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Japan Retail Fund Investment Corporation

31st Semi-Annual Report

March 1, 2017 –August 31, 2017

Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (JRF)

J-REIT Specializing in Retail Properties

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 95 properties throughout Japan, with a value of approximately 880.2 billion yen, making it the largest J-REIT specializing in retail properties, and one of the largest REITs listed in Japan. (As of August 31, 2017)

Urban + Suburban

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

Stable Distributions

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

Strong Sponsors

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

To Our Unitholders

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

In terms of the domestic macro economy during this August 2017 (31st) fiscal period, the real GDP growth rate for the April to June 2017 quarter was positive for the sixth consecutive period. Household consumption, which had been causing concern, also started to expand, with good results maintained as foreign demand-led growth in the second half of 2016 started to translate into domestic demand-led growth in the first half of 2017. Meanwhile, looking at the J-REIT market, although the TSE REIT index exhibited bearish tones, reaching its lowest result this year at 1,620 points on July 14, 2017, it is starting to recover from current conditions.

Under the market environment as described above, JRF has implemented various measures in the aim of improving its portfolio profitability, such as acquiring urban-type assets with strong locational advantage, strategic replacement of assets, the implementation of environment construction work on assets, and decreasing financing costs. Looking at results for this fiscal period, the reactionary fall to the gain on sales of property in the previous fiscal period led to the operating revenue decreasing by 1.8% compared to the previous fiscal period to 31,011 million yen and the net income decreasing by 2.0% compared to the previous fiscal period to 11,425 million yen. However, distributions per unit amounted to 4,295 yen, which was 45 yen higher than the previous fiscal period, with the addition of reversal of retained earnings for temporary difference adjustment.

JRF seeks to continuously increase unitholder value by using the stability supported by its distinguishing asset scale as a J-REIT and diversified investment in retail facilities in a wide range of industries and business categories in various regions while pursuing both external growth through further expansion of its asset scale and internal growth supported by SC (shopping center) management abilities.

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

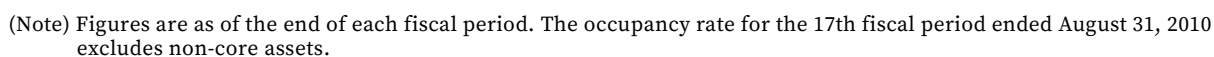
Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

➤ **Distribution per unit (Japanese Yen)**

Fiscal Period	Number of Employees
Feb. (20th) 2012	3,673
Aug. (21st) 2012	3,840
Feb. (22nd) 2013	3,868
Aug. (23rd) 2013	3,929
Feb. (24th) 2014	4,120
Aug. (25th) 2014	4,165
Feb. (26th) 2015	4,180
Aug. (27th) 2015	4,204
Feb. (28th) 2016	4,200
Aug. (29th) 2016	4,250
Feb. (30th) 2017	4,250
Aug. (31st) 2017	4,295
Feb. (32nd) 2018 (Forecast)	4,330
Aug. (33rd) 2018 (Forecast)	4,330

	Feb. 2016 fiscal period	Aug. 2016 fiscal period	Feb. 2017 fiscal period	Aug. 2017 fiscal period
Operating Revenue	32.0 billion yen	37.0 billion yen	31.5 billion yen	31.0 billion yen
Operating Income	13.6 billion yen	13.8 billion yen	13.9 billion yen	13.7 billion yen
Net Income	10.9 billion yen	10.8 billion yen	11.6 billion yen	11.4 billion yen
NAV per Unit	162 thousand yen	162 thousand yen	163 thousand yen	165 thousand yen

— Total assets (billion yen) ●(●) Number of properties □ Occupancy ratio ^(Note)



Interview with the President of the Asset Management Company

Highlights

- Increased the proportion of urban-type assets in the portfolio through the acquisition of urban-type assets and replacement of assets
- Planned for the new acquisition of urban-type assets G-Bldg. Jingumae 07 and Round1 Sannomiya Station
- Completed environment construction work for multiple assets
- Implemented the debt financing through a general syndication for the first time and the issuance of investment corporation bonds

Q1. Please review the August 2017 (31st) fiscal period first.

Through the acquisition of new assets and replacement of assets, we have steadily proceeded to increase the proportion of urban-type assets in the portfolio while also making every effort to improve the value of assets.

Based on a strategy of focused investment in assets with strong locational advantage, JRF is aiming to increase the proportion of urban-type assets in the portfolio particularly for current conditions, and is putting efforts into carefully-screened investment in urban-type assets. In this fiscal period, a global offering was held in March of this year and with the procured funds and new debt financing, four urban-type assets and one suburban-type asset were acquired between March and October of this year. Certain assets were replaced, such as the sale of “Ito-Yokado Kamifukuoka Higashi” (Fujimino-shi, Saitama), a suburban-type asset, in March and use of the funds obtained to acquire G-Bldg. Tenjin Nishi-dori 01, an urban-type asset, in April. In November, there are plans to acquire G-Bldg. Jingumae 07 (Shibuya-ku, Tokyo), a property in the Omotesando-Harajuku-Aoyama area, one of Japan’s key retail centers, and Round1 Sannomiya Station (Chuo-ku, Kobe-shi, Hyogo) located in front of Sannomiya Station, a representative terminal station in the Kansai region. After acquiring these two properties, the proportion of urban-type assets will reach 47.9%, which is a 3.1% increase compared to at the end of the previous fiscal period. Thus, portfolio stability and profitability are being steadily improved. In addition, measures to improve the attractiveness of assets such as environment construction work at Narupark (Midori-ku, Nagoya-shi, Aichi), KAMISHIN PLAZA (Higashiyodogawa-ku, Osaka-shi, Osaka), and Oyama Yuen Harvest Walk (Oyama-shi, Tochigi) have been steadily executed.

Q2. Please describe trends in rent for urban-type assets that JRF is prioritizing investment in.

In response to the high motivation of tenants to open shops, rent remains high for rare urban-type assets and it is expected that these favorable conditions will continue.

Rent for urban-type assets is at a high level, exceeding that prior to the economic downturn precipitated by the Lehman Brothers bankruptcy. Tokyo in particular is a city that attracts new brands globally and it has achieved a high ranking in comparisons of the number of new brand entries in major cities worldwide.

The new provision of urban-type assets in prime locations is limited in relation to the motivation of tenants to open shops. Because of the increased rarity of such assets, rent appears likely to remain

high for the time being.

In terms of JRF's assets, rent for urban-type assets in the prime areas of Omotesando, Ginza and Shinsaibashi is increasing and, while leasing utilizing SC management abilities results in continued rent increases with each contract renewal for mainly lower floors in particular, high occupancy rates are also being maintained. For example, large rent increases have been seen for properties including CUTE CUBE HARAJUKU (Shibuya-ku, Tokyo), increased by 24%, which attracted a new tenant under favorable conditions in a section vacated by an overseas tenant, and G-Bldg. Minami Aoyama 01 (Bldg. A) (Minato-ku, Tokyo), increased by 118%, which responded to its main tenant's floor expansion needs. Inbound demand continues to expand, with favorable conditions in particular being seen for retail facilities in prime locations. The G-Bldg. Shinsaibashi 02 (Chuo-ku, Osaka-shi, Osaka), attracted competitive tenants with good conditions as a response to inbound demand resulted in a major rent increase of 40%. Going forward, we will further improve profitability by implementing SC management that reads the trends of the times.

Q3. What financial measures has JRF taken this fiscal period?

We have used a diverse range of fund procurement methods, including JRF's first debt financing through a general syndication^{*3} and the issuance of investment corporation bonds to build a stronger financial base.

I will now cover the main financial measures executed in this fiscal period. First, in order to procure funds for the redemption of the sixth investment corporation bonds (15 billion yen), which came to maturity in May of this year, debt financing was obtained via a general syndication, which was a first for JRF. It also procured funds through the issuance of investment corporation bonds (10th bonds, 11th bonds).

For the composition of the general syndication, as a result of widely procuring funds mainly from regional banks, a total of 8 billion yen was obtained in long-term debt from all seven financial institutions with favorable economic conditions. The aim of this was to expand fund procurement methods and suppliers and to decrease funding costs.

In terms of investment corporation bonds, to level out repayment terms, for the 10th bonds, 5 billion yen was issued with a term of five years and for the 11th bonds, 2 billion yen was issued with a term of 10 years.

In addition, in May of this year, to secure a flexible and stable method of raising capital, the contract period of 10 billion yen out of 60 billion yen long-term commitment line that has been currently set was extended by one year.

With regard to the LTV ratio, the LTV ratio range of 45–55% was set as JRF's benchmark and 49.6% was achieved by the end of this fiscal period. Going forward, financial stability and flexibility will be ensured to support portfolio management measures with the aim of building a strong financial base while prioritizing debt cost control.

JRF will continue to maximize unitholder value and live up to unitholders' expectations. We look forward to receiving your continued support.

^{*3} Describes a method of forming a syndicate group by soliciting funds from a wide range of participating financial institutions including new transaction financial institutions. Using this method can make it possible to expand fund procurement sources.

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

JRF × Sustainability

Towards Sustainable Society

**Our sustainability initiatives have been highly evaluated
by various external organizations.**

1

JRF Selected for MSCI Japan ESG Select Leaders Index (July 2017)

JRF has been included in the MSCI Japan ESG Select Leaders Index, which was newly developed by MSCI, a listed company on the New York Stock Exchange as an index that gives consideration to environmental, social and governance elements.



2017 Constituent
MSCI Japan ESG
Select Leaders Index

2

JRF Designated as GRESB Highest Rank “Green Star” (September 2017)

JRF was designated by the GRESB (Global Real Estate Sustainability Benchmark) environmental response survey of real estate businesses as “Green Star,” the highest level in its four-level ranking system, for the third consecutive years in 2017.



3

Two Properties Newly Received DBJ Green Building Certification (August 2017)

Including the two newly certified properties, JRF now owns 17 properties with DBJ Green Building certification.



MARINE & WALK YOKOHAMA

(Naka-ku, Yokohama-shi, Kanagawa)



m-city Toyonaka

(Toyonaka-shi, Osaka)



I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			27th	28th	29th	30th	31st
As of /for the six months ended			August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017
Operating revenues	Note 1	(Millions of yen)	30,962	32,017	37,078	31,585	31,011
(Rental revenues)	Note 1	(Millions of yen)	(30,962)	(31,028)	(30,851)	(30,199)	(30,999)
Operating expenses	Note 1	(Millions of yen)	18,146	18,332	23,237	17,603	17,268
(Rental expenses)	Note 1	(Millions of yen)	(15,285)	(15,400)	(15,055)	(14,689)	(14,190)
Operating income		(Millions of yen)	12,816	13,684	13,841	13,981	13,743
Ordinary income		(Millions of yen)	10,217	11,154	11,396	11,665	11,426
Net income	(a)	(Millions of yen)	10,731	10,912	10,820	11,664	11,425
Net assets	(b)	(Millions of yen)	391,559	414,705	415,274	416,655	441,967
(Period-on-period change)		(%)	(+0.2)	(+5.9)	(+0.1)	(+0.3)	(+6.1)
Total assets	(c)	(Millions of yen)	842,568	829,239	858,390	856,627	897,631
(Period-on-period change)		(%)	(+0.9)	(-1.6)	(+3.5)	(-0.2)	(+4.8)
Unitholders' capital		(Millions of yen)	363,254	387,198	387,198	387,198	411,878
(Period-on-period change)		(%)	(0.0)	(+6.6)	(0.0)	(0.0)	(+6.4)
Number of investment units issued and outstanding	(d)	(Units)	2,430,198	2,552,198	2,552,198	2,552,198	2,667,198
Net asset value per unit	(b)/(d)	(Yen)	161,122	162,489	162,712	163,253	165,704
Total distributions	(e)	(Millions of yen)	10,216	10,719	10,846	10,846	11,455
Distribution per unit	(e)/(d)	(Yen)	4,204	4,200	4,250	4,250	4,295
(Profit distribution per unit)		(Yen)	(4,204)	(4,200)	(4,250)	(4,250)	(4,295)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 2	(%)	1.2 (2.4)	1.3 (2.7)	1.4 (2.7)	1.4 (2.7)	1.3 (2.6)
Return on unitholders' equity	Note 2	(%)	2.7 (5.4)	2.7 (5.4)	2.6 (5.2)	2.8 (5.7)	2.7 (5.3)
Ratio of net assets to total assets	(b)/(c)	(%)	46.5	50.0	48.4	48.6	49.2
(Period-on-period change)		(%)	(-0.3)	(+3.5)	(-1.6)	(+0.2)	(+0.6)
Payout ratio	(e)/(a)	(%)	95.2	98.2	100.3	93.0	100.3
Additional information:							
Rental net operating income (NOI)	Note 2	(Millions of yen)	21,914	21,767	21,812	21,141	22,543
Net profit margin	Notes 2 and 4	(%)	33.0	34.1	29.2	36.9	36.8
Debt service coverage ratio	Notes 2 and 4	(Multiple)	8.8	9.4	9.7	10.4	10.5
Funds from operation (FFO) per unit	Notes 2 and 4	(Yen)	6,770	6,293	6,217	6,234	6,428
FFO multiples	Notes 2 and 4	(Multiple)	16.6	20.3	18.8	18.0	15.9
Distributable income per unit after adjustment for taxes on property and equipment	Note 3	(Yen)	4,412	4,256	4,234	4,558	4,271
FFO per unit after adjustment for taxes on property and equipment	Notes 3 and 4	(Yen)	6,767	6,274	6,202	6,222	6,404

Note 1 Consumption taxes are not included.

Note 2 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 184,182,184,181 and 184 days for the 27th, 28th, 29th, 30th and 31st fiscal period, respectively. FFO multiples are unaudited.

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

Note 3 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property and equipment were not capitalized but charged to income in the periods in which were incurred. These figures are unaudited.

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

2. Outline of asset management operation for the 31st fiscal period

(1) Principal activities

Japan Retail Fund Investment Corporation (“JRF”) was established under the Law Concerning Investment Trusts and Investment Corporations of Japan (“the Investment Trusts 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.

During the fiscal period ended August 31, 2017, the 15th year after its listing, JRF issued new investment units in March 2017. Combining the proceeds from this issuance with the funds obtained through new borrowings, JRF acquired four properties (including additional acquisition of an existing property) (total acquisition price: 34.7 billion yen). Also, in line with its asset replacement strategy, JRF disposed of a suburban retail property (for a disposition price of 6 billion yen) in March 2017, and using the proceeds from disposition, acquired one urban retail property (for an acquisition price of 4.8 billion yen) in April 2017 and the additional acquisition of an existing property (for an acquisition price of 255 million yen) in August 2017, respectively.

As a result, the total assets managed by JRF as at the end of the 31st fiscal period (fiscal period ended on August 31, 2017) amounted to 880.2 billion yen (the total acquisition price for 95 properties).

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

In terms of the Japanese economy during this fiscal period, the real GDP growth rate for the April to June 2017 quarter was positive for the 6th consecutive period. Household consumption, which had been causing concern, also started to expand, with good results maintained as foreign demand-led growth in the second half of 2016 started to translate into domestic demand-led growth in the first half of 2017.

Although Japanese stocks were in a bearish trend from mid-April 2017 due to concerns over the US policy administration and geopolitical risks, they then remained steady, supported by the strong financial results of Japanese businesses and the US economy. In July 2017, as central banks in America and Europe appeared to be suggesting policies to reduce monetary easing, the Bank of Japan indicated that it would maintain monetary easing. This resulted in a weaker yen, which is expected to support good results for Japanese stocks.

In terms of J-REIT, the TSE REIT index reached its lowest result this year, at 1,620 points on July 14, 2017. However, it then started to recover.

(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, to respond to changes in household structures and consumer intentions in each trading area as well as the expansion of e-commerce, reform of product and store compositions in addition to management is underway. In addition, with regard to consumption by inbound consumers, consumption per person temporarily lacks its former momentum, but the number of foreign visitors to Japan in August was a record high for a single month, at 2.47 million people. New airline routes and increases in cruise ship ports are increasing motivation to visit Japan.

(Trends in the real estate sector)

According to the standard land prices described by the Ministry of Land, Infrastructure, Transport and Tourism on July 1, 2017, prices in commercial districts increased for two

consecutive years, and sites with high increase rates were sites with vigorous demand for hotels or stores, which was expected to have inbound effects. The top ten sites for increase rates included five sites in Kyoto-shi as well as three sites in Nagoya-shi. The highest price for a commercial district was for a site in Ginza, Chuo-ku. It exceeded the price recorded during Japan's economic bubble, with the highest price ever since the start of the survey being registered.

ii. Results

Under the market environment described above, during this fiscal period, JRF used the funds gained from the issuance of new investment units in March 2017 and the funds obtained through new borrowings to acquire three new properties (G-Bldg. Midotsuji 01, MARINE & WALK YOKOHAMA, G-Bldg. Naha-shintoshin 01) and additionally acquire one existing property (G-Bldg. Shinsaibashi 03 (Bldg. B) (Main Building)) between March and May 2017.

As part of the asset replacement measures regarded as one of JRF's external growth strategies, JRF sold its Ito-Yokado Kamifukuoka-higashi, a suburban retail property, and used the funds procured through the sale to acquire G-Bldg. Tenjin Nishi-dori 01, an urban retail property.

Furthermore, as one aspect of measures to improve the value of existing properties, which is regarded as one of JRF's growth strategies through portfolio management, the environment construction work is being carried out at Oyama Yuen Harvest Walk. This construction is based on the concept of "SHOPPING IN THE PARK" during the renewal work performed from 2013 through 2014 to enhance the advantages of the open mall features of the facility and construct an environment where customers can enjoy shopping in a space that feels like a park. The aim is to offer a space that also takes into account events and collaborations with shop tenants.

The occupancy rate of properties owned by JRF as at the end of the fiscal period was stably maintained. The occupancy rate for 52 urban retail properties remained at 99.3% together with a 99.8% occupancy rate maintained for 43 suburban retail properties.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 95 properties with a total value of 880.2 billion yen on an acquisition price basis and 959.5 billion yen on an appraisal value basis. The total leasable area was 2,566,901.50 m² with the total number of tenants standing at 975, and the occupancy rate of the overall portfolio was 99.7%.

The unrealized losses/gains (see Note) of the overall portfolio at the end of the fiscal period increased by 12.5 billion yen from the end of the previous fiscal period to 127.1 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, and as a result of depreciations.

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

(3) Funding

During this fiscal period, for the acquisition of five new properties (one of which is an additional acquisition of an existing property) (total acquisition price of 41.4 billion yen), JRF first procured funds in the amount of 24.6 billion yen in total through the issuance of new investment units in a public offering (112,500 units) in March 2017 and issuance of new investment units through a third party allotment (2,500 units), as well as borrowing in the amount of 13.5 billion yen in total during the period between March and May 2017.

On May 19, 2017, JRF raised a total of 8 billion yen as long-term borrowings in a general syndication, which is a first for JRF, and issued its 10th and 11th Unsecured Investment Corporation Bonds in the amount of 7 billion yen in total to use the funds for redemption of the

6th Unsecured Investment Corporation Bonds totaling 15 billion yen. In addition, JRF obtained long-term borrowings of 10 billion yen on July 31, 2017 to repay the existing borrowings of 10 billion yen.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 393.0 billion yen, consisting of 363.5 billion yen of long-term borrowings (Note 1) and 29.5 billion yen of investment corporation bonds.

Consequently, the ratio of long-term borrowings, ratio of fixed interest rates (Note 2), and LTV (Note 3) were 100.0%, 96.4% and 49.6%, respectively, as at the end of the fiscal period.

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

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

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

(4) Results and distributions

The operating revenue for the period was 31,011 million yen, and operating income was 13,743 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 11,426 million yen, and net income was 11,425 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.

From this fiscal period, reversal of the Reserve for Temporary Difference Adjustments accompanying the partial revision of the "Rules on Real Estate Investment Trust and Real Estate Investment Corporations" made by The Investment Trusts Association, Japan, was started and it was decided to add the 31 million yen reversal amount onto the dividend.

In accordance with this distribution policy, of the 11,457 million yen reached by adding 31 million yen in the Reserve for Temporary Difference Adjustments to the unappropriated retained earnings at the end of period of 11,425 million yen, it was decided to distribute as distribution of profit of 11,455 million yen, which was the balance after removing the fractional parts of below 1 yen when distributing dividends to each unit. As a result, distributions per unit amounted to 4,295 yen.

3. Changes in unitholders' capital

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

Date	Capital transaction	Number of investment 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
March 14, 2017	Global offering	112,500	2,664,698	24,143	411,341	Note 8
March 29, 2017	Allocation of investment units to a third party	2,500	2,667,198	536	411,878	Note 9

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 (remaining proceeds, if any, will be reserved for an acquisition of 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 (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).

Note 8 New investment units were issued at a price of ¥221,382 per unit (subscription price of ¥214,605 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 9 New investment units were issued at a price of ¥214,605 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).

Fluctuation in market price of the investment securities:

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

(Yen)					
Fiscal period	27th	28th	29th	30th	31st
As of /for the six months ended	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017
Highest price	260,300	272,600	274,800	250,900	231,000
Lowest price	218,000	203,700	231,600	217,800	198,400
Closing price at end of period	223,600	257,200	232,300	226,000	202,300

4. Distributions

In accordance with the distribution policy in JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan. For the fiscal period, JRF declared a total of ¥11,455,615,410 for cash distributions, representing all of the retained earnings plus reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550 expect for fractional distribution per unit less than one yen. Distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2 is not made.

As a result, distribution per unit amounted to ¥4,295 for the six months ended August 31, 2017.

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

Fiscal period	27th	28th	29th	30th	31st
As of /for the six months ended	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017
Net income (Thousands of yen)	10,731,054	10,912,308	10,820,993	11,664,748	11,425,723
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	3,447,298	3,640,375	3,614,527	4,432,434	4,402,541
Total distributions (Thousands of yen)	10,216,552	10,719,231	10,846,841	10,846,841	11,455,615
(Distribution per unit) (Yen)	(4,204)	(4,200)	(4,250)	(4,250)	(4,295)
Profit distributions (Thousands of yen)	10,216,552	10,719,231	10,846,841	10,846,841	11,455,615
(Profit distribution per unit) (Yen)	(4,204)	(4,200)	(4,250)	(4,250)	(4,295)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refunds per unit) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from retained earnings for temporary difference adjustment (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from retained earnings for temporary difference adjustment) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from deduction of unitcapital under tax rules) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Outlook of overall operation

Despite elements of concern in the world economy such as US policy administration, deceleration of the Chinese economy, and increased geopolitical risks, the Japanese economy is on an improving trend, supported by the strong financial results of Japanese businesses. In addition to expectations of an improved employment and income environment and rallying of individual consumption, the effects of various governmental policies are hoped to encourage further inbound demand.

Regarding the earnings of leading retailers that are also tenants of retail properties owned by JRF, the gap between successful companies and unsuccessful ones is widening. JRF will continue to pay

close attention to their earnings results.

In terms of the commercial facility rental environment, the motivation to open stores in prime urban areas continues to be strong and rent remains high. Meanwhile, although some commercial facilities in suburban areas face difficulties mainly in GMS, other commercial facilities are maintaining good results through large-scale refurbishments and replacing stores in response to changing consumer trends. Thus, it appears that management ability is being tested.

(2) Issues to be addressed

JRF's asset size (total acquisition price) is the largest among J-REITs specializing in retail properties as at the end of August 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 unitholder value by using the stability supported by its distinguishing asset scale as a J-REIT and distributed investment in retail facilities in a wide range of industries and business categories in various regions and pursuing both external growth through further expansion of its asset scale and internal growth supported by SC management abilities while controlling downside risks through flexible asset allocation.

Note: "SC management" is one of JRF's asset management processes aimed at achieving internal growth through enhancing the profitability of its portfolio by newly introducing and replacing tenants to maintain and increase the sustainable competitiveness of retail properties, increasing store space by newly establishing or expanding properties, and making proactive efforts for cutting various costs. "SC management ability" means the ability to implement SC management supported by a human and organizational foundation.

i. External growth strategy

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

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

Type B: Neighborhood retail properties in densely-populated areas

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

Type D: Retail properties in prime urban shopping districts

Amidst an increasing presence away from the "consumption of goods" with the intention of purchasing and owning or consuming products or enjoying functional services and towards the "consumption of things" that provides services or enjoyable experiences through consumption intended to directly provide consumers a sense of satisfaction or sense of exultation exemplified by experiences and shared emotion, JRF is working to build a portfolio that focuses on Type A, C, and D assets from among the four target asset types that can provide greater appeal as spaces where people

can gather and have fun. For the time being, efforts are being focused on the acquisition of Type C and D assets in particular with the aim of reaching 50% holdings of urban properties, one of JRF's medium-term targets.

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

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

ii. Internal growth strategy

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

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

From the viewpoint of operating retail properties while being mindful of environmental and social responsibilities, JRF focuses on greening of facilities, energy conservation and reduction of CO2 emission. In the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment 2017 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 2017. JRF was highly evaluated especially in the aspects of "Management" and "Policy and Disclosure".

Note: GRESB (Global Real Estate Sustainability Benchmark) is an organization established in 2009 to enhance unitholder value by applying environmental, social and governance considerations to real estate investments.

iii. Financial strategy

JRF constantly works to improve financial stability further.

a. Effort to secure the financial stability

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

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

b. LTV control

45% to 55% range is set as JRF's LTV benchmark, comprehensively taking into consideration market conditions for fund procurement.

iv. Measures for ensuring delivery of stable distributions

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

6. Subsequent events

Acquisition of the Company's Investment Units

The Board of Directors of JRF, at its meeting held on October 16, 2017, resolved to acquire its own investment units pursuant to the provisions of Article 80-5, Paragraph 2 and Article 80-2 of the Act on Investment Trusts and Investment Corporations of Japan. All the acquired investment units will be cancelled during the fiscal period ending February 28, 2018.

(1) Reason for the Acquisition

The acquisition of its own investment units was resolved with the intention of enhancing returns to unitholders by improvement of the capital efficiency and increasing distributions per unit. The purpose is to increase unitholders value. This is based on comprehensive consideration including the market price of the investment units, condition of funds on hand, financial position and market conditions.

(2) Outline of the Acquisition

Total number of JRF's investment units to be acquired:

60,000 units (maximum)

Total amount of the acquisition:

¥10,000,000 thousand (maximum)

Period for the acquisition:

From October 17, 2017 to January 31, 2018

Method:

Purchase at Tokyo Stock Exchange Market based on a discretionary transaction contract with a securities company

Outline of JRF

1. Investment unit

Fiscal period	27th	28th	29th	30th	31st
As of	August 31, 2015	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017
Number of investment units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of investment units issued and outstanding (Units)	2,430,198	2,552,198	2,552,198	2,552,198	2,667,198
Number of unitholders (People)	19,147	18,448	17,783	17,520	19,055

2. Unitholders

Major unitholders as of August 31, 2017 were as follows:

Name	Address	Number of investment units owned (Units)	Ratio of number of investment units owned to total number of investment units issued (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	431,278	16.16
Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	255,824	9.59
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	222,537	8.34
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	117,395	4.40
NOMURA BANK (LUXEMBOURG) S. A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	66,495	2.49
JP MORGAN CHASE BANK 385628	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	61,412	2.30
STATE STREET BANK – WEST PENSION FUND CLIENTS – EXEMPT 505233	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	53,619	2.01
STATE STREET BANK WEST CLIENT – TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U. S. A.	52,953	1.98
STATE STREET BANK AND TRUST COMPANY 505012	ONE LINCOLN STREET, BOSTON MA USA 02111	36,836	1.38
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	6300 BEE CAVE ROAD, BUILDING ONE AUSTIN TX 78746 US	30,359	1.13
Total		1,328,708	49.81

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended August 31, 2017 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata LLC	-	43,400

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

Note 2 Compensation for Directors indicates actual payments, and the independent auditor's fees consist of estimated audit fees on an accrual basis and ¥26,400 thousand of fees for English financial statement audit and issuance of a comfort letter with respect to issuance of investment units in March 2017 and investment corporation bonds in May 2017.

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

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

4. Name of asset manager and other administrator

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

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of February 28, 2017		As of August 31, 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	17,058	2.0	17,028	1.9
	Osaka and Nagoya metropolitan areas	6,924	0.8	6,919	0.8
	Other metropolitan areas	4,509	0.5	4,501	0.5
	Sub-total	28,492	3.3	28,450	3.2
Trust beneficial interest in real property	Tokyo metropolitan area	390,051	45.5	393,751	43.8
	Osaka and Nagoya metropolitan areas	303,150	35.4	319,773	35.6
	Other metropolitan areas	80,200	9.4	90,379	10.1
	Sub-total	773,403	90.3	803,904	89.5
Bank deposits and other assets		54,731	6.4	65,276	7.3
Total assets		856,627	100.0	897,631	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of August 31, 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)	53,770	86,695.91	86,695.91	100.0	10.5	Retail facilities
Higashi-Totsuka Aurora City (trust beneficial interest)	46,158	109,365.50	109,365.50	100.0	4.4	Retail facilities
Nara Family (Note 4) (trust beneficial interest)	36,168	82,926.71	82,186.59	99.1	5.8	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	30,196	56,150.25	55,056.78	98.1	5.8	Retail facilities
G-Bldg. Shinsaibashi 03 (trust beneficial interest)	30,194	5,180.33	5,180.33	100.0	(Note 5)	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	26,265	137,466.97	137,466.97	100.0	3.0	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	24,424	138,538.63	138,538.63	100.0	2.9	Retail facilities
GYRE (trust beneficial interest)	21,694	4,815.02	4,815.02	100.0	1.8	Retail facilities
AEON MALL Itami (trust beneficial interest)	18,887	157,904.26	157,904.26	100.0	1.9	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,248	18,848.20	18,848.20	100.0	1.2	Retail facilities
Total	306,007	797,891.78	796,058.19	99.8	-	

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

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

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

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

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

3. Details of property

The retail facilities as of August 31, 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	5,410	5,212
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,530	1,213
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,815.02	26,600	21,694
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	20,800	13,908
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,570	936
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	2,274.60	4,770	2,868
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,390	3,938
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,680	2,341
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,270	3,391
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,740	2,285
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	9,060	10,091
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,158.53	11,300	9,298
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	8,280	6,565
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	3,960	5,442
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,066.09	8,240	6,112
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	5,140	2,758
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,630	1,842
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	7,710	5,853
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	5,210	3,832
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	6,130	3,659
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	9,430	5,569
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,150.25	37,300	30,196
G-Bldg. Shibuya 01	20-13, Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,582.08	4,450	3,180
G-Bldg. Omotesando 02	25-15, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	21,750	17,814
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,718.21	3,880	3,563
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.54	9,880	8,555
G-Bldg. Ueno 01	9-14, Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,780	3,439
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	6,550	6,174
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	5,430	5,015
G-Bldg. Akihabara 02	113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,053.55	2,750	2,511
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	16,800	15,353
G-Bldg. Ginza Chuo-dori 01	6-16, Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	13,300	13,092
MARINE & WALK YOKOHAMA	3-1, Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	8,347.68	11,400	11,401

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)
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,690	13,754
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,495.98	12,500	9,322
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,940	1,310
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,400	10,367
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,060	4,615
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,000	10,733
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	18,000	15,300
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	7,470	4,784
Higashi-Totsuka Aurora City	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	43,700	46,158
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	11,100	12,687
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,900	26,265
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,810	5,539
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,210	2,325
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,260	2,245
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,500	3,070
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	4,130	3,181
8953 Osaka Shinsaibashi Building	4-12, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	15,700	12,240
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,400	18,248
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	2,590	1,591
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	11,000	8,091
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	(Note 5)	7,600	4,315
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkakusagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,740	2,744
G-Bldg. Shinsaibashi 03	2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	5,180.33	37,700	30,194
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	2,040	1,953
EDION Kyobashi (Land with leasehold interest)	53-1, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	4,307.16	5,860	5,756
G-Bldg. Abeno 01	4-7, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka	Trust beneficial interest	4,700.58	4,710	4,296
G Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	10,700	9,785
G-Bldg. Shinsaibashi 04	10-5, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,350	3,306
G-Bldg. Kyoto Kawaramachi 01	235, Yamazakicho 2-chome, Sanjo-sagaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	2,382.82	2,590	2,221
G-Bldg. Midosuji 01	10-25, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	2,446.00	10,400	10,439
Narupark (Note 4)	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.61	5,160	7,458
Nara Family (Note 6)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,926.71	40,000	36,168
AEON Takatsuki	47-2, Haginosho 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,900	10,081
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,702.48	3,570	3,313
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,628.00	5,310	6,421

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,600	24,424
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,800	18,887
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,900	15,303
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	11,690	9,075
LIFE Kishibe(Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,050	1,942
LIFE Shimodera(Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	1,850	1,717
LIFE Taiheiji(Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,320	1,304
Izumisano Shofudai(Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,810	2,657
mozo wonder city (Note 6)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,695.91	64,500	53,770
Round1 Stadium Sakai Chuo Kanryo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,420	1,664
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	7,190	5,593
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashi odoga wa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,955.96	4,910	4,255
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,870	2,029
m-city Toyonaka	2-18, Hinode-cho, 2-chome, Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,530	5,436
Round1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	4,020	2,867
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,400	15,579
G-Bldg. Sendai Ichibancho 01	5-12, Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi	Real property	2,387.17	4,710	4,501
G-Bldg. Naha-shintoshin 01	5-33, Omoromachi 2-chome, Naha-shi, Okinawa	Trust beneficial interest	(Note 5)	6,890	5,702
G-Bldg. Tenjin Nishi-dori 01	8-22, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	2,667.42	4,940	4,981
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,248.96	10,300	8,650
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,830	6,549
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,670	5,399
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,900	9,936
Oyama Yuen Harvest Walk (Note 6)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,813.73	9,570	8,824
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,169	18,200	15,632
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115	3,240	2,445
Tecc Land Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuyagun, Fukuoka	Trust beneficial interest	(Note 5)	5,310	3,809
Total			2,566,901.50	959,530	832,354

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

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

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

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

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

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

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

Name of property	For the six months ended February 28, 2017				For the six months ended August 31, 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	78	0.3	4	100.0	85	0.3
G-Bldg. Daikanyama 01	1	100.0	39	0.1	1	100.0	40	0.1
GYRE	22	97.7	555	1.8	23	100.0	565	1.8
Bic Camera Tachikawa	2	100.0	486	1.6	2	100.0	628	2.0
G-Bldg. Kita Aoyama 01	3	100.0	34	0.1	3	100.0	34	0.1
G-Bldg. Jiyugaoka 01	3	100.0	93	0.3	3	100.0	109	0.4
Cheers Ginza	10	100.0	105	0.4	10	100.0	109	0.4
G-Bldg. Jingumae 06	4	100.0	52	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	132	0.4
La Porte Aoyama (Note 3)	23	99.1	261	0.9	23	96.9	298	1.0
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	161	0.5
G-Bldg. Jingumae 03	8	100.0	80	0.3	8	100.0	81	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	229	0.8	8	100.0	246	0.8
Urban Terrace Jingumae	2	100.0	99	0.3	2	100.0	100	0.3
Arkangel Daikanyama(Land with leasehold interest)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
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	178	0.6	3	100.0	180	0.6
G-Bldg. Ginza 01	8	100.0	173	0.6	8	100.0	175	0.6
KAWASAKI Le FRONT	68	97.1	1,744	5.8	66	98.1	1,795	5.8
G-Bldg. Shibuya 01	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Omotesando 02	6	100.0	371	1.2	6	100.0	382	1.2
G-Bldg. Kichijoji 01	0	0.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
CUTE CUBE HARAJUKU	11	100.0	184	0.6	11	100.0	206	0.7
G-Bldg. Ueno 01	1	100.0	75	0.2	1	100.0	75	0.2
G-Bldg. Takadanobaba 01	15	100.0	136	0.5	15	100.0	157	0.5
G-Bldg. Akihabara 01	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)

Name of property	For the six months ended February 28, 2017				For the six months ended August 31, 2017			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rental and other operating revenues (Millions of yen)	Ratio of rental revenue to total rental revenues (Note 2) (%)
G-Bldg. Akihabara 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Kichijoji 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Ginza Chuo-dori 01	9	100.0	209	0.7	9	100.0	210	0.7
MARINE & WALK YOKOHAMA	-	-	-	-	23	97.5	332	1.1
Ito-Yokado Kawasaki	5	100.0	475	1.6	5	100.0	475	1.5
Abiko Shopping Plaza	56	100.0	615	2.0	55	99.9	629	2.0
Ito-Yokado Yabashira	1	100.0	78	0.3	1	100.0	79	0.3
Ito-Yokado Kamifukuoka Higashi (Note 5)	1	100.0	217	0.7	-	-	35	0.1
Ito-Yokado Nishikicho	1	100.0	444	1.5	1	100.0	445	1.4
Ito-Yokado Tsunashima	1	100.0	168	0.6	1	100.0	168	0.5
AEON Itabashi Shopping Center	1	100.0	652	2.2	1	100.0	671	2.2
AEON MALL Yamato	1	100.0	530	1.8	1	100.0	542	1.7
SEIYU Hibarigaoka	1	100.0	249	0.8	1	100.0	249	0.8
Higashi-Totsuka Aurora City	4	100.0	1,369	4.5	4	100.0	1,367	4.4
Ito-Yokado Yotsukaido	2	100.0	299	1.0	2	100.0	298	1.0
AEON MALL Musashi Murayama	1	100.0	926	3.1	1	100.0	919	3.0
Makuhari Plaza	4	99.3	217	0.7	5	100.0	284	0.9
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	146	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	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Round1 Kyoto Kawaramachi	1	100.0	104	0.3	1	100.0	104	0.3
G-Bldg. Shinsaibashi 03	1	100.0	(Note 4)	(Note 4)	3	100.0	(Note 4)	(Note 4)
G-Bldg. Nagoya Sakae 01	2	100.0	47	0.2	2	100.0	47	0.1
EDION Kyobashi (Land with leasehold interest)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)

Name of property	For the six months ended February 28, 2017				For the six months ended August 31, 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. Abeno 01	9	100.0	141	0.5	9	100.0	145	0.5
G Bldg. Umeda 01	11	89.0	214	0.7	12	100.0	235	0.8
G-Bldg. Shinsaibashi 04	4	73.3	84	0.3	4	73.3	73	0.2
G-Bldg. Kyoto Kawaramachi 01	3	36.2	28	0.1	4	100.0	35	0.1
G-Bldg. Midosuji 01	-	-	-	-	2	100.0	(Note 4)	(Note 4)
Narupark (Note 3)	48	99.2	335	1.1	46	99.5	330	1.1
Nara Family (Note 6)	106	98.0	1,752	5.8	113	99.1	1,799	5.8
AEON Takatsuki	1	100.0	394	1.3	1	100.0	403	1.3
AEON Yagoto	2	100.0	125	0.4	1	100.0	128	0.4
Kyoto Family	62	99.5	576	1.9	64	100.0	580	1.9
AEON MALL Tsurumi Ryokuchi	1	100.0	893	3.0	1	100.0	891	2.9
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	403	1.3	1	100.0	409	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)	2	100.0	(Note 4)	(Note 4)	2	100.0	(Note 4)	(Note 4)
mozo wonder city (Note 6)	213	98.6	3,503	11.5	214	100.0	3,265	10.5
Round1 Stadium Sakai Chuo Kanjyo	1	100.0	82	0.3	1	100.0	82	0.3
pivo Izumi Chuo	17	100.0	(Note 4)	(Note 4)	17	100.0	(Note 4)	(Note 4)
KAMISHIN PLAZA	37	98.3	291	1.0	36	97.7	297	1.0
Round1 Stadium Takatsuki	1	100.0	91	0.3	1	100.0	91	0.3
m-city Toyonaka	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Round1 Hiroshima	1	100.0	119	0.4	1	100.0	119	0.4
DFST GALLERIA OKINAWA	1	100.0	497	1.6	1	100.0	497	1.6
G-Bldg. Sendai Ichibancho 01	1	100.0	86	0.3	1	100.0	102	0.3
G-Bldg. Naha-shintoshin 01	-	-	-	-	2	100.0	(Note 4)	(Note 4)
G-Bldg. Tenjin Nishi-dori 01	-	-	-	-	7	88.9	98	0.3
AEON Sendai Nakayama	2	100.0	409	1.4	2	100.0	419	1.3

Name of property	For the six months ended February 28, 2017				For the six months ended August 31, 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) (%)
AEON MALL Kashiihama (Note 7)	-	-	39	0.1	-	-	-	-
AEON MALL Sapporo Naebo	1	100.0	367	1.2	1	100.0	375	1.2
AEON Tobata Shopping Center	1	100.0	316	1.0	1	100.0	315	1.0
AEON Naha Shopping Center	1	100.0	369	1.2	1	100.0	377	1.2
Oyama Yuen Harvest Walk (Note 6)	69	97.4	844	2.8	64	93.9	794	2.6
AEON MALL Sapporo Hassamu	1	100.0	570	1.9	1	100.0	588	1.9
MrMax Nagasaki	2	100.0	(Note 4)	(Note 4)	2	100.0	(Note 4)	(Note 4)
Tecc Land Fukuoka Shime Honten	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Total	937	99.6	30,199	100.0	975	99.7	30,999	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 JRF sold the property on March 31, 2017.

Note 6 "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 7 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.

4. Details of specified transaction

The details of specified transaction as of August 31, 2017 were as follows:

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	249,575	222,075	(3,533)
Total		249,575	222,075	(3,533)

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

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

5. Other assets

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

There were no other significant specified assets as of August 31, 2017.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended August 31, 2017	Total of advanced payment
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	February, 2018 to July, 2018	788	3	3
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Renewal construction of parking area	April, 2017 to October, 2017	349	9	11
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal construction	February, 2018 to May, 2018	254	7	7
G-Bldg. Akihabara 01	Chiyoda-ku, Tokyo	Renewal construction for Earthquake-resistant	October, 2017 to February, 2018	119	-	-
GYRE	Shibuya-ku, Tokyo	Rezoning construction	June, 2018 to July, 2018	81	-	-

2. Capital expenditures for the six months ended August 31, 2017

Maintenance expenditures on property for the six months ended August 31, 2017 amounted to ¥1,509 million, consisting of ¥1,305 million of capital expenditures stated as below and ¥204 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
Nara Family	Nara-shi, Nara	Construction of interior for a tenant	January, 2017 to April, 2017	115
Narupark	Midori-ku, Nagoya-shi, Aichi	Renewal construction	March, 2017 to August, 2017	74
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Rezoning construction	May, 2017 to August, 2017	58
Kyoto Family	Ukyo-ku, Kyoto-shi, Kyoto	Waterproofing construction of rooftop	July, 2017 to August, 2017	44
Kyoto Family	Ukyo-ku, Kyoto-shi, Kyoto	Construction of coating outer of parking tower	July, 2017 to August, 2017	40
Others	-	-	-	972
Total				1,305

3. Reserved funds for long-term maintenance plan

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

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

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

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

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	30th fiscal period	31st fiscal period
	For the six months ended February 28, 2017	For the six months ended August 31, 2017
Asset management fees	2,553,610	2,703,818
Custodian fees	30,027	30,672
General administration fees	123,646	126,226
Compensation for Directors	5,940	5,940
Other operating expenses	200,453	211,366
Total	2,913,677	3,078,024

2. Borrowings

Borrowings as of August 31, 2017 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2017 (Millions of yen)	August 31, 2017 (Millions of yen)					
Long-term	Development Bank of Japan Inc. (Note 2)	July 30, 2009	14,066	13,666	2.2	July 30, 2018	(Note 5)	(Note 6)	Unsecured and unguaranteed
	American Family Life Assurance Company of Columbus	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	5,550	5,550	0.7 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,710	4,710					
	Sumitomo Mitsui Trust Bank, Limited		3,740	3,740					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 31, 2011	7,930	7,930	1.5 (Note 3)	March 29, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		6,730	6,730					
	Sumitomo Mitsui Trust Bank, Limited		5,340	5,340					
	Sumitomo Mitsui Banking Corporation (Note 2)	March 31, 2011	5,000	5,000	0.8 (Note 3)	March 30, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	1,982	1,982	1.0 (Note 3)	September 22, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,682	1,682					
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,965	3,965	0.9 (Note 3)	March 22, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	3,875	3,875	0.8 (Note 3)	September 18, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,487	3,487					
	Sumitomo Mitsui Trust Bank, Limited		2,712	2,712					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	September 22, 2011	5,000	5,000	0.7 (Note 3)	March 19, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		4,500	4,500					
	Sumitomo Mitsui Trust Bank, Limited		3,500	3,500					
	Sumitomo Mitsui Banking Corporation	September 30, 2011	2,000	2,000	0.9 (Note 3)	September 30, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2017 (Millions of yen)	August 31, 2017 (Millions of yen)					
	Name of lender								
Long-term	Sumitomo Mitsui Banking Corporation (Note 2)	September 30, 2011	3,500	3,500	0.7 (Note 3)	March 30, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	2,500	2,500	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 30, 2011	4,000	4,000	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	3,172	3,172	0.7 (Note 3)	December 20, 2019	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,692	2,692					
	Sumitomo Mitsui Trust Bank, Limited		2,136	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	December 21, 2011	2,775	2,775	0.6 (Note 3)	June 21, 2019	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,355	2,355					
	Sumitomo Mitsui Trust Bank, Limited		1,869	1,869					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 22, 2012	2,180	2,180	1.0 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	1.1 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	May 22, 2012	3,570	3,570	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 2)		3,030	3,030					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,400	2,400					
	The Joyo Bank, Ltd. (Note 2)	May 22, 2012	1,000	1,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD. (Note 2)	May 22, 2012	2,000	2,000	0.6 (Note 3)	November 22, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd. (Note 2)	September 14, 2012	3,000	3,000	0.5 (Note 3)	September 14, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 28, 2012	2,000	2,000	0.5	September 29, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd. (Note 2)	October 2, 2012	1,000	1,000	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 2, 2012	2,000	2,000	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,190	1,190	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,010	1,010					
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	1,784	1,784	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,514	1,514					
	Sumitomo Mitsui Trust Bank, Limited		1,202	1,202					
	Sumitomo Mitsui Banking Corporation	October 2, 2012	3,000	3,000	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 2, 2012	2,974	2,974	0.5 (Note 3)	October 2, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		2,524	2,524					
	Sumitomo Mitsui Trust Bank, Limited		2,002	2,002					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2017	August 31, 2017					
			(Millions of yen)	(Millions of yen)					
Long-term	The Daishi Bank, Ltd. (Note 2)	October 2, 2012	1,500	1,500	0.5 (Note 3)	October 2, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd. (Note 2)		1,000	1,000					
	The Bank of Yokohama, Ltd. (Note 2)		500	500					
	Shinkin Central Bank (Note 2)	December 28, 2012	2,500	2,500	0.5	December 29, 2017	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Gunma Bank, Ltd.	December 28, 2012	500	500	0.6 (Note 3)	December 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.		500	500					
	The Higashi-Nippon Bank, Limited		500	500					
	Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 3)	February 28, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 3)	March 31, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,000	1,000	2.2 (Note 3)	October 6, 2028	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,000	1,000	1.3	October 6, 2023	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,189	1,189	1.4 (Note 3)	October 6, 2023	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,387	1,387	1.3 (Note 3)	April 7, 2023	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,177	1,177					
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.3	April 7, 2023	Lump sum	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 7, 2013	1,500	1,500	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	1,000	1,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 7, 2013	2,000	2,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	October 7, 2013	1,000	1,000	1.0 (Note 3)	October 7, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	October 7, 2013	1,189	1,189	0.9 (Note 3)	April 7, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	Shinkin Central Bank	October 7, 2013	1,500	1,500	0.8	October 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	1,500	1,500	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Joyo Bank, Ltd.	October 7, 2013	1,000	1,000	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2017 (Millions of yen)	August 31, 2017 (Millions of yen)					
	Name of lender		(Millions of yen)	(Millions of yen)					
Long-term	The 77 Bank, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Toky o-Mitsubishi UFJ, Ltd.	April 1, 2014	594	594	1.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		504	504					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.	October 1, 2014	3,000	3,000	1.3	October 1, 2025	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Toky o-Mitsubishi UFJ, Ltd.	October 1, 2014	793	793	1.1 (Note 3)	October 1, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		673	673					
	Sumitomo Mitsui Trust Bank, Limited		534	534					
	The Bank of Toky o-Mitsubishi UFJ, Ltd.	October 1, 2014	800	800	1.1	October 1, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Bank of Toky o-Mitsubishi UFJ, Ltd.	October 1, 2014	1,189	1,189	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	THE NISHI-NIPPON CITY BANK, LTD.	October 1, 2014	1,000	1,000	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 1, 2014	2,000	2,000	0.7 (Note 3)	April 1, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Toky o-Mitsubishi UFJ, Ltd.	October 1, 2014	1,387	1,387	0.7 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,177	1,177					
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	The Norinchukin Bank	October 1, 2014	1,500	1,500	0.6 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 1, 2014	3,000	3,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 1, 2014	1,000	1,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		1,000	1,000					
	The Bank of Toky o-Mitsubishi UFJ, Ltd.	February 5, 2015	1,571	1,571	0.8 (Note 3)	February 5, 2024	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,357	1,357					
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	The Bank of Toky o-Mitsubishi UFJ, Ltd.	February 5, 2015	1,571	1,571	0.7 (Note 3)	February 3, 2023	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,357	1,357					
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	Sumitomo Mitsui Banking Corporation	March 2, 2015	1,000	1,000	1.6 (Note 3)	March 30, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	7,000	7,000	1.0 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.9 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.7 (Note 3)	March 31, 2023	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2017 (Millions of yen)	August 31, 2017 (Millions of yen)					
	Name of lender								
Long-term	Mizuho Bank, Ltd.	February 18, 2016	6,000	6,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	February 18, 2016	1,000	1,000	0.5 (Note 3)	July 31, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 1, 2016	396	396	0.5 (Note 3)	March 31, 2026	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		336	336					
	Sumitomo Mitsui Trust Bank, Limited		267	267					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	March 1, 2016	3,965	-	0.2	July 31, 2017	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		3,365	-					
	Sumitomo Mitsui Trust Bank, Limited		2,670	-					
	Development Bank of Japan Inc. (Note 2)	March 1, 2016	2,500	2,500	0.2	March 30, 2018	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 1, 2016	2,000	2,000	0.4 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	1,000	1,000	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	1,000	1,000	0.3	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	March 31, 2016	1,000	1,000	0.5	March 31, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	April 28, 2016	2,180	2,180	0.5	September 30, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,468	1,468					
	Development Bank of Japan Inc.	July 29, 2016	10,850	10,850	0.4	July 30, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 21, 2016	2,000	2,000	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2016	2,500	2,500	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2016	1,000	1,000	0.4	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	December 21, 2016	3,000	3,000	0.7	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2016	2,000	2,000	0.6	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2017	August 31, 2017					
	Name of lender		(Millions of yen)	(Millions of yen)					
Long-term	Mizuho Bank Ltd. (Note 2)	January 31, 2017	1,000	1,000	0.1	January 31, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 2)	January 31, 2017	2,500	2,500	0.2	January 31, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2017	-	2,000	0.6	January 29, 2027	Lump sum	(Note 7)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 31, 2017	-	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 31, 2017	-	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	March 31, 2017	-	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 1, 2017	-	594	0.4	November 1, 2024	Lump sum	(Note 7)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	504					
	Sumitomo Mitsui Trust Bank, Limited		-	400					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 1, 2017	-	1,000	0.4	May 1, 2025	Lump sum	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 1, 2017	-	2,000	0.4	May 1, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Mizuho Bank Ltd.	May 1, 2017	-	2,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	May 1, 2017	-	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	May 1, 2017	-	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Toho Bank Ltd.	May 19, 2017	-	2,000	0.3	May 16, 2025	Lump sum (Note 4)	(Note 8)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.		-	1,800					
	The Hyakugo Bank, Ltd.		-	1,350					
	Taiyo Life Insurance Company		-	1,000					
	The Daishi Bank, Ltd.		-	950					
	The Akita Bank, Ltd.		-	450					
	The Iyo Bank, Ltd.		-	450					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	July 31, 2017	-	3,172	0.2	December 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	2,692					
	Sumitomo Mitsui Trust Bank, Limited		-	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	July 31, 2017	-	793	0.2	March 29, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation		-	673					
	Sumitomo Mitsui Trust Bank, Limited		-	534					
	Sub-total		342,491	363,591					
	Total		342,491	363,591					

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

Note 2 The balances as of August 31, 2017 are included in current portion of long-term borrowings in the balance sheets.

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

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

Note 5 The principal is repaid on September 30, 2009 at first, and thereafter the 30th of March, June, September and December, at an amount corresponding to 4% of the initial principal (¥20,000 million) per year, and the remaining balance is repaid on due date.

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

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

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

3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
		February 28, 2017 (Millions of yen)	August 31, 2017 (Millions of yen)					
6th series unsecured investment corporation bonds	May 23, 2007	15,000	-	2.170	May 23, 2017	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
7th series unsecured investment corporation bonds	December 18, 2013	7,500	7,500	1.108	December 18, 2023	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
8th series unsecured investment corporation bonds	June 26, 2014	8,000	8,000	1.260	June 26, 2026	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
9th series unsecured investment corporation bonds	February 5, 2015	7,000	7,000	0.765	February 5, 2025	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
10th series unsecured investment corporation bonds	May 19, 2017	-	5,000	0.220	May 19, 2022	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
11th series unsecured investment corporation bonds	May 19, 2017	-	2,000	0.480	May 19, 2027	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
Total		37,500	29,500					

Note 1 JRF may repurchase bonds at any time on or after the next day of issuance except for the case that transferring term is otherwise limited.

Note 2 The funds were appropriated to repayment of borrowings or working capital.

Note 3 The funds were appropriated to redemption of investment corporation bonds.

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

1. Transactions of property and asset-backed securities

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposition	Disposition amount (Note 1)	Net book value	Gain (loss) on disposition (Note 2)
G-Bldg. Shinsaibashi 03 (Bldg. B)(Main Building)	March 17, 2017	7,800	-	-	-	-
G-Bldg. Naha-shintoshin 01	March 17, 2017	5,650	-	-	-	-
MARINE & WALK YOKOHAMA	March 24, 2017	2,260	-	-	-	-
G-Bldg. Midosuji 01	March 31, 2017	9,975	-	-	-	-
G-Bldg. Tenjin Nishi-dori 01	April 5, 2017	4,850	-	-	-	-
MARINE & WALK YOKOHAMA	May 1, 2017	9,040	-	-	-	-
Oyama Yuen Harvest Walk	August 31, 2017	255	-	-	-	-
Ito-Yokado Kamifukuoka Higashi	-	-	March 31, 2017	6,081	5,974	11
Total		39,830		6,081	5,974	11

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

Note 2 Gain (loss) on disposition is calculated by subtracting book value of the property and other sales expenses from the disposition amount.

2. Transactions of other assets

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

3. Research for specified assets value

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	G-Bldg. Shinsaibashi 03 (Bldg. B)(Main Building)	March 17, 2017	7,800	8,930	CBRE K.K.	February 1, 2017
Acquisition	G-Bldg. Naha-shintoshin 01	March 17, 2017	5,650	6,820	Tanizawa Sōgō Appraisal Co., Ltd.	February 1, 2017
Acquisition	MARINE & WALK YOKOHAMA	March 24, 2017	2,260	2,720	CBRE K.K.	February 1, 2017
Acquisition	G-Bldg. Midosuji 01	March 31, 2017	9,975	10,600	CBRE K.K.	February 1, 2017
Acquisition	G-Bldg. Tenjin Nishi-dori 01	April 5, 2017	4,850	5,000	CBRE K.K.	January 1, 2017
Acquisition	MARINE & WALK YOKOHAMA	May 1, 2017	9,040	10,880	CBRE K.K.	February 1, 2017
Acquisition	Oyama Yuen Harvest Walk	August 31, 2017	255	264	Japan Real Estate Institute	June 30, 2017
Disposition	Ito-Yokado Kamifukuoka Higashi	March 31, 2017	6,081	5,790	Japan Real Estate Institute	February 28, 2017

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

(2) Other transactions

None

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

Classification	Acquisition cost / Disposition amount (Notes 2 and 3)	
	Acquisition cost	Disposition amount
Total amount	¥39,830,000 thousand	¥6,081,488 thousand
<i>Breakdown for transactions with interested parties</i>		
<i>Mitsubishi Corporation Urban Development, Inc.</i>	¥19,100,000 thousand (48.0%)	¥ - thousand (- %)
<i>YDN Leasing LLC</i>	¥5,650,000 thousand (14.2%)	¥ - thousand (- %)
<i>Mitsubishi UFJ Lease & Finance Company Limited (Note 4)</i>	(Note 4) ¥255,000 thousand (0.6%)	¥ - thousand (- %)
Total	¥25,005,000 thousand (62.8%)	¥ - thousand (- %)

(2) Amounts of fees paid and other expenses

(Thousands of yen)				
Classification	Total amounts (A)	Transactions with interested parties or major shareholders		(B) / (A)
		Name of counter party	Amount of payment (B)	
Facility management fees	1,393,858	Mitsubishi UFJ Lease & Finance Company Limited	451	0.0%
Property management fees	773,455	Mitsubishi Corporation Urban Development, Inc.	13,463	1.7%
Other rental expenses	825,096	Mitsubishi Corporation Urban Development, Inc.	2,178	0.3%
		Mitsubishi Shoji & Sun Co., Ltd.	1,635	0.2%

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

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

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

Note 4 Although JRF paid ¥255,000 thousand to MUL Property Limited under a purchase contract with MUL Property Limited, ownership of the property acquired was transferred directly from Mitsubishi UFJ Lease & Finance Company Limited (former owner of the property) to JRF. A contracted price of the property in a purchase agreement between Mitsubishi UFJ Lease & Finance Company Limited and MUL Property Limited was ¥240,739 thousand.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporations

1. Disclosures relating to overseas real estate investment corporations

None

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

None

Other information

1. Investment units held by the asset manager

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

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

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

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

Date	Number of investment units held at end of period (Units)	Aggregated value of investment units held at end of period (Note 1) (Thousands of yen)	Ratio of number of investment units held to number of investment units issued and outstanding
The 22nd fiscal period (September 1, 2012 to February 28, 2013)	3,200	579,840	0.2%
The 23rd fiscal period (March 1, 2013 to August 31, 2013)	3,200	577,920	0.2%
The 24th fiscal period (September 1, 2013 to February 28, 2014)	3,200	642,560	0.1%
The 25th fiscal period (March 1, 2014 to August 31, 2014)	3,200	698,240	0.1%
The 26th fiscal period (September 1, 2014 to February 28, 2015)	3,200	820,800	0.1%
The 27th fiscal period (March 1, 2015 to August 31, 2015)	3,200	715,520	0.1%
The 28th fiscal period (September 1, 2015 to February 29, 2016)	3,200	823,040	0.1%
The 29th fiscal period (March 1, 2016 to August 31, 2016)	3,200	743,360	0.1%
The 30th fiscal period (September 1, 2016 to February 28, 2017)	3,200	723,200	0.1%
The 31st fiscal period (March 1, 2017 to August 31, 2017)	3,200	647,360	0.1%

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

2. Notice

The Board of Directors Meeting

Execution or modification of significant agreement approved by the Board of Directors of JRF for the six months ended August 31, 2017 was as follows:

Approval day	Item	Summary
April 13, 2017	Appointment of general administrators regarding investment corporation bonds	In connection with the issuance of the 10th investment corporation bonds, the Board of Directors of JRF appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. as underwriter, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as financial agency and other general administrator regarding the investment corporation bonds.
April 13, 2017	Appointment of general administrators regarding investment corporation bonds	In connection with the issuance of the 11th investment corporation bonds, the Board of Directors of JRF appointed Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. as underwriter, and The Bank of Tokyo-Mitsubishi UFJ, Ltd. as financial agency and other general administrator regarding the investment corporation bonds.

3. Other

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



Independent Auditor's Report

To the Board of Directors of Japan Retail Fund Investment Corporation

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as of August 31, 2017, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2017 and its financial performance and cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

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

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended August 31, 2017 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata LLC

November 27, 2017

PricewaterhouseCoopers Aarata LLC

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

	As of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 47,435	¥ 58,305	\$ 528,029
Restricted bank deposits (Note 4).....	513	513	4,645
Rent receivables	628	692	6,266
Consumption tax refundable	494	-	-
Other current assets	1,195	1,215	11,003
Total current assets.....	50,267	60,726	549,954
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	575,394	604,845	5,477,676
Buildings.....	297,619	302,652	2,740,916
Building improvements.....	14,558	14,746	133,544
Machinery and equipment.....	2,051	2,073	18,773
Furniture and fixtures.....	4,297	4,418	40,010
Construction in progress.....	44	55	498
Total property and equipment.....	893,965	928,792	8,411,447
Less: Accumulated depreciation.....	(97,404)	(101,736)	(921,354)
Net property and equipment.....	796,561	827,056	7,490,092
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	5,239	5,214	47,219
Other intangible assets (Notes 4, 7 and 8).....	95	85	769
Lease deposits (Note 4).....	1,648	1,862	16,862
Long-term prepaid expenses	2,091	1,844	16,699
Investment unit issuance costs	93	167	1,512
Investment corporation bond issuance costs	110	153	1,385
Other	520	520	4,709
Total other assets.....	9,798	9,848	89,186
TOTAL ASSETS.....	¥ 856,627	¥ 897,631	\$ 8,129,242

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

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

	As of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term borrowings (Note 9).....	¥ 37,800	¥ 51,666	\$ 467,904
Current portion of long-term bonds issued — unsecured (Note 10).....	15,000	-	-
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	952	678	6,140
Accounts payable—operating	1,623	1,914	17,333
Accounts payable—other	14	11	99
Accrued expenses	2,041	2,119	19,190
Consumption tax payable	-	368	3,332
Rent received in advance	3,120	3,293	29,822
Deposits received	1,078	1,371	12,416
Other current liabilities	125	138	1,249
Total current liabilities	61,757	61,562	557,525
Non-current liabilities:			
Long-term borrowings (Note 9).....	304,691	311,925	2,824,895
Long-term bonds issued —unsecured (Note 10).....	22,500	29,500	267,161
Tenant leasehold and security deposits (Notes 4 and 11).....	49,761	51,459	466,029
Asset retirement obligations (Note 21).....	486	489	4,428
Derivatives liabilities (Note 20).....	773	725	6,565
Other	2	1	9
Total non-current liabilities	378,214	394,102	3,569,117
TOTAL LIABILITIES	439,971	455,664	4,126,643
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,552,198 units as of February 28, 2017 and 2,667,198 units as of August 31, 2017 issued and outstanding.....	387,198	411,878	3,730,103
Capital surplus.....	14,986	14,986	135,718
Reserve for reduction entry of property	476	476	4,310
Reserve for dividends.....	3,138	817	7,399
Retained earnings for temporary difference adjustment (Note 13).....	-	3,138	28,418
Retained earnings.....	11,664	11,425	103,468
Total unitholders' equity	417,464	442,723	4,009,445
Valuation and translation adjustments:			
Deferred losses on hedges.....	(808)	(755)	(6,837)
Total valuation and translation adjustments	(808)	(755)	(6,837)
TOTAL NET ASSETS	416,655	441,967	4,002,599
TOTAL LIABILITIES AND NET ASSETS	¥ 856,627	¥ 897,631	\$ 8,129,242

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

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

	For the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rent and other operating revenues (Note 15).....	¥ 30,199	¥ 30,999	\$ 280,737
Gain on sales of property (Note 16).....	1,385	11	99
	<u>31,585</u>	<u>31,011</u>	<u>280,845</u>
Operating expenses			
Property-related expenses (Note 15).....	14,689	14,190	128,509
Asset management fees	2,553	2,703	24,479
Custodian fees	30	30	271
General administration fees	123	126	1,141
Other	206	217	1,965
	<u>17,603</u>	<u>17,268</u>	<u>156,384</u>
Operating income	<u>13,981</u>	<u>13,743</u>	<u>124,461</u>
Non-operating revenues			
Non-operating revenues.....	3	6	54
	<u>3</u>	<u>6</u>	<u>54</u>
Non-operating expenses			
Interest expenses	1,561	1,612	14,598
Interest expenses on investment corporation bonds.....	279	201	1,820
Amortization of investment corporation bond issuance costs	10	11	99
Amortization of investment unit issuance costs	49	69	624
Loan-related costs	413	424	3,839
Other non-operating expenses	4	4	36
	<u>2,319</u>	<u>2,323</u>	<u>21,037</u>
Ordinary income	<u>11,665</u>	<u>11,426</u>	<u>103,477</u>
Income before income taxes	<u>11,665</u>	<u>11,426</u>	<u>103,477</u>
Income taxes (Note 17):			
Current.....	-	-	-
Deferred.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>11,664</u>	<u>11,425</u>	<u>103,468</u>
Unappropriated earnings at beginning of period	-	-	-
Retained earnings at end of period (Note 14)	<u>¥ 11,664</u>	<u>¥ 11,425</u>	<u>\$ 103,468</u>

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

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

	Unitholders' equity							Valuation and translation adjustments			
	Surplus										
	Unitholders' capital	Capital surplus	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in millions)										
Balance as of August 31, 2016	¥ 387,198	¥ 14,986	¥ 502	¥ 3,138	¥ -	¥ 10,820	¥ 29,448	¥ 416,646	¥ (1,372)	¥ (1,372)	¥ 415,274
<u>Changes during the period</u>											
Reversal of reserve for reduction entry of property	-	-	(25)	-	-	25	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	(10,846)	(10,846)	(10,846)	-	-	(10,846)
Net income.....	-	-	-	-	-	11,664	11,664	11,664	-	-	11,664
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	563	563	563
<u>Total changes during the period</u>	-	-	(25)	-	-	843	817	817	563	563	1,381
Balance as of February 28, 2017	¥ 387,198	¥ 14,986	¥ 476	¥ 3,138	¥ -	¥ 11,664	¥ 30,266	¥ 417,464	¥ (808)	¥ (808)	¥ 416,655
<u>Changes during the period</u>											
Issuance of new investment units.....	24,679	-	-	-	-	-	-	24,679	-	-	24,679
Provision of reserve for dividends.....	-	-	-	817	-	(817)	-	-	-	-	-
Reversal of reserve for dividends.....	-	-	-	(3,138)	-	3,138	-	-	-	-	-
Provision of retained earnings for temporary difference adjustment.....	-	-	-	-	3,138	(3,138)	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	(10,846)	(10,846)	(10,846)	-	-	(10,846)
Net income.....	-	-	-	-	-	11,425	11,425	11,425	-	-	11,425
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	53	53	53
<u>Total changes during the period</u>	24,679	-	-	(2,320)	3,138	(239)	578	25,258	53	53	25,311
Balance as of August 31, 2017	¥ 411,878	¥ 14,986	¥ 476	¥ 817	¥ 3,138	¥ 11,425	¥ 30,844	¥ 442,723	¥ (755)	¥ (755)	¥ 441,967

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

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

	Unitholders' equity							Valuation and translation adjustments			
	Surplus										
	Unitholders' capital	Capital surplus	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in thousands of U.S. dollars (Note 3))										
Balance as of February 28, 2017.....	\$ 3,506,593	\$ 135,718	\$ 4,310	\$ 28,418	\$ -	\$ 105,633	\$ 274,098	\$ 3,780,691	\$ (7,317)	\$ (7,317)	\$ 3,773,365
Changes during the period											
Issuance of new investment units.....	223,501	-	-	-	-	-	-	223,501	-	-	223,501
Provision of reserve for dividends.....	-	-	-	7,399	-	(7,399)	-	-	-	-	-
Reversal of reserve for dividends.....	-	-	-	(28,418)	-	28,418	-	-	-	-	-
Provision of retained earnings											
for temporary difference adjustment.....	-	-	-	-	28,418	(28,418)	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	(98,224)	(98,224)	(98,224)	-	-	(98,224)
Net income.....	-	-	-	-	-	103,468	103,468	103,468	-	-	103,468
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	479	479	479
Total changes during the period	223,501	-	-	(21,010)	28,418	(2,164)	5,234	228,744	479	479	229,224
Balance as of August 31, 2017.....	\$ 3,730,103	\$ 135,718	\$ 4,310	\$ 7,399	\$ 28,418	\$ 103,468	\$ 279,333	\$ 4,009,445	\$ (6,837)	\$ (6,837)	\$ 4,002,599

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

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

	For the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S.dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 11,665	¥ 11,426	\$ 103,477
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,632	5,733	51,919
Amortization of investment corporation bond issuance costs.....	10	11	99
Amortization of investment unit issuance costs.....	49	69	624
Gain on sales of property.....	(1,385)	(11)	(99)
Loss on disposal of fixed assets.....	37	66	597
Interest income.....	-	-	-
Interest expenses.....	1,840	1,813	16,419
Changes in assets and liabilities:			
(Increase) decrease in rent receivables.....	189	(63)	(570)
(Increase) decrease in consumption tax refundable.....	(494)	494	4,473
(Increase) decrease in long-term prepaid expenses.....	224	246	2,227
Increase (decrease) in accounts payable - operating.....	(254)	136	1,231
Increase (decrease) in accounts payable - other.....	(1)	(3)	(27)
Increase (decrease) in accrued expenses.....	(30)	102	923
Increase (decrease) in consumption tax payable.....	(920)	368	3,332
Increase (decrease) in rent received in advance.....	63	172	1,557
Increase (decrease) in deposits received.....	(263)	293	2,653
Other, net.....	44	5	45
Sub total.....	16,406	20,862	188,933
Interest received.....	-	-	-
Interest expenses paid.....	(1,894)	(1,838)	(16,645)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	14,512	19,024	172,287
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(10,108)	(42,029)	(380,628)
Proceeds from sales of property and equipment.....	7,294	5,985	54,202
Purchase of intangible assets.....	-	(40)	(362)
Payments of tenant leasehold and security deposits.....	(2,273)	(1,510)	(13,675)
Proceeds from tenant leasehold and security deposits.....	1,759	2,923	26,471
Proceeds from deposits and others.....	7	7	63
Payments of deposits and others.....	-	(222)	(2,010)
Net cash (used in) provided by investing activities.....	(3,320)	(34,886)	(315,939)
Cash Flows from Financing Activities:			
Repayments of short-term borrowings.....	(3,500)	-	-
Proceeds from long-term borrowings.....	14,000	31,500	285,274
Repayments of long-term borrowings.....	(10,900)	(10,400)	(94,185)
Proceeds from issuance of investment corporation bonds.....	-	6,946	62,905
Redemption of investment corporation bonds.....	-	(15,000)	(135,844)
Proceeds from issuance of investment units.....	-	24,536	222,206
Distribution payments.....	(10,844)	(10,850)	(98,261)
Net cash (used in) provided by financing activities.....	(11,244)	26,732	242,093
Net change in cash and cash equivalents.....	(52)	10,870	98,442
Cash and cash equivalents at beginning of period.....	47,488	47,435	429,587
Cash and cash equivalents at end of period.....	¥ 47,435	¥ 58,305	\$ 528,029

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

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

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 31st fiscal period (August 31, 2017) amounted to ¥880.2 billion (US\$7,971 million) (the total acquisition price of 95 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Investment Corporation Bond Issuance Costs

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

(i) Investment Unit Issuance Costs

Investment unit issuance costs are capitalized and amortized over three years.

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

Taxes on property and equipment capitalized amounted to ¥4 million and ¥117 million (US\$1,059 thousand) for the six months ended February 28, 2017 and August 31, 2017, respectively.

(m) Revenue Recognition

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

(n) Hedge Accounting

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

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

(o) Leases

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

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥110.42 = US\$1, the effective rate of exchange prevailing at August 31, 2017. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended August 31, 2017 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 10,443	¥ 11,633	\$ 105,352
Restricted bank deposits.....	513	513	4,645
Property and equipment, at cost:			
Land.....	548,901	578,353	5,237,755
Buildings.....	295,264	300,295	2,719,570
Building improvements.....	14,495	14,683	132,974
Machinery and equipment.....	2,051	2,073	18,773
Furniture and fixtures.....	4,281	4,402	39,865
Construction in progress.....	42	42	380
	865,036	899,850	8,149,338
Less: Accumulated depreciation.....	(96,969)	(101,257)	(917,016)
Net property and equipment.....	768,066	798,593	7,232,322
Other assets:			
Leasehold rights.....	5,239	5,214	47,219
Other intangible assets.....	95	85	769
Lease deposits.....	1,648	1,862	16,862
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	952	678	6,140
Non-current liabilities:			
Tenant leasehold and security deposits.....	47,907	49,566	448,886

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction for the six months ended February 28, 2017 and August 31, 2017 were ¥379 million and ¥379 million (US\$¥3,432 thousand), respectively.

Note 6 — Schedule of Property and Equipment

(i) Schedule of Property and Equipment as of February 28, 2017 consisted of the following:

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in millions)						
Land.....	¥ 575,712	¥ 3,869	¥ 4,187	¥ 575,394	¥ -	¥ -	¥ 575,394
Buildings.....	291,192	9,194	2,767	297,619	88,775	5,113	208,843
Building improvements.....	14,650	49	141	14,558	5,108	271	9,450
Machinery and equipment.....	1,992	65	7	2,051	1,001	62	1,049
Furniture and fixtures.....	3,820	563	86	4,297	2,518	148	1,778
Construction in progress.....	3,968	1,183	5,107	44	-	-	44
Total.....	¥ 891,337	¥ 14,926	¥ 12,297	¥ 893,965	¥ 97,404	¥ 5,594	¥ 796,561

(ii) Schedule of Property and Equipment as of August 31, 2017 consisted of the following:

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in millions)						
Land.....	¥ 575,394	¥ 34,257	¥ 4,805	¥ 604,845	¥ -	¥ -	¥ 604,845
Buildings.....	297,619	7,369	2,336	302,652	92,767	5,203	209,884
Building improvements.....	14,558	383	194	14,746	5,255	271	9,491
Machinery and equipment.....	2,051	22	-	2,073	1,064	63	1,009
Furniture and fixtures.....	4,297	158	37	4,418	2,648	155	1,769
Construction in progress.....	44	58	47	55	-	-	55
Total.....	¥ 893,965	¥ 42,249	¥ 7,422	¥ 928,792	¥ 101,736	¥ 5,694	¥ 827,056

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars (Note 3))						
Land.....	\$ 5,210,958	\$ 310,242	\$ 43,515	\$ 5,477,676	\$ -	\$ -	\$ 5,477,676
Buildings.....	2,695,335	66,736	21,155	2,740,916	840,128	47,120	1,900,778
Building improvements.....	131,842	3,468	1,756	133,544	47,591	2,454	85,953
Machinery and equipment.....	18,574	199	-	18,773	9,635	570	9,137
Furniture and fixtures.....	38,915	1,430	335	40,010	23,981	1,403	16,020
Construction in progress.....	398	525	425	498	-	-	498
Total.....	\$ 8,096,042	\$ 382,620	\$ 67,216	\$ 8,411,447	\$ 921,354	\$ 51,566	\$ 7,490,092

Note 7 — Schedule of Intangible Assets

(i) Schedule of Intangible Assets as of February 28, 2017 consisted of the following:

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in millions)						
Leasehold rights.....	¥ 5,389	¥ -	¥ -	¥ 5,389	¥ 149	¥ 20	¥ 5,239
Other intangible assets.....	325	15	-	340	245	17	95
Total.....	¥ 5,714	¥ 15	¥ -	¥ 5,729	¥ 395	¥ 37	¥ 5,334

(ii) Schedule of Intangible Assets as of August 31, 2017 consisted of the following:

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in millions)						
Leasehold rights.....	¥ 5,389	¥ -	¥ 4	¥ 5,384	¥ 169	¥ 20	¥ 5,214
Other intangible assets.....	340	29	59	311	225	18	85
Total.....	¥ 5,729	¥ 29	¥ 63	¥ 5,695	¥ 395	¥ 38	¥ 5,299

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars (Note 3))						
Leasehold rights.....	\$ 48,804	\$ -	\$ 36	\$ 48,759	\$ 1,530	\$ 181	\$ 47,219
Other intangible assets.....	3,079	262	534	2,816	2,037	163	769
Total.....	\$ 51,883	\$ 262	\$ 570	\$ 51,575	\$ 3,577	\$ 344	\$ 47,989

Note 8 — Fair Value of Investment and Rental Property

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

	As of / For the six months ended		
	February 28,	August 31,	August 31,
	2017	2017	2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 803,637	¥ 801,896	\$ 7,262,235
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(1,741)	30,458	275,837
Balance at the end of the period.....	<u>¥ 801,896</u>	<u>¥ 832,354</u>	<u>\$ 7,538,072</u>
Fair value⁽ⁱⁱⁱ⁾	¥ 916,831	¥ 959,530	\$ 8,689,820

Notes:

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

For the six months ended February 28, 2017:		Increase (decrease) in net book value (in millions)
Acquisitions:		
G-Bldg. Takadanobaba 01.....	¥	3,698
G-Bldg. Sendai Ichibancho 01.....		1,575
G-Bldg. Jiyugaoka 01.....		511
Capital expenditures:		
Renewal construction of Nara Family		3,910
Renewal construction including seismic strengthening works of Bic Camera Tachikawa.....		2,826
Disposition:		
AEON MALL Kashiwama (partial disposition of interest of quasi-co-ownership).....		(5,908)

For the six months ended August 31, 2017:

	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:		
MARINE & WALK YOKOHAMA.....	¥ 11,455	\$ 103,740
G-Bldg. Midotsuji 01.....	10,448	94,620
G-Bldg. Shinsaibashi 03 (additional acquisition).....	8,031	72,731
G-Bldg. Naha-shintoshin 01.....	5,724	51,838
G-Bldg. Tenjin Nishi-dori 01.....	4,988	45,172
Oyama Yuen Harvest Walk (additional acquisition).....	265	2,399
Capital expenditures:		
Construction of interior for a tenant of Nara Family	115	1,041
Disposition:		
Ito-Yokado Kamifukuoka Higashi.....	(5,974)	(54,102)

- (iii) Fair value has been determined based on appraisals or researched value by independent appraisers. For Ito-Yokado Kamifukuoka Higashi signed disposition contract on January 31, 2017, the selling price is used for the six months ended February 28, 2017.

For rent revenues and expenses for the six months ended February 28, 2017 and August 31, 2017, please refer to “Note 15 — Analysis of Rent and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

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

	As of / For the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ -	¥ -	\$ -
Long-term borrowings.....	342,491	363,591	3,292,800
Total.....	¥ 342,491	¥ 363,591	\$ 3,292,800
Average interest rates range for the period.....	From 0.2% to 3.0%	From 0.1% to 3.0%	

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

	As of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 321,499
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 321,499
Commitment Lines			
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 543,379
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 543,379

Note 10 — Investment Corporation Bonds

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

	Balance as of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Long-term bonds — unsecured			
¥15 billion of 10-year bonds, issued on May 23, 2007, maturing on May 23, 2017 with a coupon of 2.17%.....	¥ 15,000	¥ -	\$ -
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%.....	7,500	7,500	67,922
¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.26%.....	8,000	8,000	72,450
¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%.....	7,000	7,000	63,394
¥5 billion of 5-year bonds, issued on May 19, 2017, maturing on May 19, 2022 with a coupon of 0.220%.....	-	5,000	45,281
¥2 billion of 10-year bonds, issued on May 19, 2017, maturing on May 19, 2027 with a coupon of 0.480%.....	-	2,000	18,112
Total.....	¥ 37,500	¥ 29,500	\$ 267,161

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥239,202 million and ¥231,747 million (US\$2,098,777 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥22,839 million and ¥21,721 million (US\$196,712 thousand) as of February 28, 2017 and August 31, 2017, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure co-owner's payments of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,257 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,169 thousand) as of February 28, 2017 and August 31, 2017, respectively.

Note 12 — Net Assets

The Company issues only non-par value investment units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$452 thousand) as required by the Investment Trust Act.

The number of units issued and outstanding were 2,552,198 and 2,667,198 as of February 28, 2017 and August 31, 2017, respectively.

Note 13 — Retained Earnings for Temporary Difference Adjustment

Movements of retained earnings for temporary difference adjustment are as follows:

For the six months ended August 31, 2017:

	Initial amount	Balance at beginning of the period	Provision (in millions)	Reversal	Balance at end of the period	Initial amount	Balance at beginning of the period	Provision (in thousands of U.S. dollars (Note 3))	Reversal	Balance at end of the period
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ -	¥ 3,138	¥ -	¥ 3,138	\$ 28,418	\$ -	\$ 28,418	\$ -	\$ 28,418

Notes:

- (i) The retained earnings for temporary difference adjustment was transferred from reserve for dividends, which was derived from negative goodwill, and will be reversed in forthcoming periods by an amount equal to or more than the initial amount divided by 50 years.

Note 14 — Appropriation of Retained Earnings

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

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

	For the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period	¥ 11,664	¥ 11,425	\$ 103,468
Reversal of reserve for dividends	3,138	-	-
Reversal of retained earnings for temporary difference adjustment	-	31	280
Cash distribution declared	(10,846)	(11,455)	(103,740)
Provision of reserve for dividends	(817)	-	-
Provision of retained earnings for temporary difference adjustment	(3,138)	-	-
Retained earnings carried forward	¥ -	¥ 1	\$ 9

For the year ended February 28, 2017, the Company reversed all of remaining reserve for dividends amounting to ¥3,138 million which was derived from negative goodwill, and transferred all of the reversal to retained earnings for temporary difference adjustment by applying Article 3 of the Supplementary Provision of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015). The retained earnings for temporary difference adjustment will be reversed in forthcoming periods by equal to or more than amount divided by 50 years. The Company also transferred ¥817 million, a portion of gain on sales of property, to reserve for dividends from retained earnings of

¥11,664 million at the end of the period then ended and declared a total distribution of ¥10,846 million, representing at the end of the period then ended after the reversal and the transfers.

For the year ended August 31, 2017, the Company declared a total distribution of ¥11,455 million (US\$103,740 thousand), representing all of the remaining profit after the reversal of retained earnings for temporary difference adjustment amounting to ¥31 million (US\$280 thousand) except for fractional distribution per unit less than one yen.

The financial statements do not reflect the reversal of or provision of reserve for dividends, reversal of reserve for reduction entry of property, provision of retained earnings for temporary difference adjustment or cash distribution declared as of the end of each fiscal period.

Cash distributions per investment unit were ¥4,250 and ¥4,295 (US\$38) for the six months ended February 28, 2017 and August 31, 2017, respectively.

Note 15 — Analysis of Rent and Other Operating Revenues and Property-Related Expenses

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

	For the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rent and other operating revenues:			
Rent and parking revenue.....	¥ 26,402	¥ 27,475	\$ 248,822
Common area charges.....	1,299	1,459	13,213
Other.....	2,497	2,065	18,701
Total rent and other operating revenues.....	¥ 30,199	¥ 30,999	\$ 280,737
Property-related expenses:			
Property management fees.....	¥ 888	¥ 773	\$ 7,000
Facility management fees.....	1,359	1,393	12,615
Utilities.....	1,404	1,639	14,843
Property-related taxes.....	2,655	2,686	24,325
Repair and maintenance.....	815	204	1,847
Insurance.....	36	34	307
Trust fees.....	65	63	570
Rent expense ⁽ⁱ⁾	768	768	6,955
Other.....	1,026	825	7,471
Depreciation.....	5,632	5,733	51,919
Loss on disposal of property.....	37	66	597
Total property-related expenses.....	¥ 14,689	¥ 14,190	\$ 128,509
Operating income from property leasing activities.....	¥ 15,509	¥ 16,809	\$ 152,227

Note :

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

Note 16 — Analysis of Gain on Sales of Property

Analysis of gain on sales of property for the six months ended February 28, 2017 and August 31, 2017 is as follows:

	Gain on sales of property for the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Sale of property.....	¥ 7,395	¥ 6,081	\$ 55,071
Cost of property.....	(5,908)	(5,974)	(54,102)
Other sales expenses.....	(100)	(95)	(860)
Gain on sales of property, net.....	¥ 1,385	¥ 11	\$ 99

Note 17 — Income Taxes

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

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

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

Reconciliation of significant differences between the normal effective statutory tax rate and the actual effective tax rate after application of tax effect accounting are as follows:

	For the six months ended	
	February 28, 2017	August 31, 2017
	(Rate)	
Statutory tax rate.....	31.74%	31.74%
Deductible cash distributions.....	(29.51)	(31.82)
Change in tax rate.....	(0.12)	-
Change in valuation allowance (for deferred tax assets).....	(2.14)	0.05
Reversal of retained earnings for temporary difference adjustment.....	-	0.09
Other.....	0.04	(0.05)
Effective tax rate.....	0.01%	0.01%

Deferred tax assets and liabilities consist of the following:

	As of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Current:			
Tax loss carryforwards.....	¥ 2,399	¥ 2,395	\$ 21,689
Other.....	11	9	81
Sub total.....	2,410	2,404	21,771
Valuation allowance.....	(2,410)	(2,404)	(21,771)
Total.....	-	-	-
Non-current:			
Amortization of leasehold rights.....	77	86	778
Depreciation.....	12	12	108
Asset retirement obligations.....	153	154	1,394
Valuation differences on assets acquired through the merger.....	5,370	5,365	48,587
Deferred losses on hedges.....	244	229	2,073
Other.....	32	32	289
Sub total.....	5,890	5,880	53,251
Valuation allowance.....	(5,890)	(5,880)	(53,251)
Total.....	-	-	-
Total deferred tax assets.....	-	-	-
Net deferred tax assets.....	¥ -	¥ -	\$ -

Note 18 — Leases

(a) Lease Rental Revenues

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

	As of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 23,010	¥ 24,468	\$ 221,590
Due after one year.....	92,879	91,260	826,480
Total.....	¥ 115,890	¥ 115,729	\$ 1,048,080

(b) Lease Commitments

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

Note 19 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

	As of								
	February 28, 2017			August 31, 2017			August 31, 2017		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands of U.S. dollars (Note 3))		
Assets:									
(1) Cash and cash equivalents.....	¥ 47,435	¥ 47,435	¥ -	¥ 58,305	¥ 58,305	¥ -	\$ 528,029	\$ 528,029	\$ -
(2) Restricted bank deposits.....	513	513	-	513	513	-	4,645	4,645	-
Total	¥ 47,949	¥ 47,949	¥ -	¥ 58,819	¥ 58,819	¥ -	\$ 532,684	\$ 532,684	\$ -
Liabilities:									
(1) Current portion of long-term borrowings.....	37,800	37,804	(4)	51,666	51,945	(279)	467,904	470,431	(2,526)
(2) Current portion of long-term bonds issued—unsecured.....	15,000	15,068	(68)	-	-	-	-	-	-
(3) Current portion of tenant leasehold and security deposits.....	952	963	(10)	678	689	(10)	6,140	6,239	(90)
(4) Long-term borrowings.....	304,691	308,825	(4,134)	311,925	315,889	(3,964)	2,824,895	2,860,795	(35,899)
(5) Long-term bonds issued—unsecured.....	22,500	23,513	(1,013)	29,500	30,563	(1,063)	267,161	276,788	(9,626)
(6) Tenant leasehold and security deposits.....	2,534	2,675	(141)	3,289	3,414	(125)	29,786	30,918	(1,132)
Total	¥ 383,477	¥ 388,850	¥ (5,373)	¥ 397,059	¥ 402,503	¥ (5,444)	\$ 3,595,897	\$ 3,645,200	\$ (49,302)
Derivative instruments*	¥ (808)	¥ (808)	¥ -	¥ (755)	¥ (755)	¥ -	\$ (6,837)	\$ (6,837)	\$ -

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

Notes:

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

Assets

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

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

Liabilities

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

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

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

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

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

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

Derivative instruments

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

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

	As of		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Tenant leasehold and security deposits.....	¥ 47,226	¥ 48,170	\$ 436,243
Total liabilities	¥ 47,226	¥ 48,170	\$ 436,243

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

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

As of February 28, 2017:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 47,435	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total	¥ 47,949	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2017:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 58,305	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total	¥ 58,819	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2017:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Cash and cash equivalents.....	\$ 528,029	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits.....	4,645	-	-	-	-	-
Total	\$ 532,684	\$ -	\$ -	\$ -	\$ -	\$ -

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

As of February 28, 2017:		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
				(in millions)			
Current portion of long-term borrowings.....	¥	37,800	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term bonds issued — unsecured.....		15,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....		952	-	-	-	-	-
Long-term borrowings.....		-	46,266	49,500	44,575	34,000	130,350
Long-term bonds issued — unsecured.....		-	-	-	-	-	22,500
Tenant leasehold and security deposits.....		-	619	619	605	590	100
Total.....	¥	53,752	¥ 46,885	¥ 50,119	¥ 45,180	¥ 34,590	¥ 152,950
As of August 31, 2017:		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
				(in millions)			
Current portion of long-term borrowings.....	¥	51,666	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of tenant leasehold and security deposits.....		678	-	-	-	-	-
Long-term borrowings.....		-	59,000	45,500	38,575	33,000	135,850
Long-term bonds issued — unsecured.....		-	-	-	-	5,000	24,500
Tenant leasehold and security deposits.....		-	678	678	663	658	611
Total.....	¥	52,344	¥ 59,678	¥ 46,178	¥ 39,238	¥ 38,658	¥ 160,961
As of August 31, 2017:		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
				(in thousands of U.S. dollars (Note 3))			
Current portion of long-term borrowings.....	\$	467,904	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of tenant leasehold and security deposits.....		6,140	-	-	-	-	-
Long-term borrowings.....		-	534,323	412,063	349,347	298,858	1,230,302
Long-term bonds issued — unsecured.....		-	-	-	-	45,281	221,880
Tenant leasehold and security deposits.....		-	6,140	6,140	6,004	5,959	5,533
Total.....	\$	474,044	\$ 540,463	\$ 418,203	\$ 355,352	\$ 350,099	\$ 1,457,715

Note 20 — Derivatives

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

As of February 28, 2017:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)	
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 127,075	¥ 108,075	¥ (808)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500	122,500	(2,715)
Total.....			¥ 249,575	¥ 230,575	¥ (3,524)

As of August 31, 2017:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱ⁾		
			Total	Over 1 year (in millions)		Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 127,075	¥ 99,575	¥ (755)	\$ 1,150,833	\$ 901,784	\$ (6,837)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500	122,500	(2,777)	1,109,400	1,109,400	(25,149)
Total.....			¥ 249,575	¥ 222,075	¥ (3,533)	\$ 2,260,233	\$ 2,011,184	\$ (31,996)

Notes:

- The interest rate swaps for which the Company applies the special treatment provided under the Accounting Standard Board of Japan Statement No.10, "Accounting Standard for Financial Instruments" revised on March 10, 2008, are not required to be separately recorded in the Company's balance sheets.
- The notional amounts relating to derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- The fair value is determined at the amount with reference to the calculation performed by the counterparty to the interest rate swaps contracts, based on the prevailing market interest rates and other assumptions.

Note 21 — Asset Retirement Obligations

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

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

	For the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 483	¥ 486	\$ 4,401
Adjustment for passage of time.....	3	3	27
Balance at the end of the period.....	¥ 486	¥ 489	\$ 4,428

Note 22 — Related-Party Transactions

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

Transactions with related parties as defined under the Investment Trust Act⁽ⁱ⁾ are as below. Consumption taxes are excluded from the amounts of transactions, but included in the amounts of balances.

(a) Real Estate Acquisition

For the six months ended August 31, 2017, the Company acquired certain properties from Mitsubishi Corporation Urban Development, Inc. for ¥19,100 million (US\$172,975 thousand) and from Mitsubishi UFJ Lease & Finance Company Limited for ¥255 million (US\$2,309 thousand)⁽ⁱⁱ⁾. The acquisition amounts of these transactions were decided through negotiation with the sellers based on appraisal values by real estate appraisers.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,553 million and ¥2,703 million (US\$24,479 thousand) were paid by the Company for the six months ended February 28, 2017 and August 31, 2017, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥44 million and ¥318 million (US\$2,879 thousand) were paid by the Company for the six months ended February 28, 2017 and August 31, 2017, respectively. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥123 million and ¥126 million (US\$1,141 thousand) for general administration fees, and ¥33 million and ¥32 million (US\$289 thousand) for custodian fees for the six months ended February 28, 2017 and August 31, 2017, respectively. These fees have been decided based on third party transactions.

In addition, the Company obtained long-term borrowings of ¥3,869 million (US\$35,038 thousand) from Mitsubishi UFJ Trust and Banking Corporation for the six months ended August 31, 2017. The borrowings were raised by term loan agreement and unsecured. The Company repaid long-term borrowings of ¥3,365 million (US\$30,474 thousand) to Mitsubishi UFJ Trust and Banking Corporation for the six months ended August 31, 2017.

The ending balances of accrued general administration fees, accounts payable for custodian fees, current portion of long-term borrowings and long-term borrowings as of August 31, 2017 were ¥43 million (US\$389 thousand), ¥6 million (US\$54 thousand), ¥3,030 million (US\$27,440 thousand) and ¥51,753 million (US\$468,692 thousand), respectively.

Notes:

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

- (ii) Although the Company paid ¥255 million (US\$2,309 thousand) to MUL Property Limited under a purchase contract with MUL Property Limited, ownership of the property acquired was transferred directly from Mitsubishi UFJ Lease & Finance Company Limited (former owner of the property) to the Company. A contracted price of the property in a purchase agreement between Mitsubishi UFJ Lease & Finance Company Limited and MUL Property Limited was ¥240 million (US\$2,173 thousand).

Note 23 — Per Unit Information

The following table shows the net asset value per unit as of February 28, 2017 and August 31, 2017 and net income per unit for the six months then ended.

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

	As of / For the six months ended		
	February 28, 2017	August 31, 2017	August 31, 2017
	(Yen)		(US\$ (Note 3))
The net asset value per unit.....	¥ 163,253	¥ 165,704	\$ 1,500
Net income per unit.....	¥ 4,570	¥ 4,297	\$ 38
Weighted average number of investment units.....	2,552,198	2,658,869	

Note 24 — Segment Information

Segment information for the six months ended February 28, 2017 and August 31, 2017 is as follows:

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(iii) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	February 28, 2017	August 31, 2017	August 31, 2017	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
AEON Mall Co., Ltd.	¥ 3,333	¥ 3,499	\$ 31,688	Property rental business
AEON Retail Co., Ltd.	3,267	3,264	29,559	Property rental business

Note 25 — Subsequent Events

Acquisition of the Company's Investment Units

The Board of Directors of JRF, at its meeting held on October 16, 2017, resolved to acquire its own investment units pursuant to the provisions of Article 80-5, Paragraph 2 and Article 80-2 of the Act on Investment Trusts and Investment Corporations of Japan. All the acquired investment units will be cancelled during the fiscal period ending February 28, 2018.

(1) Reason for the Acquisition

The acquisition of its own investment units was resolved with the intention of enhancing returns to unitholders by improvement of the capital efficiency and increasing distributions per unit. The purpose is to increase unitholders value. This is based on comprehensive consideration including the market price of the investment units, condition of funds on hand, financial position and market conditions.

(2) Outline of the Acquisition

Total number of JRF's investment units to be acquired:	60,000 units (maximum)
Total amount of the acquisition:	¥10,000 million (US\$90,563 thousand) (maximum)
Period for the acquisition:	From October 17, 2017 to January 31, 2018
Method:	Purchase at Tokyo Stock Exchange Market based on a discretionary transaction contract with a securities company