

Translation

JAPAN RETAIL FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED AUGUST 31, 2017

October 16, 2017

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	http://www.jrf-reit.com/
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Toru Tsuji, President & CEO & Representative Director
Contact:	Keita Araki, Executive Officer, Head of Retail Division
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Scheduled date for filing of securities report:	November 28, 2017
Scheduled date for distributions payment:	November 15, 2017
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended August 31, 2017 (March 1, 2017 to August 31, 2017)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended August 31, 2017	31,011	-1.8	13,743	-1.7	11,426	-2.0	11,425	-2.0
February 28, 2017	31,585	-14.8	13,981	1.0	11,665	2.4	11,664	7.8
	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen		%		%		%	
For the six months ended August 31, 2017	4,297		2.7		1.3		36.8	
February 28, 2017	4,570		2.8		1.4		36.9	

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended August 31, 2017	4,295	11,455	0	0	100.3	2.6
February 28, 2017	4,250	10,846	0	0	93.0	2.6

Note 1: Total distributions for the six months ended August 31, 2017 include reversal of retained earnings for temporary difference adjustment amounting to ¥31 million, and differ from net income.

Note 2: Payout ratio for the six months ended August 31, 2017 is calculated by following formula because new investment units were issued.

Payout ratio = Total of distributions ÷ Net income × 100

Note 3: Total distributions for the six months ended February 28, 2017 consist of net income at the end of period after transferring ¥817 million to reserve for dividends.

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2017	897,631	441,967	49.2	165,704
February 28, 2017	856,627	416,655	48.6	163,253

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the six months ended August 31, 2017	19,024	(34,886)	26,732	58,305
February 28, 2017	14,512	(3,320)	(11,244)	47,435

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

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2018	31,662	2.1	14,012	2.0	11,790	3.2	11,789	3.2
August 31, 2018	30,655	-3.2	12,625	-9.9	10,389	-11.9	10,388	-11.9

	Net income per unit	Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
For the six months ending	Yen	Yen	Yen
February 28, 2018	4,420	4,330	0
August 31, 2018	3,894	4,330	0

Note 1: Per unit information is calculated using number of units issued and outstanding as of October 16, 2017 (2,667,198 units) and assuming that the number of investment units does not change until August 31, 2018 by issuance of new investment units or acquisition and retirement of own investment units. For pro forma information for the six months ending February 28, 2018 and August 31, 2018 reflecting acquisition and retirement of own investment units, please refer to “2. Management policy and results of operation, (2) State of operations, B. Outlook of next period, iii. Earnings forecast (Reference Information)” page 11.

Note 2: Total distributions for the six months ending February 29, 2018 is calculated by subtracting provision of reserve for dividends amounting to ¥272 million from net income for the period and adding reversal of retained earnings for temporary difference adjustment amounting to ¥31 million. Total distributions for the six months ending August 31, 2018 include reversals of reserve for reduction entry of property amounting to ¥476 million and retained earnings for temporary difference adjustment amounting to ¥684 million.

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

Number of investment units issued at the end of period (including own investment units):

As of August 31, 2017 2,667,198 units

As of February 28, 2017 2,552,198 units

Number of own investment units at the end of period:

As of August 31, 2017 0 units

As of February 28, 2017 0 units

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

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook of next period” on page 6-16.

1. Summary of related corporations of JRF

There have not been any significant changes to the “structure of the investment corporation” in the most recent financial report (submitted on May 30, 2017), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management policies

There have not been any significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted on May 30, 2017), and hence, description of these matters is omitted.

(2) State of operations

A. Operations during the period

i. Principal activities

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

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).

ii. Investment environment and results

(1) 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.

(2) 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. Midosuji 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.

iii. 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.

iv. 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.

B. Outlook of next period

i. 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.

ii. Issues to be addressed

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

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

(1) External growth strategy

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

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

Type B: Neighborhood retail properties in densely-populated areas

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

Type D: Retail properties in prime urban shopping districts

Amidst an increasing presence away from the "consumption of goods" with the intention of purchasing and owning or consuming products or enjoying functional services and towards

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

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

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

(2) Internal growth strategy

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

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

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

(3) Financial strategy

JRF constantly works to improve financial stability further.

(i) Effort to secure the financial stability

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

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

(ii) LTV control

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

(4) Measures for ensuring delivery of stable distributions

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

iii. Earnings forecast

The following forecasts have been made regarding asset management operation in the fiscal period ending February 2018 (32nd fiscal period) and the fiscal period ending August 2018 (33rd fiscal period).

Please refer to the “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018) and the Fiscal Period Ending August 31, 2018 (33rd Fiscal Period: March 1, 2018 to August 31, 2018)” on the following page for the assumptions of the forecast.

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

the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018) the
Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018)

Operating revenues	31,662 million yen
Ordinary income	11,790 million yen
Net income	11,789 million yen
Distributions per unit	4,330 yen

- Fiscal period ending August 31, 2018 (33rd fiscal period: March 1, 2018 to August 31, 2018) (184 days)

Operating revenues	30,655 million yen
Ordinary income	10,389 million yen
Net income	10,388 million yen
Distributions per unit	4,330 yen

Note also that as described in “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018) and the Fiscal Period Ending August 31, 2018 (33rd Fiscal Period: March 1, 2018 to August 31, 2018)” below, JRF has conducted repurchase of own investment units, and expects or has conducted acquisition of properties after this fiscal period.

(1) Repurchase of Own Investment Units

Japan Retail Fund Investment Corporation (“JRF”) announces the current status of the repurchase of own investment units based on Article 80-2 of the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trusts Act”) applied pursuant to Article 80-5, Paragraph 2 of the Investment Trusts Act. After the completion of the repurchasing of own investment units, JRF plans to cancel all repurchased own units in this Fiscal Period Ending February 28, 2018 (32nd Fiscal Period)

1. Reasons for the repurchase of own investment units

As a result of comprehensively considering standards for investment unit prices, the state of funds in hand, the state of finances, and market conditions, JRF determined that increasing

investment efficiency by acquiring and repurchasing own investment units, and enhancing investor returns such as increased distributions per unit would result in increased unitholder value.

2. Details of matters relating to the repurchase

Total number of investment units to be repurchased	60,000 units (maximum)
Total amount of investment units to be repurchased	10,000,000,000 yen (maximum)
Repurchase period	From October 17, 2017 to January 31, 2018
Repurchase Method	The market purchase of its own investment units on the Tokyo Stock Exchange based on a discretionary transaction contract with a securities company

(Reference Information)

The following forecasts have been made regarding asset management operation in the fiscal period ending February 2018 (32nd fiscal period) and the fiscal period ending August 2018 (33rd fiscal period) taking these own investment units into account.

Please refer to the “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018) and the Fiscal Period Ending August 31, 2018 (33rd Fiscal Period: March 1, 2018 to August 31, 2018)” on the following page for the assumptions of the forecast.

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

the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018)

the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018)

Operating revenues	31,662 million yen
Ordinary income	11,735 million yen
Net income	11,734 million yen
Distributions per unit	4,391 yen

- Fiscal period ending August 31, 2018 (33rd fiscal period: March 1, 2018 to August 31, 2018) (184 days)

Operating revenues	30,655 million yen
Ordinary income	10,419 million yen
Net income	10,418 million yen
Distributions per unit	4,424 yen

(2) (Anticipated) Acquired Assets

JRF acquired and scheduled to acquire the trust beneficiary interest in real estate or real estate outlined in the chart below. (For details of properties acquired and scheduled to be acquired, please refer to the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in Kasugai (Land with leasehold interest)(Note) ” dated September 28, 2016, “JRF to Acquire 4 Properties in Japan” dated February 27, 2017, “Notice Concerning Acquisition of Real Estate in Japan (G-Bldg. Jingumae 07)” dated September 27, 2017, and “Notice Concerning Acquisition of a Trust Beneficiary Right in the Real Estate in Japan (Round1 Sannomiya Station)” dated October 11, 2017.)

(Note) Property name has changed to “Valor Kachigawa (Land with leasehold interest)”.

Property Name	Location	(Anticipated) Acquisition price (million yen)	(Anticipated) Acquisition Date
Valor Kachigawa (Land with leasehold interest) (trust beneficiary right in real estate)	Kasugai-shi, Aichi	6,350	October 6, 2017
Round1 Sannomiya Station (trust beneficiary right in real estate) (Note 1)	Chuo-ku, Kobe-shi, Hyogo	3,200	November 10, 2017
G-Bldg. Jingumae 07 (real estate) (Note 1)	Shibuya-ku, Tokyo	1,950	November 22, 2017
G-bldg. Shinsaibashi 03 (Bldg. B) (Land with leasehold interest) (trust beneficiary right in real estate) (Note 1)	Chuo-ku, Osaka-shi, Osaka	400	December 29, 2017 (Note 2)
Total	—	11,900	—

Note 1: The purchase and sale agreements of these properties shall apply Forward Commitment, etc. by an investment corporation as provided in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. established by the Financial Services Agency. Forward commitment, etc. referred to herein is defined as “forward-dated sales contract in which settlement and delivery of property will be made at least one month after the date of contract or other similar contracts.” With regard to Round1 Sannomiya Station, the relevant trust beneficiary interest purchase and sale agreement provides that in the case where JRF as purchaser breaches the agreement or makes a representation and warranty that is not true or could give rise to misunderstanding in a material point, the seller can cancel the agreement and that in this case, JRF as purchaser shall owe a duty to pay a penalty equal to 20% of the total purchase price. The appraised value of the property as of September 1, 2017 determined by a real estate appraiser is 3,300 million yen.

With regard to G-Bldg. Jingumae 07, the relevant real estate purchase and sale agreement provides that in the case where JRF as purchaser breaches the agreement or makes a representation and warranty that is not true or could give rise to a misunderstanding in a material point, the seller can cancel the agreement and that in this case, JRF as purchaser shall owe a duty to pay a penalty equal to 10% of the total purchase price. The appraised value of the property as of September 1, 2017 determined by a real estate appraiser is 2,080 million yen.

With regard to G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), the relevant trust beneficiary interest purchase and sale agreement provides that if JRF as purchaser breaches the agreement (including the case where representations and warranties are misrepresentations or not

true), the seller can cancel the agreement and that in this case, JRF as purchaser shall owe duty to pay compensation for damage incurred by the seller (provided, however, that the total amount of such compensation for damage shall not exceed 20% of the purchase price in total). The appraised value of the property as of August 31, 2017 determined by a real estate appraiser is 407 million yen.

Note 2: With regard to G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), JRF has agreed with the seller that if it can be reasonably determined that the building on G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) owned by a third party can be rebuilt, or if we and the seller decide that it is reasonable to postpone the acquisition of the land with leasehold interest and we and the seller agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2018 (32nd Fiscal Period: September 1, 2017 to February 28, 2018) and the Fiscal period ending August 31, 2018 (33rd fiscal period: March 1, 2018 to August 31, 2018)

Item	Assumption
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending February 28, 2018 (32nd fiscal period: September 1, 2017 to February 28, 2018) (181 days) - Fiscal period ending August 31, 2018 (33rd fiscal period: March 1, 2018 to August 31, 2018) (184 days)
Assets owned	<ul style="list-style-type: none"> - As of August 31, 2017, it was assumed that the 95 properties owned by JRF would reach 98 properties. These would include the addition of an acquired investment property announced in the Notice Concerning Acquisition of Trust Beneficiary Interest in Kasugai (Land with leasehold interest) dated September 28, 2016, the property acquisition announced in the “Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) dated February 27, 2017 (additional acquisition of existing property), the property planned for acquisition that was announced in the Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Jingumae 07 dated September 27, 2017 and the property planned for acquisition that was announced in the “Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan (Round1 Sannomiya Station)” dated October 11, 2017. - We also assume that no other (anticipated) changes (new property acquisitions and sales of owned properties etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current portfolio properties, etc., will occur prior to the end of the August 2018 (33rd) fiscal period except for the anticipated acquisitions above
Issue of units	<ul style="list-style-type: none"> - The number of investment units issued at the end of the fiscal period is 2,667,198 units, assuming that there will not be any additional issuance of new investment units or acquisition/cancellation of own investment units. - Moreover, the number of units issued at the end of fiscal period in an operating state taking the own investment unit acquisition described in “iii. Next period results forecasts (1) Acquisition of own investment units (reference data)” into account was 200,300 yen, which was the closing price on October 13, 2017 for JRF’s investment units. This comprised 2,617,273 units, which was the amount if own investment units were acquired until the upper limit (10 billion yen) for the total value of investment units were acquired and then cancelled. It is assumed that there will be no additional issuance of new investment units or acquisition/cancellation of own investment units other than this present own investment acquisition and cancellation.
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debt as of August 31, 2017 stood at 393,091 million yen. However, as a result of (i) loan agreements in the amount of 4,000 million yen that were concluded on September 8, 2017 and took effect on September 14, 2017 and October 2, 2017 and (ii) loan agreements in the amount of 5,000 million yen that were concluded on September 22, 2017 and took effect on September 29, 2017 and October 2, 2017 and (iii) repayment of loans in the amount of 9,200 million yen, which matured on September 14, 2017, September 29, 2017 and October 2, 2017; interest-bearing debt as of the date of this document is 392,891 million yen, which comprises long-term borrowings and investment corporation bonds in the amounts of 363,391 million yen, and 29,500 million yen, respectively. - Out of the interest-bearing debt outstanding as of the date of this document, long-term debts in the amount of 42,466 million yen is to be repaid in the February 2018 (32nd) and August 2018 (33rd) fiscal period before maturity. We assume that we will repay part of these debts with cash on hand and repay the rest through funding including debt financing.

Item	Assumption
Operating revenues	<ul style="list-style-type: none"> - Rental and other operating revenues are calculated based on the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. - We assume that there will be no arrears or nonpayment of rent by our tenants. - With respect to G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), we have agreed with the seller that if it can be reasonably determined that the building on the north-side land can be rebuilt or if we and the seller decide that it is reasonable to postpone the acquisition of the north-side land and if we agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date. The forecast of operating revenues of the property have been calculated under the assumption that we acquire the property on December 29, 2017.
Operating expenses	<ul style="list-style-type: none"> - We assume that taxes and public charge of 2,666 million yen and 2,826 million yen in the February 2018 (32nd) fiscal period and the August 2018 (33rd) fiscal period, respectively. - With respect to fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes and other taxes”) on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as rental expenses. However, should any need arise for settlement, such as a need to pay settlement amount for fixed asset taxes and other taxes, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to fixed asset taxes and other taxes”), such amounts are taken into account in the purchase price of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to fixed asset taxes and other taxes for the 4 properties (including additional acquisition of an existing property) that we anticipate acquiring during 2017, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2018 onwards. <p>We have assumed the amounts equivalent to fixed asset taxes and other taxes which will be included in the 4 properties to be acquired to be equivalent to 4 million yen in total.</p> <ul style="list-style-type: none"> - We assume that repair and maintenance will be 455 million yen for the February 2018 (32nd) fiscal period and 701 million yen for the August 2018 (33rd) fiscal period. - We assume that depreciation will be 5,781 million yen for the February 2018 (32nd) fiscal period and 5,740 million yen for the August 2018 (33rd) fiscal period. - We assume that property management fees will be 850 million yen for the February 2018 (32nd) fiscal period and 753 million yen for the August 2018 (33rd) fiscal period, and building management fees will be 1,451 million yen for the February 2018 (32nd) fiscal period and 1,443 million yen for the August 2018 (33rd) fiscal period. - We assume that we will incur 42 million in expenses for the loss on disposal of fixed assets related to the installation of LED at mozo wonder city and the removal of escalators at CuteCube Harajuku in the February 2018 (32nd) fiscal period and ¥106 million for loss on disposal of fixed assets related to the replacement of tenants at GYRE and mozo wonder city in the February 2018 (32nd) fiscal period, respectively. With respect to the loss on disposal of fixed assets described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation.
Non-operating expenses	<ul style="list-style-type: none"> - We assume that non-operating expenses (including interest expense, loan-related costs, corporate bonds interest, amortization of unit issuance costs, etc.) will be 2,221 million yen for the February 2018 (32nd) fiscal period and 2,236 million yen for the August 2018 (33rd) fiscal period.
Distributions per unit	<ul style="list-style-type: none"> - Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - Regarding the distributions for the February 2018 (32nd) fiscal period, it is assumed that

Item	Assumption
	<p>a total of 11,548 million yen will be distributed (distributions per unit: 4,330 yen) by adding 31 million yen from the reversal of 3,106 million yen in retained earnings for temporary difference adjustment to the 11,789 million yen in unappropriated retained earnings at the end of the period, with 272 million yen as the bonus reserve and after retaining profit.</p> <ul style="list-style-type: none"> - Regarding the distributions for the August 2018 (33rd) fiscal period, it is assumed that a total of 11,548 million yen will be distributed (distributions per unit: 4,330 yen) by adding 684 million yen from reversal total compressed savings of 476 million yen and 3,075 million yen in retained earnings for temporary difference adjustment to 10,388 million yen in unappropriated retained earnings at the end of the period. - It is assumed that retained earnings for temporary difference adjustment will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period ended in February 2017.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> - We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

3. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	February 28, 2017	August 31, 2017
ASSETS		
Current assets:		
Cash and bank deposits	36,992,135	46,672,631
Cash and bank deposits in trust (Note 1)	10,956,980	12,146,532
Rent receivables	628,575	692,240
Income taxes receivable	120	42
Consumption tax refundable	494,488	-
Other current assets	1,195,088	1,215,267
Total current assets	50,267,389	60,726,714
Non-current assets:		
Property and equipment:		
Buildings	2,354,707	2,356,379
Accumulated depreciation	(406,954)	(449,109)
Buildings, net	1,947,752	1,907,269
Building improvements	63,419	63,419
Accumulated depreciation	(17,409)	(18,828)
Building improvements, net	46,010	44,590
Furniture and fixtures	16,555	16,555
Accumulated depreciation	(10,554)	(11,208)
Furniture and fixtures, net	6,000	5,346
Land	26,492,859	26,492,859
Construction in progress	1,750	12,913
Buildings in trust (Note 2)	295,264,747	300,295,648
Accumulated depreciation	(88,368,555)	(92,318,236)
Buildings in trust, net (Note 1)	206,896,192	207,977,411
Building improvements in trust	14,495,221	14,683,443
Accumulated depreciation	(5,090,970)	(5,236,674)
Building improvements in trust, net (Note 1)	9,404,251	9,446,769
Machinery and equipment in trust	2,051,073	2,073,709
Accumulated depreciation	(1,001,517)	(1,064,534)
Machinery and equipment in trust, net (Note 1)	1,049,556	1,009,175
Furniture and fixtures in trust	4,281,300	4,402,291
Accumulated depreciation	(2,508,376)	(2,637,752)
Furniture and fixtures in trust, net (Note 1)	1,772,924	1,764,538
Land in trust (Note 1)	548,901,327	578,353,036
Construction in progress in trust (Note 1)	42,679	42,536
Total property and equipment	796,561,305	827,056,448
Intangible assets:		
Leasehold rights in trust	5,239,391	5,214,506
Other intangible assets in trust	95,409	85,462
Total intangible assets	5,334,801	5,299,969
Investment and other assets:		
Lease deposits in trust	1,648,023	1,862,982
Long-term prepaid expenses	2,091,111	1,844,356
Other investments (Note 1)	520,292	520,292
Total investment and other assets	4,259,426	4,227,631
Total non-current assets	806,155,533	836,584,049
Deferred assets:		
Investment unit issuance costs	93,668	167,338
Investment corporation bond issuance costs	110,631	153,193
Total deferred assets	204,300	320,531
TOTAL ASSETS	856,627,222	897,631,296

(To be continued on the following page)

(Thousands of yen)

	As of	
	February 28, 2017	August 31, 2017
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	1,623,314	1,914,707
Current portion of long-term bonds issued – unsecured	15,000,000	-
Current portion of long-term borrowings	37,800,000	51,666,000
Accounts payable – other	14,723	11,434
Accrued expenses	2,041,753	2,119,549
Income taxes payable	605	605
Consumption tax payable	-	368,743
Rent received in advance	3,120,758	3,293,278
Deposits received	1,078,142	1,371,655
Current portion of tenant leasehold and security deposits in trust (Note 1)	952,499	678,315
Derivatives liabilities	35,322	29,953
Other current liabilities	89,972	107,811
Total current liabilities	61,757,090	61,562,052
Non-current liabilities:		
Long-term bonds issued – unsecured	22,500,000	29,500,000
Long-term borrowings	304,691,000	311,925,000
Tenant leasehold and security deposits	1,853,650	1,893,781
Tenant leasehold and security deposits in trust (Note 1)	47,907,525	49,566,000
Asset retirement obligations	486,239	489,502
Derivatives liabilities	773,640	725,916
Other non-current liabilities	2,430	1,846
Total non-current liabilities	378,214,485	394,102,048
TOTAL LIABILITIES	439,971,576	455,664,100
Net Assets (Note 5)		
Unitholders' equity:		
Unitholders' capital	387,198,507	411,878,082
Surplus:		
Capital surplus	14,986,826	14,986,826
Voluntary reserve		
Reserve for reduction entry of property	476,272	476,272
Reserve for dividends	3,138,254	817,906
Retained earnings for temporary difference adjustment (Note 4)	-	3,138,254
Total voluntary reserve	3,614,527	4,432,434
Retained earnings	11,664,748	11,425,723
Total surplus	30,266,101	30,844,983
Total unitholders' equity	417,464,608	442,723,065
Valuation and translation adjustments:		
Deferred losses on hedges	(808,962)	(755,869)
Total valuation and translation adjustments	(808,962)	(755,869)
TOTAL NET ASSETS	416,655,646	441,967,195
TOTAL LIABILITIES AND NET ASSETS	856,627,222	897,631,296

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	February 28, 2017	August 31, 2017
Operating revenues		
Rent and other operating revenues (Note 6)	30,199,207	30,999,995
Gain on sales of property (Note 7)	1,385,919	11,724
Total operating revenues	31,585,127	31,011,719
Operating expenses		
Property-related expenses (Note 6)	14,689,965	14,190,092
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 operating expenses	17,603,643	17,268,117
Operating income	13,981,484	13,743,602
Non-operating revenues		
Interest income	823	280
Other non-operating revenues	2,422	6,253
Total non-operating revenues	3,245	6,533
Non-operating expenses		
Interest expenses	1,561,436	1,612,512
Interest expenses on investment corporation bonds	279,044	201,276
Amortization of investment corporation bond issuance costs	10,928	11,149
Amortization of investment unit issuance costs	49,958	69,372
Loan-related costs	413,546	424,959
Other non-operating expenses	4,463	4,536
Total non-operating expenses	2,319,376	2,323,807
Ordinary income	11,665,353	11,426,328
Income before income taxes	11,665,353	11,426,328
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	11,664,748	11,425,723
Unappropriated earnings at beginning of period	-	-
Retained earnings at the end of period	11,664,748	11,425,723

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity									Valuation and translation adjustments		
	Surplus											
	Voluntary reserve											
	Retained earnings for temporary difference adjustment											
	Unitholders' capital (Note 5)	Capital surplus	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of August 31, 2016	387,198,507	14,986,826	502,120	3,138,254	-	3,640,375	10,820,993	29,448,195	416,646,702	(1,372,129)	(1,372,129)	415,274,573
<u>Changes during the period</u>												
Reversal of reserve for reduction entry of property	-	-	(25,848)	-	-	(25,848)	25,848	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	(10,846,841)	(10,846,841)	(10,846,841)	-	-	(10,846,841)
Net income	-	-	-	-	-	-	11,664,748	11,664,748	11,664,748	-	-	11,664,748
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	563,166	563,166	563,166
<u>Total changes during the period</u>	-	-	(25,848)	-	-	(25,848)	843,754	817,906	817,906	563,166	563,166	1,381,072
Balance as of February 28, 2017	387,198,507	14,986,826	476,272	3,138,254	-	3,614,527	11,664,748	30,266,101	417,464,608	(808,962)	(808,962)	416,655,646
<u>Changes during the period</u>												
Issuance of new investment units	24,679,575	-	-	-	-	-	-	-	24,679,575	-	-	24,679,575
Provision of reserve for dividends	-	-	-	817,906	-	817,906	(817,906)	-	-	-	-	-
Reversal of reserve for dividends	-	-	-	(3,138,254)	-	(3,138,254)	3,138,254	-	-	-	-	-
Provision of retained earnings for temporary difference adjustment	-	-	-	-	3,138,254	3,138,254	(3,138,254)	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	(10,846,841)	(10,846,841)	(10,846,841)	-	-	(10,846,841)
Net income	-	-	-	-	-	-	11,425,723	11,425,723	11,425,723	-	-	11,425,723
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	53,092	53,092	53,092
<u>Total changes during the period</u>	24,679,575	-	-	(2,320,348)	3,138,254	817,906	(239,024)	578,881	25,258,456	53,092	53,092	25,311,549
Balance as of August 31, 2017	411,878,082	14,986,826	476,272	817,906	3,138,254	4,432,434	11,425,723	30,844,983	442,723,065	(755,869)	(755,869)	441,967,195

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

(4) Statements of cash distributions

		(Yen)	
		For the six months ended	
		February 28, 2017	August 31, 2017
I	Retained earnings at the end of period	11,664,748,025	11,425,723,026
II	Reversal of voluntary reserve		
	<i>Reversal of reserve for dividends</i>	3,138,254,927	-
	<i>Reversal of retained earnings for temporary difference adjustment (Note 8)</i>	-	31,382,550
III	Cash distribution declared	10,846,841,500	11,455,615,410
	<i>(Cash distribution declared per unit)</i>	<i>(4,250)</i>	<i>(4,295)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	817,906,525	-
	<i>Provision of retained earnings for temporary difference adjustment (Note 8)</i>	3,138,254,927	-
V	Retained earnings carried forward	-	1,490,166

For the six months ended February 28, 2017:

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

For the six months ended August 31, 2017:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended August 31, 2017 amounting to ¥11,455,615,410 consisted all of retained earnings at the end of the period and reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	February 28, 2017	August 31, 2017
Cash Flows from Operating Activities:		
Income before income taxes	11,665,353	11,426,328
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,632,635	5,733,278
Amortization of investment corporation bond issuance costs	10,928	11,149
Amortization of investment unit issuance costs	49,958	69,372
Gain on sales of property	(1,385,919)	(11,724)
Loss on disposal of fixed assets	37,649	66,980
Interest income	(823)	(280)
Interest expenses	1,840,480	1,813,788
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	189,714	(63,665)
(Increase) decrease in income taxes receivable	(87)	78
(Increase) decrease in consumption tax refundable	(494,488)	494,488
(Increase) decrease in long-term prepaid expenses	224,806	246,754
Increase (decrease) in accounts payable - operating	(254,616)	136,737
Increase (decrease) in consumption tax payable	(920,678)	368,743
Increase (decrease) in accounts payable - other	(1,824)	(3,289)
Increase (decrease) in accrued expenses	(30,786)	102,084
Increase (decrease) in rent received in advance	63,073	172,519
Increase (decrease) in deposits received	(263,448)	293,512
Other, net	44,803	5,672
Sub total	16,406,727	20,862,532
Interest received	823	280
Interest expenses paid	(1,894,225)	(1,838,078)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	14,512,720	19,024,129
Cash Flows from Investing Activities:		
Purchase of property and equipment	(1,566,508)	(12,835)
Purchase of property and equipment in trust	(8,542,340)	(42,016,642)
Proceeds from sales of property and equipment in trust	7,294,458	5,985,965
Purchase of intangible assets in trust	-	(40,601)
Payments of tenant leasehold and security deposits	(111,680)	(38,254)
Proceeds from tenant leasehold and security deposits	174,354	67,083
Payments of tenant leasehold and security deposits in trust	(2,161,656)	(1,472,254)
Proceeds from tenant leasehold and security deposits in trust	1,585,235	2,856,243
Payments of lease deposits in trust	-	(222,568)
Proceeds from lease deposits in trust	7,729	7,610
Payments for restricted bank deposits in trust	(61)	-
Other expenditures	(60)	-
Net cash provided by (used in) investing activities	(3,320,528)	(34,886,254)
Cash Flows from Financing Activities:		
Repayments of short-term borrowings	(3,500,000)	-
Proceeds from long-term borrowings	14,000,000	31,500,000
Repayments of long-term borrowings	(10,900,000)	(10,400,000)
Proceeds from issuance of investment corporation bonds	-	6,946,288
Redemption of investment corporation bonds	-	(15,000,000)
Proceeds from issuance of investment units	-	24,536,532
Distribution payments	(10,844,609)	(10,850,649)
Net cash provided by (used in) financing activities	(11,244,609)	26,732,172
Net change in cash and cash equivalents	(52,417)	10,870,047
Cash and cash equivalents at beginning of period	47,488,299	47,435,881
Cash and cash equivalents at end of period (Note 9)	47,435,881	58,305,928

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

(6) Note relating to going concern assumption

Not applicable.

(7) Summary of significant accounting policies

(a) Property and equipment

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

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

(b) Other intangible assets in trust

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

(c) Leased assets

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

(d) Long-term prepaid expenses

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

(e) Investment unit issuance costs

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

(f) 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.

(g) Taxes on property and equipment

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

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

Taxes on property and equipment capitalized amounted to ¥4,162 thousand and ¥117,353 thousand for the six months ended February 28, 2017 and August 31, 2017, respectively.

(h) Hedge accounting

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

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

(i) Cash and cash equivalents

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

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

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

(k) Consumption tax

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

(8) Notes to financial information

Note 1 — Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥22,839,681 thousand and ¥21,721,308 thousand as of February 28, 2017 and August 31, 2017, respectively.

	(Thousands of yen)	
	As of	
	February 28, 2017	August 31, 2017
Cash and bank deposits in trust	513,234	513,234
Buildings in trust	70,807,419	68,367,719
Building improvements in trust	3,502,825	3,304,875
Machinery and equipment in trust	277,818	267,719
Furniture and fixtures in trust	775,425	766,763
Land in trust	162,796,337	157,990,412
Construction in progress in trust	10,602	17,537
Other investments	519,256	519,256
Total	239,202,919	231,747,520

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

Note 2 — Reduction Entry for Property

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2017	August 31, 2017
Buildings in trust	379,796	379,796

Note 3 — Credit facilities and commitment lines

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

(Thousands of yen)

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

Note 4 — 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

(Thousands of yen)

	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period	Reason for provision or reversal
Reserve for dividends ⁽ⁱ⁾	3,138,254	-	3,138,254	-	3,138,254	Applying Article 3 of the Supplementary Provision of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015)

Note:

(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 equal to or more than initial amount divided by 50 years.

Note 5 — Net assets

(1) Number of investment units

	As of	
	February 28, 2017	August 31, 2017
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,552,198 units	2,667,198 units

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

Note 6 — Analysis of 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:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2017	August 31, 2017
Rent and other operating revenues:		
Rent and parking revenue	26,402,223	27,475,120
Common area charges	1,299,696	1,459,411
Other	2,497,287	2,065,463
Total rent and other operating revenues	30,199,207	30,999,995
Property-related expenses:		
Property management fees	888,515	773,455
Facility management fees	1,359,302	1,393,858
Utilities	1,404,991	1,639,983
Property-related taxes	2,655,236	2,686,755
Repair and maintenance	815,154	204,040
Insurance	36,400	34,885
Trust fees	65,557	63,673
Rent expense	768,499	768,133
Other	1,026,083	825,096
Depreciation	5,632,575	5,733,228
Loss on disposal of property	37,649	66,980
Total property-related expenses	14,689,965	14,190,092
Operating income from property leasing activities	15,509,242	16,809,902

Note 7 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2017	August 31, 2017
Sale of property	7,395,000	6,081,488
Cost of property	(5,908,538)	(5,974,241)
Other sales expenses	(100,541)	(95,522)
Gain on sales of property, net	1,385,919	11,724

Note 8 — Provision of retained earnings for temporary difference adjustment**For the six months ended February 28, 2017 :**

JRF transferred all of remaining reserve for dividends which was derived from negative goodwill to retained earnings for temporary difference adjustment by applying Article 3 of the Supplementary Provision of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015) in the statements of cash distributions for the six months ended February 28, 2017. The retained earnings for temporary difference adjustment will be reversed in forthcoming periods by equal to or more than amount divided by 50 years.

For the six months ended August 31, 2017 :

JRF transferred all of remaining reserve for dividends amounting to ¥3,138,254,927 as of February 28, 2017 which was derived from negative goodwill to retained earnings for temporary difference adjustment by applying Article 3 of the Supplementary Provision of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015) in the statements of cash distributions for the six months ended February 28, 2017. The retained earnings for temporary difference adjustment are required to be reversed in or after the six months ended August 31, 2017 by equal to or more than initial amount divided by 50 years (equal to or more than ¥31,382,550 for each fiscal period). For the six months ended August 31, 2017, JRF reversed ¥31,382,550 of retained earnings for temporary difference adjustment.

Note 9 — Cash and cash equivalents

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

(Thousands of yen)

	As of	
	February 28, 2017	August 31, 2017
Cash and bank deposits	36,992,135	46,672,631
Cash and bank deposits in trust	10,956,980	12,146,532
Restricted bank deposits in trust ⁽ⁱ⁾	(513,234)	(513,234)
Cash and cash equivalents	47,435,881	58,305,928

Note:

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

Note 10 — Lease rental revenues**(a) Lease rental revenues**

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

(Thousands of yen)

	As of	
	February 28, 2017	August 31, 2017
Due within one year	23,010,829	24,468,692
Due after one year	92,879,819	91,260,909
Total	115,890,649	115,729,601

(b) Lease commitments

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

Note 11 — Financial instruments**(a) Qualitative information for financial instruments****(i) Policy for financial instrument transactions**

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

Liquidity risks relating to borrowings, 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

(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.

(Thousands of yen)

	As of February 28, 2017			As of August 31, 2017		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	36,992,135	36,992,135	-	46,672,631	46,672,631	-
(2) Cash and bank deposits in trust	10,956,980	10,956,980	-	12,146,532	12,146,532	-
Total assets	47,949,116	47,949,116	-	58,819,163	58,819,163	-
(1) Current portion of long-term bonds issued - unsecured	15,000,000	15,068,550	(68,550)	-	-	-
(2) Current portion of long-term borrowings	37,800,000	37,804,613	(4,613)	51,666,000	51,945,546	(279,546)
(3) Current portion of tenant leasehold and security deposits in trust	952,499	963,226	(10,727)	678,315	689,028	(10,713)
(4) Long-term bonds issued - unsecured	22,500,000	23,513,210	(1,013,210)	29,500,000	30,563,990	(1,063,990)
(5) Long-term borrowings	304,691,000	308,825,642	(4,134,642)	311,925,000	315,889,806	(3,964,806)
(6) Tenant leasehold and security deposits in trust	2,534,437	2,675,743	(141,306)	3,289,748	3,414,948	(125,200)
Total liabilities	383,477,936	388,850,985	(5,373,048)	397,059,063	402,503,319	(5,444,256)
Derivatives (derivatives liabilities), net	(808,962)	(808,962)	-	(755,869)	(755,869)	-

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

Assets

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

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

Liabilities

(1) Current portion of long-term bonds issued - unsecured and (4) Long-term bonds issued - unsecured

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

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

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

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

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

Derivatives

Please refer to "Note 13—Derivatives".

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

(Thousands of yen)

	As of	
	February 28, 2017	August 31, 2017
Tenant leasehold and security deposits	1,853,650	1,893,781
Tenant leasehold and security deposits in trust	45,373,087	46,276,252
Total	47,226,737	48,170,033

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

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

(Thousands of yen)

As of February 28, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	36,992,135	-	-	-	-	-
Cash and bank deposits in trust	10,956,980	-	-	-	-	-
Total	47,949,116	-	-	-	-	-
As of August 31, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	46,672,631	-	-	-	-	-
Cash and bank deposits in trust	12,146,532	-	-	-	-	-
Total	58,819,163	-	-	-	-	-

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

(Thousands of yen)

As of February 28, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term bonds issued - unsecured	15,000,000	-	-	-	-	-
Current portion of long-term borrowings	37,800,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	952,499	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	-	-	22,500,000
Long-term borrowings	-	46,266,000	49,500,000	44,575,000	34,000,000	130,350,000
Tenant leasehold and security deposits in trust	-	619,250	619,250	605,937	590,000	100,000
Total	53,752,499	46,885,250	50,119,250	45,180,937	34,590,000	152,950,000
As of August 31, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term borrowings	51,666,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	678,315	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	-	5,000,000	24,500,000
Long-term borrowings	-	59,000,000	45,500,000	38,575,000	33,000,000	135,850,000
Tenant leasehold and security deposits in trust	-	678,315	678,315	663,127	658,065	611,924
Total	52,344,315	59,678,315	46,178,315	39,238,127	38,658,065	160,961,924

Note 12 — Securities

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

Note 13 — Derivatives

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

As of February 28, 2017

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

As of August 31, 2017

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	127,075,000	99,575,000	(755,869)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500,000	122,500,000	- ⁽ⁱ⁾	-
Total			249,575,000	222,075,000	(755,869) ⁽ⁱ⁾	-

Note:

- (i) As disclosed in “(7) Summary of significant accounting policies (h) Hedge accounting”, JRF applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, is determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term borrowings as hedged item is calculated together as one and disclosed as such under Note (i) in “Note 11 Financial instruments (b) Quantitative information for financial instruments”.
- (ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- (iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts.

Note 14 — Related-party transaction

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

Note 15 — Tax effect accounting

Deferred tax assets and liabilities consist of the following:

	As of	
	February 28, 2017	August 31, 2017
Deferred tax assets:		
Current:		
Tax loss carryforwards	2,399,448	2,395,414
Other	11,211	9,507
Sub total	2,410,659	2,404,921
Valuation allowance	(2,410,659)	(2,404,921)
Total current deferred tax assets	-	-
Non-current:		
Amortization of leasehold rights	77,080	86,958
Depreciation	12,604	12,251
Asset retirement obligations	153,603	154,633
Valuation differences on assets acquired through merger	5,370,630	5,365,162
Deferred losses on hedges	244,266	229,178
Other	32,058	32,058
Sub total	5,890,243	5,880,244
Valuation allowance	(5,890,243)	(5,880,244)
Total non-current deferred tax assets	-	-
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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

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

Note 16 — Asset retirement obligations

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

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

	For the six months ended	
	February 28, 2017	August 31, 2017
Balance at the beginning of the period	483,054	486,239
Adjustment for passage of time	3,185	3,262
Balance at the end of the period	486,239	489,502

Note 17 — Fair value of investment and rental property

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2017	August 31, 2017
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	803,637,527	801,896,056
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(1,741,471)	30,458,617
Balance at the end of the period	801,896,056	832,354,673
Fair value⁽ⁱⁱⁱ⁾	916,831,488	959,530,000

Note:

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

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

	Increase (decrease) in net book value
(Thousands of yen)	
For the six months ended February 28, 2017:	
Acquisitions:	
G-Bldg. Takadanobaba 01.....	3,698,490
G-Bldg. Sendai Ichibancho 01.....	1,575,028
G-Bldg. Jiyugaoka 01.....	511,711
Capital expenditures:	
Renewal construction of Nara Family.....	3,910,629
Renewal construction including seismic strengthening works of Bic Camera Tachikawa.....	2,826,144
Disposition:	
AEON MALL Kashiihama (partial disposition of interest of quasi-co-ownership).....	(5,908,538)
For the six months ended August 31, 2017:	
Acquisitions:	
MARINE & WALK YOKOHAMA.....	11,455,988
G-Bldg. Midouji 01.....	10,448,332
G-Bldg. Naha-shintoshin 01.....	5,724,880
G-Bldg. Tenjin Nishi-dori 01.....	4,988,296
G-Bldg. Shinsaibashi 03 (additional acquisition).....	8,031,912
Oyama Yuen Harvest Walk (additional acquisition).....	265,533
Capital expenditures:	
Construction of interior for a tenant of Nara Family.....	115,362
Disposition:	
Ito-Yokado Kamifukuoka Higashi.....	(5,974,241)

(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 6 — Analysis for rent and other operating revenues and property-related expenses”.

Note 18 — 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 JRF is comprised of a single reportable segment engaged in the property rental business.

(b) Enterprise-wide disclosures

(i) Information about products and services

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

(ii) Information about geographic areas

Revenues from overseas customers:

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

Tangible fixed assets:

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

(c) Information about major customers

(Thousands of yen)

Name of customer	Revenues for the six months ended		Related segment
	February 28, 2017	August 31, 2017	
AEON Mall Co., Ltd.	3,333,445	3,499,274	Property rental business
AEON Retail Co., Ltd.	3,267,741	3,264,887	Property rental business

Note:

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

Note 19 — Per unit information

The net asset value per unit as of February 28, 2017 and August 31, 2017 was ¥163,253 and ¥165,704, respectively. Net income per unit for the six months ended February 28, 2017 and August 31, 2017 was ¥4,570 and ¥4,297, respectively.

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.

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

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

	For the six months ended	
	February 28, 2017	August 31, 2017
Net income	11,664,748	11,425,723
Effect of dilutive unit	-	-
Net income available to common unitholders	11,664,748	11,425,723
Weighted-average number of investment units outstanding for the period	2,552,198 units	2,658,869 units

Note 20 — Subsequent events

Acquisition of own investment units

The Board of Directors of JRF, at its meeting held on October 16, 2017, resolved to acquire its own investment units by JRF 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 as follows. All the acquired own investment units will be cancelled in this Fiscal Period Ending February 28, 2018.

(1) Reason for the acquisition

The acquisition of own investment units was resolved with the intention of enhancing return to unitholders by improvement of the capital efficiency and increase of distribution per unit, etc. for the purpose of increasing unitholders value, upon comprehensive consideration of market price of the investment unit, condition of funds on hands or financial position and market condition.

(2) Outline of the acquisition

Total number of own 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.

(9) Changes in investment unit issued and outstanding

The changes in unitholders' capital and number of investment units issued and outstanding for last five years until August 31, 2017 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 (or specified assets in the future).

Note 6 New investment units were issued at a price of ¥202,566 per unit (subscription price of ¥196,261 per unit) through a public offering in order to raise funds for acquiring new real property.

Note 7 New investment units were issued at a price of ¥196,261 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (or specified assets in the future).

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 (or specified assets in the future).

4. Changes in officers

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

5. Additional information

(1) Composition of assets

Classification of Assets	Region	As of February 28, 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
Sub-total		801,896	93.6	832,354	92.7
Bank deposits and other assets		54,731	6.4	65,276	7.3
Total assets		856,627	100.0	897,631	100.0
Total liabilities (Note 2)		439,971	51.4	455,664	50.8
Total net assets		416,655	48.6	441,967	49.2

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

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of August 31, 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.

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

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. 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
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-ku, 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, Kawaramachidori, 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

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)
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 Rokkaku-sagaru 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
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 Kanjyo	241, Ishiwara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,420	1,664

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)
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, Higashiyodogawa-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	102,169.00	18,200	15,632
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,240	2,445
Tecc Land Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, 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 Sōgō Appraisal Co., Ltd.) in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of JRF as well as the regulations as stipulated by The Investment Trusts Association, Japan.

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

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

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

Operating results of each property for the six months ended 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)
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

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) (%)
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 Kanifukuoka 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)
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

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) (%)
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 StadiumSakai 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 StadiumTakatsuki	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
DFS T 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
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.