the beginning of the period	479,840	483,054
Adjustment for passage of time	3,214	3,185
Balance at the end of the period	483,054	486,239

Note 18 — Fair value of investment and rental property

JRF has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2016 and February 28, 2017.

	(Thousands of yen)	
	For the six months ended	
	August 31, 2016	February 28, 2017
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	807,141,977	803,637,527
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(3,504,450)	(1,741,471)
Balance at the end of the period	803,637,527	201,896,056
Fair value⁽ⁱⁱⁱ⁾	907,284,000	916,831,488

Note:

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

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

	Increase (decrease) in net book value (Thousands of yen)
For the six months ended August 31, 2016:	
Acquisitions:	
G-Bldg. Ginza Chuo-dori 01.....	13,134,555
G-Bldg. Kyoto Kawaramachi 01.....	2,215,740
G-Bldg. Shinsaibashi 04.....	865,812
Ito-Yokado Yotsukaido.....	147,013
G-Bldg. Minami Aoyama 01.....	6,772
Capital expenditures:	
Renewal construction of Nara Family.....	285,399
Total of capital expenditures for the period (including above expenditure).....	1,675,284
Disposition:	
Kishiwada CanCan Bay side Mall.....	(7,162,702)
AEON MALL Higashiura.....	(7,014,074)
Neyagawa (Land with leasehold interest).....	(1,154,527)
AEON MALL Kashiihama (partial disposition of interest of quasi-co-ownership).....	(2,203,434)
For the six months ended February 28, 2017:	
Acquisitions:	
G-Bldg. Takadanobaba 01.....	3,698,490
G-Bldg. Sendai Ichibancho 01.....	1,575,028
G-Bldg. Jiyugaoka 01.....	511,711
Capital expenditures:	
Renewal construction of Nara Family.....	3,910,629
Renewal construction including seismic strengthening works of Bic Camera Tachikawa.....	2,826,144
Disposition:	
AEON MALL Kashiihama (partial disposition of interest of quasi-co-ownership).....	(5,908,538)

(iii) Fair value has been determined based on appraisals by independent appraisers. For AEON MALL Kashiihama 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 February 28, 2017.

For rental revenues and expenses for the six months ended August 31, 2016 and February 28, 2017, please refer to “Note 5 — Analysis for rental and other operating revenues and property-related expenses”.

Note 19 — 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 JRF is comprised of a single reportable segment engaged in the property rental business.

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

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

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

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

Tangible fixed assets:

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

(c) Information about major customers

(Thousands of yen)

Name of customer	Revenues for the six months ended		Related segment
	August 31, 2016	February 28, 2017	
Not disclosed ⁽ⁱ⁾	5,117,487	-	Property rental business
AEON Mall Co., Ltd.	3,756,777	3,333,445	Property rental business
AEON Retail Co., Ltd.	3,412,212	3,267,741	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 Act.

Note 20 — Per unit information

The net asset value per unit as of August 31, 2016 and February 28, 2017 was ¥162,712 and ¥163,253, respectively. Net income per unit for the six months ended August 31, 2016 and February 28, 2017 was ¥4,239 and ¥4,570, respectively.

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

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

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

(Thousands of yen)

	For the six months ended	
	August 31, 2016	February 28, 2017
Net income	10,820,993	11,664,748
Effect of dilutive unit	-	-
Net income available to common unitholders	10,820,993	11,664,748
Weighted-average number of units outstanding for the period	2,552,198 units	2,552,198 units

Note 21 — Subsequent events

Issuance of new investment units

The Board of Directors of JRF, at its meeting held on February 27, 2017 and March 7, 2017, 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

(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.

(iv) Allottee: SMBC Nikko Securities Inc.

Use of proceeds:

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

As a result of the issuance of new investment units, 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.

(9) Changes in unit issued and outstanding

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

Date	Capital transaction	Number of units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
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).

4. Changes in officers

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

5. Additional information

(1) Composition of assets

Classification of Assets	Region	As of 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
Sub-total		803,637	93.6	801,896	93.6
Bank deposits and other assets		54,753	6.4	54,731	6.4
Total assets		858,390	100.0	856,627	100.0
Total liabilities (Note 2)		443,116	51.6	439,971	51.4
Total net assets		415,274	48.4	416,655	48.6

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

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of 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.

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
Round1 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

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. 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-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,690	13,887
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 Hibiyaoka	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, Shinanochi, 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

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)
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, Chuou-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 (Note 5)	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	—	7,680	4,325
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,650	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
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

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)
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, Nagoy a-shi, Aichi, etc.	Trust beneficial interest	86,727.87	64,500	54,295
Round1 Stadium Sakai Chuo Kanjyo	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, Osum i 1-chome, Higashiy odogawa-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 Toy onaka-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, Kanagusuku 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, Minam izato 5-chome, Shime-machi, Kasuy a-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 Sōgō Appraisal Co., Ltd.) in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of JRF as well as the regulations as stipulated by The Investment Trusts Association, Japan.

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

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

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

Operating results of each property 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	-	-
G-Bldg. Akihabara 02 (Note 4)	1	100.0	-	-	1	100.0	-	-
G-Bldg. Kichijoji 02 (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. 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 Yotsukaide	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
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

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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
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	-	-

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Kishiwada CanCan Bayside Mall (Note 7)	-	-	736	2.4	-	-	-	-
AEON MALL Higashiura (Note 8)	-	-	404	1.3	-	-	-	-
Neyagawa (Land with leasehold interest) (Note 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.