

Japan Retail Fund Investment Corporation

32nd Semi-Annual Report

September 1, 2017 – February 28, 2018

Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (JRF)

J-REIT Specializing in Retail Properties

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 100 properties throughout Japan, with a value of approximately 910.1 billion yen, making it the largest J-REIT specializing in retail properties, and one of the largest REITs listed in Japan. (As of February 28, 2018)

Carefully-screened Distributed Investment

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

Stable Distributions

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

Strong Sponsors

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

To Our Unitholders

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

In terms of the Japanese macro economy during this February 2018 (32nd) fiscal period, favorable corporate performance has been maintained based on a solid worldwide economy. A favorable trend was maintained, with the real GDP growth rate for the October to December 2017 quarter positive for the eighth consecutive period. For the J-REIT market, the TSE REIT index reached 1,605 points in November 2017, which was the lowest result of the year. However, it then showed a recovering trend as a result of investment inflow from ETF and overseas investors, to continue in our current condition with a stable foundation.

Under the market environment as described above, JRF has implemented various measures in the aim of improving its portfolio profitability, such as repurchasing and canceling its own investment units as a new measure for unitholder returns, as well as acquiring urban-type assets with strong locational advantage and renewal of owned assets. Looking at results for this fiscal period, operating revenue increased by 3.1% compared to the previous fiscal period to 31,967 million yen and net income increased by 7.1% to 12,232 million yen. A total amount of 11,545 million yen was distributed by adding part of net income from this fiscal period into the Distribution Reserve after deducting from unappropriated retained earnings. As a result, distributions per unit amounted to 4,410 yen, an increase of 115 yen over the previous period, which was partially a result of the repurchase and cancellation of own investment units.

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

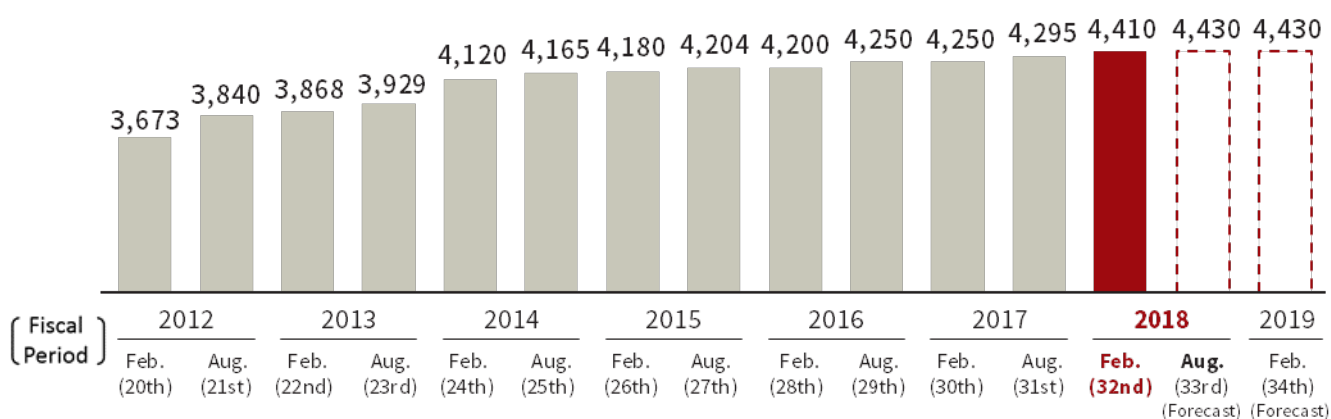
We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 32nd Fiscal Period

➤ Distribution per unit (Japanese Yen)

4,410 yen



➤ Financial results

	Aug. 2016 fiscal period	Feb. 2017 fiscal period	Aug. 2017 fiscal period	Feb. 2018 fiscal period
Operating Revenue	37.0 billion yen	31.5 billion yen	31.0 billion yen	31.9 billion yen
Operating Income	13.8 billion yen	13.9 billion yen	13.7 billion yen	14.4 billion yen
Net Income	10.8 billion yen	11.6 billion yen	11.4 billion yen	12.2 billion yen
NAV per Unit	162 thousand yen	163 thousand yen	165 thousand yen	165 thousand yen

➤ Total assets and the number of properties

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



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

Message from the President of the Asset Management Company

Points

- Repurchased own investment units amounting to a total of approximately 10 billion yen as a new measure for unitholder returns
- Increased the proportion of urban-type assets in the portfolio through the acquisition of four urban-type assets
- Renewal and re-opening of KAMISHIN PLAZA (Higashiyodogawa-ku, Osaka-shi, Osaka) and Oyama Yuen Harvest Walk (Oyama-shi, Tochigi)

In addition to increasing unitholder value through the repurchase of own investment units, efforts were made to acquire urban-type assets and to increase the competitive power of owned assets in order to stabilize our portfolio.

On April 1, 2018, I was appointed as President and Representative Director of Mitsubishi Corp.-UBS Realty Inc. While inheriting the firm foundation and course of direction cultivated under the leadership of previous president Toru Tsuji, I will make every effort to increase unitholder value. As representative of the Asset Management Company, I will describe the state of JRF operations in the February 2018 (32nd) fiscal period.

An important topic in this fiscal period is the fact that we repurchased own investment units amounting to a total of approximately 10 billion yen as a new measure for unitholder returns. We implemented this measure because of current market conditions in which opportunities to acquire properties that combine quality and profitability are decreasing. The decision was made to use this ample amount of cash on hand at this point in time because repeated investigations indicated that increasing capital efficiency by repurchasing and canceling own investment units, and enhancing unitholder returns by increasing distributions would be the most effective means of increasing unitholder value.

Improvement of unitholder's value through repurchasing of own investment units

Detail of implementation

Total number of investment units repurchased	49,181 units (1.88% of the total number of issued investment units (excluding the number of own investment units))
Total amount of investment units repurchased	9,999,980,266 yen
Repurchase period	Oct. 17, 2017 ~ Jan. 23, 2018
Acquisition funds	Cash on hand

→ Total Number of own investment units were cancelled during the fiscal period ended Feb. 2018 (32nd period).

The effects of repurchase of own investment units

■ Investment unit price	Before (as of Oct. 16, 2017)		After (as of Jan. 23, 2018)
	200,400 yen	+7.4%	215,300 yen
■ Distribution per unit Feb. 2018 (32nd) period	Before		After
	4,330 yen	+80yen	4,410 yen
■ NAV per unit	Before		After (Note)
	213,500 yen	+100yen	213,600 yen

(Note) Calculated by deducting the total number of repurchased own investment units from NAV before the repurchase, and by deducting the total number of repurchased own investment units from the total number of investment units outstanding before the repurchase.

Meanwhile, despite difficult market conditions, we utilized JRF's network as one of the largest domestic buyers of retail properties in order to acquire superior urban-type assets. Four new urban-type assets were acquired this fiscal period, including G-Bldg. Midotsuji 02 (Chuo-ku, Osaka-shi, Osaka), a retail property located on the largest luxury brand shopping street in western Japan and G-Bldg. Kobe

Sannomiya 01 (Chuo-ku, Kobe-shi, Hyogo), a multi-tenant retail property located close to a major terminal station in the Kansai region. The proportion of urban-type assets in JRF's portfolio increased by 1.3% compared to at the end of the previous period, to reach 49.2%, which is close to the mid-term target of 50%. Going forward, initiatives will be implemented to further improve the urban-type asset ratio, with plans to enhance portfolio quality in terms of strong locational advantage and tenant substitutability.

Multiple projects are being steadily proceeded with to improve the competitive ability of assets in the mid- to long-term. KAMISHIN PLAZA (Higashiyodogawa-ku, Osaka-shi, Osaka) and Oyama Yuen Harvest Walk (Oyama-shi, Tochigi) were renewed and re-opened in September and October 2017, respectively.

Thus, by the well-balanced implementation of the carefully-selected investment in superior urban-type assets and increasing the value of owned assets this fiscal period, JRF has succeeded in enhancing its portfolio stability and profitability. This has made it possible to steadily promote its recent policy of building a robust portfolio that can respond flexibly to changes in social structures and the retail environment.

In terms of financial strategies supporting portfolio management, JRF has made efforts to further stabilize its financial foundations through continuous initiatives aiming to decentralize terms of repayment and level out repayment amounts.

JRF seeks to continuously increase unitholder value by using the stability supported by its distinguishing asset scale as a J-REIT and diversified investment in retail facilities in a wide range of industries and business categories in various regions while pursuing both external growth through expansion of its asset scale and internal growth supported by SC management ability. We will continue to strive in a unified manner to live up to unitholders' expectations and look forward to your continued support.

Katsuhisa Sakai
President & CEO

Mitsubishi Corp. – UBS Realty Inc.

New President Profile

Katsuhisa Sakai

1994	Joined Mitsubishi Corporation
2008	Director of Diamond Realty Management Inc.
2011	Department Head of Industrial Finance, Logistics and Development Dept., Singapore Branch, Mitsubishi Corporation
2014	Deputy General Manager of Department Manager, Industrial Finance, Logistics & Development Hanoi Representative Office, Mitsubishi Corporation
2016	Head of North America Investment Team, North America Real Estate Development Dept., Real Estate Business Div., Mitsubishi Corporation
2017	General Manager of Real Estate Asset Management Dept., Real Estate Business Div., Mitsubishi Corporation Part-time Director of Mitsubishi Corp.-UBS Realty Inc. Part-time Director of Diamond Realty Management Inc. Part-time Director of UBS MC GENERAL PARTNER –UBS– PREMF LIMITED Part-time Director of MC Digital Realty, Inc.
2018	President & CEO of Mitsubishi Corp.-UBS Realty Inc.

Q. What are your aspirations upon being appointed?

Under the strong leadership of three generations of presidents in the past, through over 15 years of asset management by JRF, the first J-REIT specializing in retail properties in Japan, JRF has embodied the MC-UBS Group's corporate mission to "always create new values, for people, the community and the world." Now that JRF is close to an asset scale of 1 trillion yen, I am bracing myself with the full weight of the responsibility that has been handed to me and the strong expectations of unitholders. I plan to utilize the experience that I have gained while being involved in the real estate industry both within and outside of Japan to make JRF an even more dynamic company that can provide new values to our unitholders.

Q. What will be your management policy going forward?

In terms of external growth, we will continue to invest mainly in properties with strong locational advantage. To encourage internal growth, we will thoroughly execute renewals of properties including KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa) while continuing to engage in rent revision negotiations and cost control mainly for urban-type properties. Furthermore, we will anticipate changes in the environment surrounding retail properties such as progress in e-commerce, inbound trends and increased free time due to work-style reform to continue to respond flexibly to such changes with organizational strength as a management company.

JRF × Sustainability

Towards Sustainable Society

1

Six properties newly obtained environmental certifications from external institutions

BELS Certification



- G-Bldg. Jiyugaoka 01 Bldg B

CASBEE for Building Certification



Acquired S rank (the highest ranking)

- AEON Itabashi Shopping Center
- AEON Naha Shopping Center
- Ito-Yokado Yotsukaido

DBJ Green Building Certifications



DBJ Green Building

- G-Bldg. Midotsuji 02
- G-Bldg. Kichijoji 02

2

Community contribution through JRF's properties

Used Books Donation Initiative to Support Children's Futures



At ABIKO SHOPPING PLAZA (Abiko-shi, Chiba), the Used Books Donation Initiative to Support Children's Futures promoted by the Cabinet Office etc. as a countermeasure for poverty amongst children was initiated from February 24, 2018. This initiative involves collecting used books and donating all of the funds received for trading them. As of March 31, 2018, 191 books had been collected as a result of setting up collection boxes within the facility and promoting the initiative.

MOTTAINAI Kid's Flea Market



At NARU PARK (Midori-ku, Nagoya-shi, Aichi) in November 2017, the MOTTAINAI Kid's Flea Market was held in Nagoya-shi for the first time. At this flea market, children are in charge of everything from bringing in toys that they no longer use, to pricing and selling the toys and managing the money received. Children engaged in learning while enjoying taking care of items and money.

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			28th	29th	30th	31st	32nd
As of /for the six months ended			February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018
Operating revenues	Note 1	(Millions of yen)	32,017	37,078	31,585	31,011	31,967
(Rental revenues)	Note 1	(Millions of yen)	(31,028)	(30,851)	(30,199)	(30,999)	(31,967)
Operating expenses	Note 1	(Millions of yen)	18,332	23,237	17,603	17,268	17,495
(Rental expenses)	Note 1	(Millions of yen)	(15,400)	(15,055)	(14,689)	(14,190)	(14,444)
Operating income		(Millions of yen)	13,684	13,841	13,981	13,743	14,472
Ordinary income		(Millions of yen)	11,154	11,396	11,665	11,426	12,232
Net income	(a)	(Millions of yen)	10,912	10,820	11,664	11,425	12,232
Net assets	(b)	(Millions of yen)	414,705	415,274	416,655	441,967	432,981
(Period-on-period change)		(%)	(+5.9)	(+0.1)	(+0.3)	(+6.1)	(-2.0)
Total assets	(c)	(Millions of yen)	829,239	858,390	856,627	897,631	902,191
(Period-on-period change)		(%)	(-1.6)	(+3.5)	(-0.2)	(+4.8)	(+0.5)
Unitholders' capital		(Millions of yen)	387,198	387,198	387,198	411,878	411,878
(Period-on-period change)		(%)	(+6.6)	(0.0)	(0.0)	(+6.4)	(0.0)
Number of investment units issued and outstanding	(d)	(Units)	2,552,198	2,552,198	2,552,198	2,667,198	2,618,017
Net asset value per unit	(b)/(d)	(Yen)	162,489	162,712	163,253	165,704	165,385
Total distributions	(e)	(Millions of yen)	10,719	10,846	10,846	11,455	11,545
Distribution per unit	(e)/(d)	(Yen)	4,200	4,250	4,250	4,295	4,410
(Profit distribution per unit)		(Yen)	(4,200)	(4,250)	(4,250)	(4,295)	(4,410)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total asset	Note 2	(%)	1.3 (2.7)	1.4 (2.7)	1.4 (2.7)	1.3 (2.6)	1.4 (2.7)
Return on unitholders' equity	Note 2	(%)	2.7 (5.4)	2.6 (5.2)	2.8 (5.7)	2.7 (5.3)	2.8 (5.6)
Ratio of net assets to total assets	(b)/(c)	(%)	50.0	48.4	48.6	49.2	48.0
(Period-on-period change)		(%)	(+3.5)	(-1.6)	(+0.2)	(+0.6)	(-1.2)
Payout ratio	(e)/(a)	(%)	98.2	100.3	93.0	100.3	94.4
Additional information:							
Rental net operating income (NOI)	Note 2	(Millions of yen)	21,767	21,812	21,141	22,543	23,290
Net profit margin	Notes 2 and 3	(%)	34.1	29.2	36.9	36.8	38.3
Debt service coverage ratio	Notes 2 and 3	(Multiple)	9.4	9.7	10.4	10.5	11.4
Funds from operation (FFO) per unit	Notes 2 and 3	(Yen)	6,293	6,217	6,234	6,428	6,875
FFO multiples	Notes 2 and 3	(Multiple)	20.3	18.8	18.0	15.9	14.8
Distributable income per unit after adjustment for taxes on property and equipment	Note 4	(Yen)	4,256	4,234	4,558	4,271	4,661
FFO per unit after adjustment for taxes on property and equipment	Notes 3 and 4	(Yen)	6,274	6,202	6,222	6,404	6,852

Note 1 Consumption taxes are not included.

Note 2 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 182,184,181,184 and 181 days for the 28th, 29th, 30th, 31st and 32nd fiscal period, respectively. FFO multiples are unaudited.

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

Note 3 Net income used for calculation of "Net profit margin", "Debt service coverage ratio" and "FFO multiples" does not include deferred income taxes.

Note 4 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property and equipment were not capitalized but charged to income in the periods in which were incurred. These figures are unaudited.

2. Outline of asset management operation for the 32nd fiscal period

(1) Principal activities

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

During the fiscal period ended February 28, 2018, the 16th year after its listing, as new measures for unitholder returns, JRF conducted a repurchase of own investment units during the period from October 17, 2017 to January 23, 2018 (total number of investment units repurchased: 49,181 units; total amount of investment units repurchased: 9,999 million yen), and cancelled all the repurchased investment units on February 9, 2018. As the replacement of assets, six properties were acquired (one of which is an additional acquisition of land with leasehold interest of an existing property), through funds gained from the sale of existing suburban properties and new debt financing.

As a result, the total assets managed by JRF as at the end of the 32nd fiscal period (fiscal period ended February 28, 2018) amounted to 910.1 billion yen (the total acquisition price for 100 properties).

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

In terms of the Japanese economy during this fiscal period, strong corporate performance continued under a robust global economy, and good corporate results were maintained with the real GDP growth rate for the October to December 2017 quarter being positive for the eighth consecutive period. Due to increased household consumption as well as capital investment by private companies, there was a transition from foreign demand-led to domestic demand-led growth in 2017.

In line with the US stock market which rose against a background of strong economic figures and expectations of tax cuts, there was an underlying upward trend in the Japanese stock market in the latter half of 2017. It has remained strong since the start of 2018 but fell steeply in February, influenced by a rise in long-term interest rates in the US and the underlying trend towards a strong yen. Although the economic fundamentals are strong, the need for a continuing focus on capital markets remains.

In terms of J-REIT, the TSE J-REIT index reached its lowest result for the year at 1,605 points in November 2017. However, it then started to recover due to factors including an inflow of investment money from ETF and overseas and rose to 1,768 points on January 24, 2018. Recently, the TSE J-REIT index fell temporarily in line with the steep fall in US stocks at the beginning of February, but it then remained stable.

(Trends in the retail sector)

Against a background of robust corporate performance, the unemployment rate remains low, the trend towards increased real wages is continuing, and there has also been a trend towards recovery in general consumer sentiment. In addition, according to a Current Survey of Commerce by the Ministry of Economy, Trade and Industry, sales in the retail industry were robust in 2017, increasing for the first time in three years. Furthermore, consumption by inbound visitors in 2017 was strong, with both the number of foreign visitors to Japan at 28.69 million people, and the amount of consumption at 4,416.1 billion yen, reaching record highs.

(Trends in the real estate sector)

According to the land price announcement issued by the Ministry of Land, Infrastructure, Transport and Tourism on January 1, 2018, prices in commercial districts increased for three consecutive years.

Prices have increased for five consecutive years in the three metropolitan areas which are

JRF's main investment areas. In particular, against a background of increased demand for commercial facilities and hotels in the Osaka metropolitan area due to the inbound effects, six of the top ten sites for increase rates were in the Kyoto-Osaka-Kobe area, with Kyoto Prefecture being the national top at 6.5% and Osaka Prefecture also increasing by 4.9%.

ii. Results

Under the market environment described above, during this fiscal period, JRF conducted a repurchase of own investment units from October 17, 2017 to January 23, 2018 (total number of investment units repurchased: 49,181 units; total amount of investment units repurchased: 9,999 million yen), and on February 9, 2018, the repurchased investment units were cancelled. The reason for the repurchase and cancellation was that, 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 and enhancing investor returns such as increased distributions per unit would result in increased unitholder value.

In addition, as part of the asset replacement measures regarded as one of JRF's external growth strategies, JRF used the funds gained from the sale of suburban properties that it owned and new debt financing to acquire five new properties (Valor Kachigawa (land with leasehold interest), G-Bldg. Kobe Sannomiya 01, G-Bldg. Jingumae 07, Round1 Sannomiya Station, and G-Bldg. Midosuji 02) and to make an additional acquisition to an existing property (G-Bldg. Shinsaibashi 03 (Bldg. B) (land with leasehold interest)).

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 renewal work is being carried out at Oyama Yuen Harvest Walk and KAMISHIN PLAZA. At KAMISHIN PLAZA, following on from the renewal of the first basement floor in June 2016, a renewal of the first and second floors has been completed, tenants have been replaced to meet the needs of the local area, and common-use spaces have been upgraded. At Oyama Yuen Harvest Walk, in conjunction with the replacement of tenants, part of the parking lot has been transformed into an outdoor plaza where people can interact with nature. It is based on the concept of "SHOPPING IN THE PARK" during the renewal work performed from 2013 to 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 occupancy rate of properties owned by JRF as at the end of the fiscal period was stably maintained. The occupancy rate for 56 urban retail properties remained at 98.9% together with a 99.6% occupancy rate maintained for 44 suburban retail properties.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 100 properties with a total value of 910.1 billion yen on an acquisition price basis and 994.2 billion yen on an appraisal value basis. The total leasable area was 2,602,978.71 square meters with the total number of tenants standing at 962, and the occupancy rate of the overall portfolio was 99.5%.

The unrealized losses/gains (see Note) of the overall portfolio at the end of the fiscal period increased by 8.0 billion yen from the end of the previous fiscal period to 135.1 billion yen due to the effects of the acquisition of new properties with unrealized gains, a decrease in the cap rate of existing properties compared with the end of the previous fiscal period, and as a result of depreciations.

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

(3) Funding

During this fiscal period, for the acquisition of Valor Kachigawa (land with leasehold interest) (acquisition price 6.35 billion yen) and G-Bldg. Midosuji 02 (acquisition price 15 billion yen), JRF borrowed funds in the amount of 13.5 billion yen in total through long-term borrowings of 6.5 billion yen in October 2017, and short-term borrowings of 5 billion yen and long-term borrowings of 2 billion yen in January 2018.

In addition, JRF obtained long-term borrowings of 27 billion yen from September 2017 to January 2018 to repay existing borrowings of 27 billion yen.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 406.1 billion yen, consisting of 5.0 billion yen of short-term borrowings, 371.6 billion yen of long-term borrowings (Note 1) and 29.5 billion yen of investment corporation bonds.

With the acquisition and cancellation of own investment units (total amount of 9,999 million yen), the total amount of unitholders' capital and capital surplus at the end of this fiscal period was 416.8 billion yen.

Consequently, the ratio of long-term borrowings, ratio of fixed interest rates (Note 2), and LTV (Note 3) were 98.9%, 95.4% and 50.8%, respectively, as at the end of the fiscal period.

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

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

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

(4) Results and distributions

The operating revenue for the period was 31,967 million yen, and operating income was 14,472 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 12,232 million yen, and net income was 12,232 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 the fiscal period ended August 31, 2017, 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, it was decided to distribute as a distribution of profit a total amount of 11,545 million yen by adding 31 million yen in the reserve for temporary difference adjustments to the balance of 11,514 million yen after deducting from unappropriated retained earnings at the end of the period of 12,233 million yen the amount of 719 million yen acquired as penalties from the withdrawal of tenants of MARINE & WALK YOKOHAMA as the bonus reserve and after retaining profit. As a result, distributions per unit amounted to 4,410 yen.

From October 17, 2017 to January 23, 2018, JRF conducted a market purchase of its own

investment units on the Tokyo Stock Exchange based on a discretionary transaction contract for repurchase of own investment units with a securities company, and on February 9, 2018, it cancelled all the repurchased own investment units. During the repurchase period, it repurchased and cancelled a total number of 49,181 units (being 1.84% of the total number of issued investment units before the repurchase and cancellation), and the total amount of the acquisition cost was 9,999,980,266 yen. Due to the impact of the repurchase and cancellation of own investment units, distribution was increased by 80 yen per investment unit.

3. Changes in unitholders' capital

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

Date	Capital transaction	Number of investment units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
October 2, 2013	Global offering	229,000	2,308,198	43,465	338,940	Note 1
September 25, 2014	Global offering	119,500	2,427,698	23,816	362,756	Note 2
October 22, 2014	Allocation of investment units to a third party	2,500	2,430,198	498	363,254	Note 3
September 9, 2015	Global offering	119,500	2,549,698	23,453	386,707	Note 4
October 7, 2015	Allocation of investment units to a third party	2,500	2,552,198	490	387,198	Note 5
March 14, 2017	Global offering	112,500	2,664,698	24,143	411,341	Note 6
March 29, 2017	Allocation of investment units to a third party	2,500	2,667,198	536	411,878	Note 7
February 9, 2018	Retirement	(49,181)	2,618,017	-	411,878	Note 8

Note 1 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 2 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 3 New investment units were issued at a price of ¥199,300 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).

Note 4 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 5 New investment units were issued at a price of ¥196,261 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).

Note 6 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 7 New investment units were issued at a price of ¥214,605 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).

Note 8 JRF purchased its own investment units at Tokyo Stock Exchange Market based on a discretionary transaction contract with a securities company from October 17, 2017 to January 23, 2018 and retired all of its own investment units on February 9, 2018 according to a resolution of the Board of Directors held on January 26, 2018. As the acquisition cost of its own investment units was deducted from capital surplus, there was no change in unitholders' capital.

Fluctuation in market price of the investment securities:

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

Fiscal period	(Yen)				
	28th	29th	30th	31st	32nd
As of /for the six months ended	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018
Highest price	272,600	274,800	250,900	231,000	219,400
Lowest price	203,700	231,600	217,800	198,400	195,200
Closing price at end of period	257,200	232,300	226,000	202,300	205,300

4. Distributions

In accordance with the distribution policy in JRF's article of incorporation 26, Paragraph 1, Item 2, JRF makes distributions in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan. From the six months ended August 31, 2017, JRF has also commenced to reverse retained earnings for temporary difference adjustment, amounting to ¥31 million every fiscal period, and appropriate the reversals to distributions by applying the revision of the Ordinance on Accountings of Investment Corporations as well as the regulations of the Real Estate Investment Trusts and Real Estate Investment Corporations as stipulated by The Investment Trusts Association, Japan.

For the six months ended February 28, 2018, JRF transferred ¥719 million, a portion of penalty charge from a tenant of MARINE & WALK YOKOHAMA, to reserve for dividends from retained earnings at the end of the period amounting to ¥12,233 million, and declared a total of ¥11,545 million cash distributions consisted all of remaining retained earnings at the end of the period after the transferring amounting to ¥11,514 million and reversal of retained earnings for temporary difference adjustment amounting to ¥31 million. Distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2 is not made.

As a result, distribution per unit amounted to ¥4,410 for the six months ended February 28, 2018

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

Fiscal period	28th	29th	30th	31st	32nd
As of /for the six months ended	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018
Net income (Thousands of yen)	10,912,308	10,820,993	11,664,748	11,425,723	12,232,341
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	3,640,375	3,614,527	4,432,434	4,402,541	5,089,427
Total distributions (Thousands of yen)	10,719,231	10,846,841	10,846,841	11,455,615	11,545,454
(Distribution per unit) (Yen)	(4,200)	(4,250)	(4,250)	(4,295)	(4,410)
Profit distributions (Thousands of yen)	10,719,231	10,846,841	10,846,841	11,455,615	11,545,454
(Profit distribution per unit) (Yen)	(4,200)	(4,250)	(4,250)	(4,295)	(4,410)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refunds per unit) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from retained earnings for temporary difference adjustment (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from retained earnings for temporary difference adjustment) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from deduction of unitcapital under tax rules) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Outlook of overall operation

With respect to the Japanese economy going forward, despite the need to closely observe risk factors such as the uncertainties in the political and economic situation overseas, the Japanese economy is on an improving trend, supported by the strong financial results of Japanese businesses and domestic consumption. In addition to expectations of an improved employment and income environment and rallying of individual consumption, the effects of various governmental policies are hoped to encourage further inbound demand.

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

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

(2) Issues to be addressed

JRF's asset size (total acquisition price) is the largest among J-REITs specializing in retail properties as at the end of February 2018. 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 and neighborhood retail facilities in densely-populated area generating solid sales in the suburbs and commuter-town of major cities across Japan.

When investing in retail properties, JRF considers it important to assess changes in medium and long-term population movements and consumer trends and to acquire properties by carefully examining locations, industries to which tenants belong and also business conditions of retail properties from longer perspectives. Accordingly, JRF's flexible asset allocation is considered to be a competitive advantage as a J-REIT specializing in retail properties.

In order to maintain and increase the long-term competitiveness of retail properties it has acquired, JRF considers it necessary to select tenants and develop business categories appropriately in the constantly-changing commercial / retail industry. JRF has taken active measures to raise the competitiveness of retail properties by utilizing its SC management ability (Note) built based on its past management experiences.

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

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

implement SC management supported by a human and organizational foundation.

i. External growth strategy

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

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

Type B: Neighborhood retail properties in densely-populated areas

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

Type D: Retail properties in prime urban shopping districts

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

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

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

ii. Internal growth strategy

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

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

From the viewpoint of operating retail properties while being mindful of environmental and social responsibilities, JRF focuses on greening of facilities, energy conservation and reduction of CO2 emission. In the GRESB (Global Real Estate Sustainability Benchmark) Real Estate Assessment 2017 that evaluates the environmental responsiveness of real estate operators, JRF was designated as “Green Star” company, the highest ranking of the four categories in the GRESB Real Estate Assessment in 2017. JRF was highly evaluated especially in the aspects of “Management” and “Policy and Disclosure”.

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

iii. Financial strategy

JRF constantly works to improve financial stability further.

(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.

(iii) Repurchase of own investment units

As one of the measures for unitholder returns, after comprehensively considering standards for investment unit prices, the state of funds in hand, the state of finances, and market conditions, JRF will consider further repurchase and cancellation of own investment units in the future.

① Measures for ensuring delivery of stable distributions

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

6. Subsequent events

None

Outline of JRF

1. Investment unit

Fiscal period	28th	29th	30th	31st	32nd
As of	February 29, 2016	August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018
Number of investment units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of investment units issued and outstanding (Units)	2,552,198	2,552,198	2,552,198	2,667,198	2,618,017
Number of unitholders (People)	18,448	17,783	17,520	19,055	18,721

2. Unitholders

Major unitholders as of February 28, 2018 were as follows:

Name	Address	Number of investment units owned (Units)	Ratio of number of investment units owned to total number of investment units issued (Note 1) (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	430,014	16.42
Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	342,841	13.09
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	124,281	4.74
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	122,977	4.69
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	69,277	2.64
NOMURA BANK (LUXEMBOURG) S.A.	BATIMENT A, 33, RUE DE GASPERICH, L-5826, LUXEMBOURG	64,937	2.48
STATE STREET BANK - WEST PENSION FUND CLIENTS - EXEMPT 505233	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	56,863	2.17
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	40,220	1.53
BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD	1 CHURCH PLACE, LONDON, E14 5HP UK	39,600	1.51
STATE STREET BANK AND TRUST COMPANY 505223	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	34,785	1.32
Total		1,325,795	50.64

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended February 28, 2018 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata LLC	-	19,500

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

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

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

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

4. Name of asset manager and other administrator

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

Note: The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. on April 1, 2018.

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of August 31, 2017		As of February 28, 2018	
		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	17,028	1.9	19,037	2.1
	Osaka and Nagoya metropolitan areas	6,919	0.8	6,913	0.8
	Other metropolitan areas	4,501	0.5	4,494	0.5
	Sub-total	28,450	3.2	30,445	3.4
Trust beneficial interest in real property	Tokyo metropolitan area	393,751	43.8	392,209	43.4
	Osaka and Nagoya metropolitan areas	319,773	35.6	346,435	38.4
	Other metropolitan areas	90,379	10.1	89,951	10.0
	Sub-total	803,904	89.5	828,596	91.8
Bank deposits and other assets		65,276	7.3	43,150	4.8
Total assets		897,631	100.0	902,191	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of February 28, 2018 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 rent revenue to total rent revenues (Note 3) (%)	Major use
mozo wonder city (Note 4)	(trust beneficial interest)	53,217	86,695.91	84,411.42	97.4	10.3	Retail facilities
Higashi-Totsuka Aurora City	(trust beneficial interest)	45,819	109,365.50	109,365.50	100.0	4.3	Retail facilities
Nara Family (Note 4)	(trust beneficial interest)	35,872	82,926.70	82,372.82	99.3	5.7	Retail facilities
G-Bldg. Shinsaibashi 03	(trust beneficial interest)	30,554	5,319.29	5,319.29	100.0	(Note 5)	Retail facilities
KAWASAKI Le FRONT	(trust beneficial interest)	30,136	56,162.82	54,421.98	96.9	5.3	Retail facilities
AEON MALL Musashi Murayama	(trust beneficial interest)	25,975	137,466.97	137,466.97	100.0	2.9	Retail facilities
AEON MALL Tsurumi Ryokuchi	(trust beneficial interest)	24,153	138,538.63	138,538.63	100.0	2.8	Retail facilities
GYRE	(trust beneficial interest)	21,617	4,815.02	4,576.57	95.0	1.9	Retail facilities
AEON MALL Itami	(trust beneficial interest)	18,752	157,904.26	157,904.26	100.0	1.8	Retail facilities
Kawaramachi OPA	(trust beneficial interest)	18,199	18,848.20	18,848.20	100.0	1.1	Retail facilities
Total		304,299	798,043.30	793,225.64	99.4	-	

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

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

Note 3 "Occupancy ratio" (percentage of leased area against the leasable area at the end of accounting period) and "Ratio of rent revenue to total rent 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 rent revenue to total rent revenues" of the property is not disclosed because the consent from the tenant has not been obtained.

3. Details of property

The retail facilities as of February 28, 2018 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	5,204
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,570	1,210
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,815.02	27,000	21,617
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	21,200	13,827
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,570	934
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	2,274.60	5,000	2,850
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,550	3,923
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,710	2,338
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,390	3,389
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,740	2,281
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	9,050	10,091
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,158.53	11,300	9,287
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	8,500	6,555
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	3,960	5,429
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,066.09	8,240	6,081
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	2,690	1,842
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	7,950	5,844
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	5,270	3,812
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	6,180	3,660
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	9,820	5,566
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,162.82	37,300	30,136
G-Bldg. Shibuya 01	20-13, Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,630.03	4,600	3,180
G-Bldg. Omotesando 02	25-15, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	22,350	17,808
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,718.21	3,960	3,571
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.55	10,100	8,547
G-Bldg. Ueno 01	9-14, Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,850	3,434
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	6,750	6,156
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	5,570	5,125
G-Bldg. Akihabara 02	113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,053.55	2,820	2,506
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	16,800	15,320
G-Bldg. Ginza Chuo-dori 01	6-16, Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	13,200	13,077
MARINE & WALK YOKOHAMA	3-1, Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	8,347.68	11,000	11,325

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. Jingumae 07	26-4 Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	373.12	2,080	2,035
Ito-Yokado Kawasaki	2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	65,313.47	13,030	13,643
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	43,517.75	12,500	9,278
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,940	1,302
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,400	10,265
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,060	4,593
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,000	10,664
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	18,000	15,253
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	7,590	4,745
Higashi-Totsuka Aurora City	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	43,500	45,819
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	11,000	12,611
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,900	25,975
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,810	5,534
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,280	2,312
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,320	2,228
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,500	3,062
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	4,220	3,219
8953 Osaka Shinsaibashi Building	4-12, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	15,700	12,163
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,300	18,199
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	2,800	1,588
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	11,400	8,091
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	(Note 5)	7,560	4,306
Round1 Kyoto Kawaramachi	585, Uraeracho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,810	2,732
G-Bldg. Shinsaibashi 03	2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	5,319.29	39,600	30,554
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	2,030	1,947
EDION Kyobashi (Land with leasehold interest)	53-1, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	4,307.16	5,950	5,756
G-Bldg. Abeno 01	4-7, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka	Trust beneficial interest	4,700.58	4,750	4,285
G Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	10,700	9,774
G-Bldg. Shinsaibashi 04	10-5, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,240	3,322
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	2,214
G-Bldg. Midosuji 01	10-25, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	2,446.00	10,300	10,434
Round1 Sannomiya Station	1-17 Onoe-dori 6-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	10,054.52	3,290	3,232
G-Bldg. Kobe Sannomiya 01	1-15 Kitanagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	3,750.40	3,190	3,030
G-Bldg. Midosuji 02	8-18 Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	1,428.28	15,700	15,588
Narupark (Note 4)	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.61	5,180	7,393

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)
Nara Family (Note 6)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,926.70	39,100	35,872
AEON Takatsuki	47-2, Haginoshō 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,800	10,049
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,702.48	3,620	3,283
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,628.00	5,320	6,399
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,600	24,153
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,800	18,752
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,900	15,111
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	11,830	8,946
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,060	1,942
LIFE Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	1,880	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	2,780	2,657
mozo wonder city (Note 6)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,695.91	64,500	53,217
Round1 Stadium Sakai Chuo Kanryo	241, Ishihara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,460	1,652
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	7,050	5,542
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,955.96	5,140	4,296
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,920	2,016
m-city Toyonaka	2-18, Hinode-cho, 2-chome, Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,510	5,402
Valor Kachigawa (Land with leasehold interest)	1-1 Onocho 2-chome, Kasugai-shi, Aichi	Trust beneficial interest	20,509.10	6,490	6,411
Round1 Hiroshima	3-11, Tatemachi, Naka-ku, Hiroshima-shi, Hiroshima	Trust beneficial interest	9,890.63	4,080	2,856
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,500	15,462
G-Bldg. Sendai Ichibancho 01	5-12, Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi	Real property	2,387.17	4,710	4,494
G-Bldg. Naha-shintoshin 01	5-33, Omoromachi 2-chome, Naha-shi, Okinawa	Trust beneficial interest	(Note 5)	6,900	5,680
G-Bldg. Tenjin Nishi-dori 01	8-22, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	2,667.42	4,890	4,972
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,249	9,600	8,581
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,626	8,830	6,470
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258	6,070	5,327
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090	10,900	9,851
Oyama Yuen Harvest Walk (Note 6)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,561	9,820	9,097
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,162	18,400	15,450
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115	3,300	2,430
Tecc Land Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuyagun, Fukuoka	Trust beneficial interest	(Note 5)	5,390	3,770
Total			2,602,978.71	994,230	859,041

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 retail facility for the six months ended August 31, 2017 and February 28, 2018 were as follows:

Name of property	For the six months ended August 31, 2017				For the six months ended February 28, 2018			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)
G-Bldg. Minami Aoyama 02	4	100.0	85	0.3	4	100.0	92	0.3
G-Bldg. Daikanyama 01	1	100.0	40	0.1	1	100.0	40	0.1
GYRE	23	100.0	565	1.8	22	95.0	604	1.9
Bic Camera Tachikawa	2	100.0	628	2.0	2	100.0	627	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	109	0.4	3	100.0	109	0.3
Cheers Ginza	10	100.0	109	0.4	10	100.0	107	0.3
G-Bldg. Jingumae 06	4	100.0	52	0.2	4	100.0	53	0.2
G-Bldg. Jingumae 01	2	100.0	82	0.3	2	100.0	82	0.3
G-Bldg. Jingumae 02	3	100.0	30	0.1	3	100.0	30	0.1
G-Bldg. Minami Aoyama 01	4	100.0	132	0.4	3	100.0	161	0.5
La Porte Aoyama (Note 3)	23	96.9	298	1.0	22	98.6	302	0.9
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	161	0.5
G-Bldg. Jingumae 03	8	100.0	81	0.3	8	100.0	81	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	246	0.8	8	100.0	248	0.8
Urban Terrace Jingumae	2	100.0	100	0.3	1	60.5	82	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	180	0.6	3	100.0	178	0.6
G-Bldg. Ginza 01	8	100.0	175	0.6	7	100.0	174	0.5
KAWASAKI Le FRONT	66	98.1	1,795	5.8	62	96.9	1,690	5.3
G-Bldg. Shibuya 01	1	100.0	(Note 4)	(Note 4)	2	100.0	49	0.2
G-Bldg. Omotesando 02	6	100.0	382	1.2	6	100.0	376	1.2
G-Bldg. Kichijoji 01	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
CUTE CUBE HARAJUKU	11	100.0	206	0.7	10	100.0	213	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	157	0.5	14	100.0	157	0.5
G-Bldg. Akihabara 01	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)

Name of property	For the six months ended August 31, 2017				For the six months ended February 28, 2018			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)
G-Bldg. Akihabara 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Kichijoji 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Ginza Chuo-dori 01	9	100.0	210	0.7	9	100.0	210	0.7
MARINE & WALK YOKOHAMA	23	97.5	332	1.1	26	89.5	1,183	3.7
G-Bldg. Jingumae 07	-	-	-	-	1	100.0	(Note 4)	(Note 4)
Ito-Yokado Kawasaki	5	100.0	475	1.5	5	100.0	457	1.4
Abiko Shopping Plaza	55	99.9	629	2.0	38	85.1	625	2.0
Ito-Yokado Yabashira	1	100.0	79	0.3	1	100.0	78	0.2
Ito-Yokado Kamifukuoka Higashi (Note 5)	-	-	35	0.1	-	-	-	-
Ito-Yokado Nishikicho	1	100.0	445	1.4	1	100.0	445	1.4
Ito-Yokado Tsunashima	1	100.0	168	0.5	1	100.0	168	0.5
AEON Itabashi Shopping Center	1	100.0	671	2.2	1	100.0	667	2.1
AEON MALL Yamato	1	100.0	542	1.7	1	100.0	530	1.7
SEIYU Hibarigaoka	1	100.0	249	0.8	1	100.0	249	0.8
Higashi-Totsuka Aurora City	4	100.0	1,367	4.4	4	100.0	1,362	4.3
Ito-Yokado Yotsukaido	2	100.0	298	1.0	2	100.0	299	0.9
AEON MALL Musashi Murayama	1	100.0	919	3.0	1	100.0	919	2.9
Makuhari Plaza	5	100.0	284	0.9	5	100.0	207	0.6
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	146	0.5	10	100.0	142	0.4
8953 Osaka Shinsaibashi Building	1	100.0	364	1.2	1	100.0	364	1.1
Kawaramachi OPA	1	100.0	370	1.2	1	100.0	366	1.1
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	0.7
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	3	100.0	(Note 4)	(Note 4)	4	100.0	(Note 4)	(Note 4)
G-Bldg. Nagoya Sakae 01	2	100.0	47	0.1	2	100.0	47	0.1

Name of property	For the six months ended August 31, 2017				For the six months ended February 28, 2018			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)
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	145	0.5	9	100.0	144	0.5
G Bldg. Umeda 01	12	100.0	235	0.8	12	100.0	239	0.7
G-Bldg. Shinsaibashi 04	4	73.3	73	0.2	5	100.0	72	0.2
G-Bldg. Kyoto Kawaramachi 01	4	100.0	35	0.1	4	100.0	75	0.2
G-Bldg. Midosuji 01	2	100.0	(Note 4)	(Note 4)	2	100.0	(Note 4)	(Note 4)
Round1 Sannomiya Station	-	-	-	-	1	100.0	(Note 4)	(Note 4)
G-Bldg. Kobe Sannomiya 01	-	-	-	-	5	100.0	(Note 4)	(Note 4)
G-Bldg. Midosuji 02	-	-	-	-	1	100.0	(Note 4)	(Note 4)
Narupark	46	99.5	330	1.1	47	99.9	332	1.0
Nara Family (Note 6)	113	99.1	1,799	5.8	116	99.3	1,824	5.7
AEON Takatsuki	1	100.0	403	1.3	1	100.0	397	1.2
AEON Yagoto	1	100.0	128	0.4	1	100.0	125	0.4
Kyoto Family	64	100.0	580	1.9	64	100.0	577	1.8
AEON MALL Tsurumi Ryokuchi	1	100.0	891	2.9	1	100.0	891	2.8
AEON MALL Itami	1	100.0	581	1.9	1	100.0	581	1.8
Ario Otori	1	100.0	549	1.8	1	100.0	549	1.7
AEON MALL Kobe Kita	1	100.0	409	1.3	1	100.0	402	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)	214	100.0	3,265	10.5	200	97.4	3,278	10.3
Round1 Stadium Sakai Chuo Kanjyo	1	100.0	82	0.3	1	100.0	82	0.3
pivo Izumi Chuo	17	100.0	(Note 4)	(Note 4)	17	100.0	(Note 4)	(Note 4)
KAMISHIN PLAZA	36	97.7	297	1.0	37	99.1	299	0.9
Round1 Stadium Takatsuki	1	100.0	91	0.3	1	100.0	91	0.3
m-city Toyonaka	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Valor Kachigawa (Land with leasehold interest)	-	-	-	-	1	100.0	(Note 4)	(Note 4)
Round1 Hiroshima	1	100.0	119	0.4	1	100.0	119	0.4

Name of property	For the six months ended August 31, 2017				For the six months ended February 28, 2018			
	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)	Number of tenants (Note 1)	Occupancy ratio (Note 2) (%)	Rent and other operating revenues (Millions of yen)	Ratio of rent revenue to total rent revenues (Note 2) (%)
DFS T GALLERIA OKINAWA	1	100.0	497	1.6	1	100.0	497	1.6
G-Bldg. Sendai Ichibancho 01	1	100.0	102	0.3	1	100.0	102	0.3
G-Bldg. Naha-shintoshin 01	2	100.0	(Note 4)	(Note 4)	2	100.0	(Note 4)	(Note 4)
G-Bldg. Tenjin Nishi-dori 01	7	88.9	98	0.3	8	100.0	120	0.4
AEON Sendai Nakayama	2	100.0	419	1.3	2	100.0	369	1.2
AEON MALL Sapporo Naebo	1	100.0	375	1.2	1	100.0	367	1.1
AEON Tobata Shopping Center	1	100.0	315	1.0	1	100.0	315	1.0
AEON Naha Shopping Center	1	100.0	377	1.2	1	100.0	369	1.2
Oyama Yuen Harvest Walk (Note 6)	64	93.9	794	2.6	72	99.4	769	2.4
AEON MALL Sapporo Hassamu	1	100.0	588	1.9	1	100.0	571	1.8
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	975	99.7	30,999	100.0	962	99.5	31,967	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 rent revenue to total rent 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 Rent 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.

4. Details of specified transaction

The details of specified transaction as of February 28, 2018 were as follows:

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	230,575	200,075	(2,718)
Total		230,575	200,075	(2,718)

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

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

5. Other assets

Real property and trust beneficial interests in real property are included in the above table “3. Details of property”. There were no other significant specified assets as of February 28, 2018.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended February 28, 2018	Total of advanced payment
KAWASAKI Le FRONT	Kawasaki-shi, Kanagawa	Renewal construction	June, 2018 to February, 2019	1,928	53	59
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	February, 2018 to December, 2018	784	11	14
KAWASAKI Le FRONT	Kawasaki-shi, Kanagawa	Renewal of air conditioner	August, 2018 to February, 2019	245	-	-
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal of air conditioner	May, 2018 to February, 2019	232	4	7
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal construction	February, 2018 to May, 2018	227	11	18

2. Capital expenditures for the six months ended February 28, 2018

Maintenance expenditures on property for the six months ended February 28, 2018 amounted to ¥2,047 million, consisting of ¥1,732 million of capital expenditures stated as below and ¥314 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Renewal construction of parking area	April, 2017 to February, 2018	326
G-Bldg. Akihabara 01	Chiyoda-ku, Tokyo	Renewal construction for Earthquake-resistant	October, 2017 to February, 2018	115
Kyoto Family	Ukyo-ku, Kyoto-shi, Kyoto	Waterproofing construction of rooftop	September, 2017 to December, 2017	55
KAMISHIN PLAZA	Higashiyodogawa-ku, Osaka-shi, Osaka	Renewal construction	July, 2017 to September, 2017	54
Colline Bajikouen	Setagaya-ku, Tokyo	Repair of outer wall	October, 2017 to February, 2019	46
Other	-	-	-	1,135
Total				1,732

3. Reserved funds for long-term maintenance plan

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

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

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

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

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	31st fiscal period	32nd fiscal period
	For the six months ended August 31, 2017	For the six months ended February 28, 2018
Asset management fees	2,703,818	2,699,197
Custodian fees	30,672	29,922
General administration fees	126,226	127,726
Compensation for Directors	5,940	5,940
Other operating expenses	211,366	187,716
Total	3,078,024	3,050,502

2. Borrowings

Borrowings as of February 28, 2018 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 7)	Use	Remarks
			August 31, 2017 (Millions of yen)	February 28, 2018 (Millions of yen)					
Short-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	January 12, 2018	-	1,982	0.2	August 31, 2018	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		-	1,682					
	Sumitomo Mitsui Trust Bank, Limited		-	1,335					
	Sub-total		-	5,000					
Long-term	Development Bank of Japan Inc. (Note 4)	July 30, 2009	13,666	13,266	2.2	July 30, 2018	(Note 8)	(Note 10)	Unsecured and unguaranteed
	American Family Life Assurance Company of Columbus (Note 5)	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 2 and 4)	March 31, 2011	5,550	5,550	0.7 (Note 6)	September 28, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Notes 3 and 4)		4,710	4,710					
	Sumitomo Mitsui Trust Bank, Limited (Note 4)		3,740	3,740					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	March 31, 2011	7,930	7,930	1.5 (Note 6)	March 29, 2019	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		6,730	6,730					
	Sumitomo Mitsui Trust Bank, Limited		5,340	5,340					
	Sumitomo Mitsui Banking Corporation (Note 4)	March 31, 2011	5,000	5,000	0.8 (Note 6)	March 30, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 22, 2011	1,982	1,982	1.0 (Note 6)	September 22, 2021	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,682	1,682					
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 22, 2011	3,965	3,965	0.9 (Note 6)	March 22, 2021	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		3,365	3,365					
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 22, 2011	3,875	3,875	0.8 (Note 6)	September 18, 2020	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		3,487	3,487					
	Sumitomo Mitsui Trust Bank, Limited		2,712	2,712					

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 7)	Use	Remarks
			August 31, 2017 (Millions of yen)	February 28, 2018 (Millions of yen)					
	Name of lender								
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 22, 2011	5,000	5,000	0.7 (Note 6)	March 19, 2020	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		4,500	4,500					
	Sumitomo Mitsui Trust Bank, Limited		3,500	3,500					
	Sumitomo Mitsui Banking Corporation	September 30, 2011	2,000	2,000	0.9 (Note 6)	September 30, 2020	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 4)	September 30, 2011	3,500	3,500	0.7 (Note 6)	March 30, 2018	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Shinsei Bank, Limited (Note 4)	September 30, 2011	2,500	2,500	0.8 (Note 6)	September 28, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Shinsei Bank, Limited (Note 4)	September 30, 2011	4,000	4,000	0.8 (Note 6)	September 28, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	December 21, 2011	3,172	3,172	0.7 (Note 6)	December 20, 2019	Lump sum (Note 7)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		2,692	2,692					
	Sumitomo Mitsui Trust Bank, Limited		2,136	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	December 21, 2011	2,775	2,775	0.6 (Note 6)	June 21, 2019	Lump sum (Note 7)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		2,355	2,355					
	Sumitomo Mitsui Trust Bank, Limited		1,869	1,869					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	May 22, 2012	2,180	2,180	1.0 (Note 6)	May 20, 2022	Lump sum (Note 7)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	1.1 (Note 6)	May 20, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	May 22, 2012	3,570	-	0.6 (Note 6)	November 22, 2017	Lump sum (Note 7)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		3,030	-					
	Sumitomo Mitsui Trust Bank, Limited		2,400	-					
	The Jyoy Bank, Ltd.	May 22, 2012	1,000	-	0.6 (Note 6)	November 22, 2017	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	May 22, 2012	2,000	-	0.6 (Note 6)	November 22, 2017	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 14, 2012	3,000	-	0.5 (Note 6)	September 14, 2017	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 28, 2012	2,000	-	0.5	September 29, 2017	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2012	1,000	-	0.5 (Note 6)	October 2, 2017	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 9)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 9)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 9)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 2, 2012	2,000	2,000	1.0 (Note 6)	October 2, 2020	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 2, 2012	1,190	1,190	1.0 (Note 6)	October 2, 2020	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,010	1,010					
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 2, 2012	1,784	1,784	0.6 (Note 6)	April 2, 2020	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,514	1,514					
	Sumitomo Mitsui Trust Bank, Limited		1,202	1,202					

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2017 (Millions of yen)	February 28, 2018 (Millions of yen)					
	Name of lender								
Long-term	Sumitomo Mitsui Banking Corporation	October 2, 2012	3,000	3,000	0.6 (Note 6)	April 2, 2020	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 2, 2012	2,974	2,974	0.5 (Note 6)	October 2, 2019	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		2,524	2,524					
	Sumitomo Mitsui Trust Bank, Limited		2,002	2,002					
	The Daishi Bank, Ltd.	October 2, 2012	1,500	-	0.5 (Note 6)	October 2, 2017	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	-					
	The Bank of Yokohama, Ltd.		500	-					
	Shinkin Central Bank	December 28, 2012	2,500	-	0.5	December 29, 2017	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Gunma Bank, Ltd. (Note 4)	December 28, 2012	500	500	0.6 (Note 6)	December 28, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd. (Note 4)		500	500					
	The Higashi-Nippon Bank, Limited (Note 4)		500	500					
	Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 6)	February 28, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 6)	March 31, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 7, 2013	1,000	1,000	2.2 (Note 6)	October 6, 2028	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 7, 2013	1,000	1,000	1.3	October 6, 2023	Lump sum	(Note 9)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 7, 2013	1,189	1,189	1.4 (Note 6)	October 6, 2023	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 7, 2013	1,387	1,387	1.3 (Note 6)	April 7, 2023	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,177	1,177					
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.3	April 7, 2023	Lump sum	(Note 10)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 7, 2013	1,500	1,500	1.2 (Note 6)	October 7, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	1,000	1,000	1.2 (Note 6)	October 7, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 7, 2013	2,000	2,000	1.2 (Note 6)	October 7, 2022	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	October 7, 2013	1,000	1,000	1.0 (Note 6)	October 7, 2021	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 7, 2013	1,189	1,189	0.9 (Note 6)	April 7, 2021	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	Shinkin Central Bank	October 7, 2013	1,500	1,500	0.8	October 7, 2020	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	1,500	1,500	0.8 (Note 6)	April 7, 2020	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%)	Due date	Repayment method	Use	Remarks
			August 31, 2017	February 28, 2018					
	Name of lender		(Millions of yen)	(Millions of yen)	(Note 1)				
Long-term	The Joyo Bank, Ltd.	October 7, 2013	1,000	1,000	0.8 (Note 6)	April 7, 2020	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 6)	October 7, 2019	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 6)	October 7, 2019	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	April 1, 2014	594	594	1.5 (Note 6)	March 31, 2025	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		504	504					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.	October 1, 2014	3,000	3,000	1.3	October 1, 2025	Lump sum	(Note 9)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 1, 2014	793	793	1.1 (Note 6)	October 1, 2024	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		673	673					
	Sumitomo Mitsui Trust Bank, Limited		534	534					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 1, 2014	800	800	1.1	October 1, 2024	Lump sum	(Note 9)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 1, 2014	1,189	1,189	0.8 (Note 6)	September 30, 2022	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,009	1,009					
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	THE NISHI-NIPPON CITY BANK, LTD.	October 1, 2014	1,000	1,000	0.8 (Note 6)	September 30, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 1, 2014	2,000	2,000	0.7 (Note 6)	April 1, 2022	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 1, 2014	1,387	1,387	0.7 (Note 6)	October 1, 2021	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,177	1,177					
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	The Norinchukin Bank	October 1, 2014	1,500	1,500	0.6 (Note 6)	October 1, 2021	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 1, 2014	3,000	3,000	0.6 (Note 6)	April 1, 2021	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 1, 2014	1,000	1,000	0.6 (Note 6)	April 1, 2021	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		1,000	1,000					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	February 5, 2015	1,571	1,571	0.8 (Note 6)	February 5, 2024	Lump sum (Note 7)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,357	1,357					
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	February 5, 2015	1,571	1,571	0.7 (Note 6)	February 3, 2023	Lump sum (Note 7)	(Note 11)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,357	1,357					
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	Sumitomo Mitsui Banking Corporation	March 2, 2015	1,000	1,000	1.6 (Note 6)	March 30, 2029	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	7,000	7,000	1.0 (Note 6)	March 31, 2025	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.9 (Note 6)	March 29, 2024	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 7)	Use (Note 10)	Remarks
			August 31, 2017 (Millions of yen)	February 28, 2018 (Millions of yen)					
Long-term	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.7 (Note 6)	March 31, 2023	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 18, 2016	6,000	6,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 18, 2016	1,000	1,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Resona Bank, Limited	February 18, 2016	1,000	1,000	0.5 (Note 6)	July 31, 2024	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	March 1, 2016	396	396	0.5 (Note 6)	March 31, 2026	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		336	336					
	Sumitomo Mitsui Trust Bank, Limited		267	267					
	Development Bank of Japan Inc. (Note 4)	March 1, 2016	2,500	2,500	0.2	March 30, 2018	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 1, 2016	2,000	2,000	0.4 (Note 6)	March 31, 2025	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	1,500	1,500	0.3 (Note 6)	March 29, 2024	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	1,000	1,000	0.3 (Note 6)	March 29, 2024	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	1,000	1,000	0.3	March 29, 2024	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	1,500	1,500	0.3 (Note 6)	March 29, 2024	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	1,000	1,000	0.5 (Note 6)	March 31, 2025	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	1,000	1,000	0.5 (Note 6)	March 31, 2025	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	March 31, 2016	1,000	1,000	0.5	March 31, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	April 28, 2016	2,180	2,180	0.5	September 30, 2024	Lump sum	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		1,850	1,850					
	Sumitomo Mitsui Trust Bank, Limited		1,468	1,468					
	Development Bank of Japan Inc.	July 29, 2016	10,850	10,850	0.4	July 30, 2027	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 21, 2016	2,000	2,000	0.5	September 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2016	2,500	2,500	0.5	September 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2016	1,000	1,000	0.4	September 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	December 21, 2016	3,000	3,000	0.7	December 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2016	2,000	2,000	0.6	December 30, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	January 31, 2017	1,000	-	0.1	January 31, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2017 (Millions of yen)	February 28, 2018 (Millions of yen)					
	Name of lender								
Long-term	Sumitomo Mitsui Banking Corporation	January 31, 2017	2,500	-	0.2	January 31, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2017	2,000	2,000	0.6	January 29, 2027	Lump sum	(Note 9)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Shinkin Central Bank	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	May 1, 2017	594	594	0.4	November 1, 2024	Lump sum	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		504	504					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	May 1, 2017	1,000	1,000	0.4	May 1, 2025	Lump sum	(Note 9)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 1, 2017	2,000	2,000	0.4	May 1, 2024	Lump sum (Note 7)	(Note 9)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	May 1, 2017	2,000	2,000	0.6	May 1, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Resona Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Shinsei Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Toho Bank, Ltd.	May 19, 2017	2,000	2,000	0.3	May 16, 2025	Lump sum (Note 7)	(Note 11)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.		1,800	1,800					
	The Hyakugo Bank, Ltd.		1,350	1,350					
	Taiyo Life Insurance Company		1,000	1,000					
	The Daishi Bank, Ltd.		950	950					
	The Akita Bank, Ltd.		450	450					
	The Iyo Bank, Ltd.		450	450					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 2 and 4)	July 31, 2017	3,172	3,172	0.2	December 28, 2018	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Notes 3 and 4)		2,692	2,692					
	Sumitomo Mitsui Trust Bank, Limited (Note 4)		2,136	2,136					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	July 31, 2017	793	793	0.2	March 29, 2019	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		673	673					
	Sumitomo Mitsui Trust Bank, Limited		534	534					
	The Bank of Fukuoka, Ltd.	September 14, 2017	-	3,000	0.4	March 31, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	September 29, 2017	-	2,000	0.5	September 30, 2027	Lump sum	(Note 10)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2017	-	1,000	0.6	September 30, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Daishi Bank, Ltd.	October 2, 2017	-	1,500	0.3	September 30, 2024	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		-	1,000					
	The Juroku Bank, Ltd.		-	500					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	October 6, 2017	-	2,577	0.5	July 31, 2024	Lump sum	(Note 9)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		-	2,187					
	Sumitomo Mitsui Trust Bank, Limited		-	1,735					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 7)	Use	Remarks
			August 31, 2017 (Millions of yen)	February 28, 2018 (Millions of yen)					
Long-term	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	November 22, 2017	-	1,785	0.5	November 21, 2025	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		-	1,515					
	Sumitomo Mitsui Trust Bank, Limited		-	1,200					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 2)	November 22, 2017	-	1,785	0.5	May 22, 2026	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mitsubishi UFJ Trust and Banking Corporation (Note 3)		-	1,515					
	Sumitomo Mitsui Trust Bank, Limited		-	1,200					
	The Jyo Bank, Ltd.	November 22, 2017	-	1,000	0.6	November 22, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	November 22, 2017	-	2,000	0.6	November 22, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Shinkin Central Bank	December 29, 2017	-	2,500	0.6	December 28, 2027	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	January 12, 2018	-	2,000	0.6	January 12, 2028	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 4)	January 31, 2018	-	2,500	0.2	January 31, 2019	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Mizuho Bank, Ltd. (Note 4)	January 31, 2018	-	1,000	0.1	January 31, 2019	Lump sum (Note 7)	(Note 10)	Unsecured and unguaranteed
	Sub-total		363,591	371,691					
Total			363,591	376,691					

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

Note 2 The Bank of Tokyo-Mitsubishi UFJ, Ltd. has changed its name to MUFG Bank, Ltd. on April 1, 2018.

Note 3 As corporate banking businesses of Mitsubishi UFJ Trust and Banking Corporation were transferred to MUFG Bank, Ltd. by company split on April 16, 2018, the lender of the borrowings succeeded to MUFG Bank, Ltd. from Mitsubishi UFJ Trust and Banking Corporation.

Note 4 The balances as of February 28, 2018 are included in current portion of long-term borrowings in the balance sheets.

Note 5 American Family Life Assurance Company of Columbus was reorganized and transferred to Aflac Life Insurance Japan Ltd. on April 2, 2018.

Note 6 The borrowings are hedged by interest rate swaps and the average interest rates of the borrowings are calculated adjusting the effect of the interest rate swaps.

Note 7 JRF may repay all or part of principal of the borrowings on interest payment date.

Note 8 The principal is repaid on September 30, 2009 at first, and thereafter the 30th of March, June, September and December, at an amount corresponding to 4% of the initial principal (¥20,000 million) per year, and the remaining balance is repaid on due date.

Note 9 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.

Note 10 The funds were mainly appropriated to repayment of borrowings.

Note 11 The funds were appropriated to redemption of corporate bonds.

3. Investment corporation bonds

Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method (Note 1)	Use (Note 2)	Remarks (Note 3)
		August 31, 2017 (Millions of yen)	February 28, 2018 (Millions of yen)					
7th series unsecured investment corporation bonds	December 18, 2013	7,500	7,500	1.108	December 18, 2023	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
8th series unsecured investment corporation bonds	June 26, 2014	8,000	8,000	1.260	June 26, 2026	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
9th series unsecured investment corporation bonds	February 5, 2015	7,000	7,000	0.765	February 5, 2025	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
10th series unsecured investment corporation bonds	May 19, 2017	5,000	5,000	0.220	May 19, 2022	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
11th series unsecured investment corporation bonds	May 19, 2017	2,000	2,000	0.480	May 19, 2027	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
Total		29,500	29,500					

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

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

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

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

1. Transactions of property and asset-backed securities

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposition	Disposition amount (Note 1)	Net book value	Gain (loss) on disposition
Valor Kachigawa (Land with leasehold interest)	October 6, 2017	6,350	-	-	-	-
G-Bldg. Kobe Sannomiya 01	November 17, 2017	3,000	-	-	-	-
G-Bldg. Jingumae 07	November 22, 2017	1,950	-	-	-	-
Round1 Sannomiya Station	November 30, 2017	3,200	-	-	-	-
G-bldg. Shinsaibashi 03 (Bldg. B) (Land with leasehold interest)	December 21, 2017	400	-	-	-	-
G-Bldg. Midosuji 02	January 12, 2018	15,000	-	-	-	-
Total		29,900		-	-	-

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

2. Transactions of other assets

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

3. Research for specified assets value

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	Valor Kachigawa (Land with leasehold interest)	October 6, 2017	6,350	6,420	Daiwa Real Estate Appraisal Co.,Ltd.	September 28, 2016
Acquisition	G-Bldg. Kobe Sannomiya 01	November 17, 2017	3,000	3,160	Tanizawa Sōgō Appraisal Co., Ltd.	November 1, 2017
Acquisition	G-Bldg. Jingumae 07	November 22, 2017	1,950	2,080	Tanizawa Sōgō Appraisal Co., Ltd.	September 1, 2017
Acquisition	Round1 Sannomiya Station	November 30, 2017	3,200	3,300	Tanizawa Sōgō Appraisal Co., Ltd.	September 1, 2017
Acquisition	G-bldg. Shinsaibashi 03 (Bldg. B) (Land with leasehold interest)	December 21, 2017	400	1,030	CBRE K.K.	December 1, 2017
Acquisition	G-Bldg. Midosuji 02	January 12, 2018	15,000	15,700	Tanizawa Sōgō Appraisal Co., Ltd.	November 1, 2017

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

(2) Other transactions

None

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

Classification	Acquisition cost / Disposition amount (Notes 2 and 3)	
	Acquisition cost	Disposition amount
Total amount	¥29,900,000 thousand	¥ - thousand
<i>Breakdown for transactions with interested parties</i>		
<i>Mitsubishi Corporation Urban Development, Inc.</i>	¥400,000 thousand (1.3%)	¥ - thousand (- %)
Total	¥400,000 thousand (1.3%)	¥ - thousand (- %)

(2) Amounts of fees paid and other expenses

Classification	Total amount (A)	Transactions with interested parties or major shareholders		
		Name of counter party	Amount of payment (B)	(B) / (A)
Facility management fees	¥1,443,620 thousand	Mitsubishi UFJ Lease & Finance Company Limited	¥443 thousand	0.0%
Property management fees	¥858,346 thousand	Mitsubishi Corporation Urban Development, Inc.	¥19,000 thousand	2.2%
Other rental expenses	¥986,501 thousand	Mitsubishi Corporation Urban Development, Inc.	¥3,096 thousand	0.3%
		Mitsubishi Shoji & Sun Co., Ltd.	¥1,261 thousand	0.1%

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

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

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

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporations

1. Disclosures relating to overseas real estate investment corporations

None

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

None

Other information

1. Investment units held by the asset manager

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

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

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

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

Date	Number of investment units held at end of period (Units)	Investment units held at end of period (Note 1) (Thousands of yen)	Ratio of number of investment units held to number of investment units issued and outstanding
The 23rd fiscal period (March 1, 2013 to August 31, 2013)	3,200	577,920	0.2%
The 24th fiscal period (September 1, 2013 to February 28, 2014)	3,200	642,560	0.1%
The 25th fiscal period (March 1, 2014 to August 31, 2014)	3,200	698,240	0.1%
The 26th fiscal period (September 1, 2014 to February 28, 2015)	3,200	820,800	0.1%
The 27th fiscal period (March 1, 2015 to August 31, 2015)	3,200	715,520	0.1%
The 28th fiscal period (September 1, 2015 to February 29, 2016)	3,200	823,040	0.1%
The 29th fiscal period (March 1, 2016 to August 31, 2016)	3,200	743,360	0.1%
The 30th fiscal period (September 1, 2016 to February 28, 2017)	3,200	723,200	0.1%
The 31st fiscal period (March 1, 2017 to August 31, 2017)	3,200	647,360	0.1%
The 32nd fiscal period (September 1, 2017 to February 28, 2018)	3,200	656,960	0.1%

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

2. Notice

The General Meeting for Unitholders

The 11th General Meeting of Unitholders was held on November 27, 2017 and following matters were resolved at the meeting.

Resolution proposal	Summary
Resolution Proposal 1 - Partial amendment of the Articles of Incorporation	Following amendments were resolved as proposal. (1) Amendment in order to remove the public notice procedures applicable if there is a change in the administrator of the unitholders registry or the office for such business (2) Amendment in order to clarify when it is possible to take necessary measures to protect the interests of the unitholders with respect to the investment policy (3) Amendment in order to clarify that the record date for exercising voting rights at a general meeting of unitholders only applies to a general meeting of unitholders held within three months of the immediately preceding accounting settlement day (4) Amendment in order to clarify necessary procedures concerning the exercise of voting rights of agencies (5) Other amendments in order to modify the words and phrases and to adjust provisions
Resolution Proposal 2 - Appointment of one executive director	Shuichi Namba was appointed as proposal.
Resolution Proposal 3 - Appointment of two supervisory directors	Masahiko Nishida and Masaharu Usuki were appointed as proposal.
Resolution Proposal 4 - Appointment of two alternate executive directors	Keita Araki and Seiji Kimoto were appointed as proposal. (Note)
Resolution Proposal 5 - Appointment of one alternate supervisory director	Shuhei Murayama was appointed as proposal.

Note: The Board of Directors held on March 9, 2018 resolved to revoke the appointment of Seiji Kimoto in response to a proposal of resignation.

3. Other

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



Independent Auditor's Report

To the Board of Directors of Japan Retail Fund Investment Corporation

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as of February 28, 2018, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2018, and its financial performance and cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended February 28, 2018 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into the U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata LLC

May 28, 2018

PricewaterhouseCoopers Aarata LLC

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JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEET
As of August 31, 2017 and February 28, 2018

	As of		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 58,305	¥ 36,527	\$ 340,197
Restricted bank deposits (Note 4).....	513	513	4,777
Rent receivables	692	711	6,621
Other current assets	1,215	1,159	10,794
Total current assets.....	60,726	38,911	362,401
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	604,845	634,198	5,906,659
Buildings.....	302,652	305,185	2,842,367
Building improvements.....	14,746	15,035	140,029
Machinery and equipment.....	2,073	2,112	19,670
Furniture and fixtures.....	4,418	4,514	42,041
Construction in progress.....	55	110	1,024
Total property and equipment.....	928,792	961,156	8,951,811
Less: Accumulated depreciation.....	(101,736)	(107,427)	(1,000,530)
Net property and equipment.....	827,056	853,729	7,951,280
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	5,214	5,194	48,374
Other intangible assets (Notes 4, 7 and 8).....	85	117	1,089
Lease deposits (Note 4).....	1,862	1,666	15,516
Long-term prepaid expenses	1,844	1,790	16,671
Investment unit issuance costs	167	119	1,108
Investment corporation bond issuance costs	153	141	1,313
Other	520	520	4,843
Total other assets.....	9,848	9,551	88,954
TOTAL ASSETS.....	¥ 897,631	¥ 902,191	\$ 8,402,635

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEET
As of August 31, 2017 and February 28, 2018

	As of		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 9).....	¥ -	¥ 5,000	\$ 46,567
Current portion of long-term borrowings (Note 9).....	51,666	57,766	538,008
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	678	1,119	10,421
Accounts payable—operating	1,914	2,256	21,011
Accounts payable—other	11	17	158
Accrued expenses	2,119	2,053	19,120
Consumption tax payable	368	603	5,616
Rent received in advance	3,293	3,374	31,424
Deposits received	1,371	1,705	15,879
Other current liabilities	138	147	1,369
Total current liabilities.....	61,562	74,043	689,606
Non-current liabilities:			
Long-term borrowings (Note 9).....	311,925	313,925	2,923,768
Long-term bonds issued—unsecured (Note 10).....	29,500	29,500	274,750
Tenant leasehold and security deposits (Notes 4 and 11).....	51,459	50,774	472,888
Asset retirement obligations (Note 21).....	489	492	4,582
Derivatives liabilities (Note 20).....	725	473	4,405
Other	1	1	9
Total non-current liabilities	394,102	395,167	3,680,422
TOTAL LIABILITIES.....	455,664	469,210	4,370,028
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,667,198 units as of August 31, 2017 and 2,618,017 units as of February 28, 2018 issued and outstanding.....	411,878	411,878	3,836,062
Capital surplus.....	14,986	14,986	139,573
Deduction from capital surplus.....	-	(9,999)	(93,126)
Capital surplus, net.....	14,986	4,986	46,437
Reserve for reduction entry of property.....	476	476	4,433
Reserve for dividends.....	817	817	7,609
Retained earnings for temporary difference adjustment (Note 13).....	3,138	3,106	28,928
Retained earnings.....	11,425	12,233	113,933
Total unitholders' equity.....	442,723	433,499	4,037,431
Valuation and translation adjustments:			
Deferred losses on hedges.....	(755)	(518)	(4,824)
Total valuation and translation adjustments.....	(755)	(518)	(4,824)
TOTAL NET ASSETS.....	441,967	432,981	4,032,606
TOTAL LIABILITIES AND NET ASSETS.....	¥ 897,631	¥ 902,191	\$ 8,402,635

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the six months ended August 31, 2017 and February 28, 2018

	For the six months ended		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rent and other operating revenues (Note 15).....	¥ 30,999	¥ 31,967	\$ 297,727
Gain on sales of property (Note 16).....	11	-	-
	<u>31,011</u>	<u>31,967</u>	<u>297,727</u>
Operating expenses			
Property-related expenses (Note 15).....	14,190	14,444	134,525
Asset management fees	2,703	2,699	25,137
Custodian fees	30	29	270
General administration fees	126	127	1,182
Other	217	193	1,797
	<u>17,268</u>	<u>17,495</u>	<u>162,941</u>
Operating income	<u>13,743</u>	<u>14,472</u>	<u>134,786</u>
Non-operating revenues			
Non-operating revenues.....	6	3	27
	<u>6</u>	<u>3</u>	<u>27</u>
Non-operating expenses			
Interest expenses	1,612	1,604	14,938
Interest expenses on investment corporation bonds.....	201	127	1,182
Amortization of investment corporation bond issuance costs	11	11	102
Amortization of investment unit issuance costs	69	47	437
Loan-related costs	424	424	3,948
Other non-operating expenses	4	26	242
	<u>2,323</u>	<u>2,242</u>	<u>20,881</u>
Ordinary income	<u>11,426</u>	<u>12,232</u>	<u>113,923</u>
Income before income taxes	<u>11,426</u>	<u>12,232</u>	<u>113,923</u>
Income taxes (Note 17):			
Current.....	-	-	-
Deferred.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>11,425</u>	<u>12,232</u>	<u>113,923</u>
Unappropriated earnings at beginning of period	-	1	9
Retained earnings at the end of period (Note 14)	<u>¥ 11,425</u>	<u>¥ 12,233</u>	<u>\$ 113,933</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
For the six months ended August 31, 2017 and February 28, 2018

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Retained earnings	Total surplus	Own investment units	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in millions)													
Balance as of February 28, 2017.....	¥ 387,198	¥ 14,986	¥ -	¥ 14,986	¥ 476	¥ 3,138	¥ -	¥ 11,664	¥ 30,266	¥ -	¥ 417,464	¥ (808)	¥ (808)	¥ 416,655
<u>Changes during the period</u>														
Issuance of new investment units.....	24,679	-	-	-	-	-	-	-	-	-	24,679	-	-	24,679
Provision of reserve for dividends.....	-	-	-	-	-	817	-	(817)	-	-	-	-	-	-
Reversal of reserve for dividends.....	-	-	-	-	-	(3,138)	-	3,138	-	-	-	-	-	-
Provision of retained earnings for temporary difference adjustment....	-	-	-	-	-	-	3,138	(3,138)	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	(10,846)	(10,846)	-	(10,846)	-	-	(10,846)
Net income.....	-	-	-	-	-	-	-	11,425	11,425	-	11,425	-	-	11,425
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	53	53	53
<u>Total changes during the period</u>	24,679	-	-	-	-	(2,320)	3,138	(239)	578	-	25,258	53	53	25,311
Balance as of August 31, 2017.....	¥ 411,878	¥ 14,986	¥ -	¥ 14,986	¥ 476	¥ 817	¥ 3,138	¥ 11,425	¥ 30,844	¥ -	¥ 442,723	¥ (755)	¥ (755)	¥ 441,967
<u>Changes during the period</u>														
Reversal of retained earnings for temporary difference adjustment....	-	-	-	-	-	-	(31)	31	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	(11,455)	(11,455)	-	(11,455)	-	-	(11,455)
Net income.....	-	-	-	-	-	-	-	12,232	12,232	-	12,232	-	-	12,232
Acquisition of own investment units.....	-	-	-	-	-	-	-	-	-	(9,999)	(9,999)	-	-	(9,999)
Retirement of own investment units.....	-	-	(9,999)	(9,999)	-	-	-	-	(9,999)	9,999	-	-	-	-
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	237	237	237
<u>Total changes during the period</u>	-	-	(9,999)	(9,999)	-	-	(31)	808	(9,223)	-	(9,223)	237	237	(8,986)
Balance as of February 28, 2018.....	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 476	¥ 817	¥ 3,106	¥ 12,233	¥ 21,621	¥ -	¥ 433,499	¥ (518)	¥ (518)	¥ 432,981

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
For the six months ended August 31, 2017 and February 28, 2018

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Retained earnings	Total surplus	Own investment units	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in thousands of U.S. dollars (Note 3))													
Balance as of August 31, 2017.....	\$ 3,836,062	\$ 139,573	\$ -	\$ 139,573	\$ 4,433	\$ 7,609	\$ 29,226	\$ 106,407	\$ 287,268	\$ -	\$ 4,123,339	\$ (7,031)	\$ (7,031)	\$ 4,116,298
Changes during the period														
Reversal of retained earnings														
for temporary difference adjustment....	-	-	-	-	-	-	(288)	288	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	(106,687)	(106,687)	-	(106,687)	-	-	(106,687)
Net income.....	-	-	-	-	-	-	-	113,923	113,923	-	113,923	-	-	113,923
Acquisition of own investment units.....	-	-	-	-	-	-	-	-	-	(93,126)	(93,126)	-	-	(93,126)
Retirement of own investment units.....	-	-	(93,126)	(93,126)	-	-	-	-	(93,126)	93,126	-	-	-	-
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	2,207	2,207	2,207
Total changes during the period	-	-	(93,126)	(93,126)	-	-	(288)	7,525	(85,899)	-	(85,899)	2,207	2,207	(83,691)
Balance as of February 28, 2018.....	\$ 3,836,062	\$ 139,573	\$ (93,126)	\$ 46,437	\$ 4,433	\$ 7,609	\$ 28,928	\$ 113,933	\$ 201,369	\$ -	\$ 4,037,431	\$ (4,824)	\$ (4,824)	\$ 4,032,606

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
For the six months ended August 31, 2017 and February 28, 2018

	For the six months ended		
	August 31,	February 28,	February 28,
	2017	2018	2018
	(in millions)		(in thousands of U.S.dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 11,426	¥ 12,232	\$ 113,923
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,733	5,767	53,711
Amortization of investment corporation bond issuance costs.....	11	11	102
Amortization of investment unit issuance costs.....	69	47	437
Gain on sales of property.....	(11)	-	-
Loss on disposal of fixed assets.....	66	57	530
Interest income.....	-	-	-
Interest expenses.....	1,813	1,732	16,131
Changes in assets and liabilities:			
(Increase) decrease in rent receivables.....	(63)	(19)	(176)
(Increase) decrease in consumption tax refundable.....	494	-	-
(Increase) decrease in long-term prepaid expenses.....	246	53	493
Increase (decrease) in accounts payable - operating.....	136	(119)	(1,108)
Increase (decrease) in accounts payable - other.....	(3)	4	37
Increase (decrease) in accrued expenses.....	102	(28)	(260)
Increase (decrease) in consumption tax payable.....	368	234	2,179
Increase (decrease) in rent received in advance.....	172	81	754
Increase (decrease) in deposits received.....	293	183	1,704
Other, net.....	5	100	931
Sub total.....	20,862	20,339	189,429
Interest received.....	-	-	-
Interest expenses paid.....	(1,838)	(1,769)	(16,475)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	19,024	18,570	172,953
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(42,029)	(32,407)	(301,825)
Proceeds from sales of property and equipment.....	5,985	-	-
Purchase of intangible assets.....	(40)	(13)	(121)
Payments of tenant leasehold and security deposits.....	(1,510)	(1,014)	(9,443)
Proceeds from tenant leasehold and security deposits.....	2,923	1,266	11,791
Proceeds from deposits and others.....	7	229	2,132
Payments of deposits and others.....	(222)	(33)	(307)
Net cash used in investing activities.....	(34,886)	(31,973)	(297,783)
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings.....	-	5,000	46,567
Proceeds from long-term borrowings.....	31,500	35,500	330,632
Repayments of long-term borrowings.....	(10,400)	(27,400)	(255,192)
Proceeds from issuance of investment corporation bonds.....	6,946	-	-
Redemption of investment corporation bonds.....	(15,000)	-	-
Proceeds from issuance of investment units.....	24,536	-	-
Payments for acquisition of own investment units.....	-	(10,020)	(93,322)
Distribution payments.....	(10,850)	(11,455)	(106,687)
Net cash provided by (used in) financing activities.....	26,732	(8,375)	(78,001)
Net change in cash and cash equivalents.....	10,870	(21,778)	(202,831)
Cash and cash equivalents at the beginning of period.....	47,435	58,305	543,028
Cash and cash equivalents at the end of period.....	¥ 58,305	¥ 36,527	\$ 340,197

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended August 31, 2017 and February 28, 2018

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 32nd fiscal period (February 28, 2018) amounted to ¥910.1 billion (US\$8,476 million) (the total acquisition price of 100 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Investment Corporation Bond Issuance Costs

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

(i) Investment Unit Issuance Costs

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

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

Taxes on property and equipment capitalized amounted to ¥117 million and ¥17 million (US\$158 thousand) for the six months ended August 31, 2017 and February 28, 2018, respectively.

(m) Revenue Recognition

Revenue from the leasing of retail space includes fixed rental revenues, variable rental revenues, sales-based rental revenues,

recoveries of utility charges and other miscellaneous income, which are all recognized in a pattern appropriate for each revenue stream.

(n) Hedge Accounting

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

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

(o) Leases

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

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥107.37 = US\$1, the effective rate of exchange prevailing at February 28, 2018. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended February 28, 2018 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 11,633	¥ 11,286	\$ 105,113
Restricted bank deposits.....	513	513	4,777
Property and equipment, at cost:			
Land.....	578,353	605,739	5,641,603
Buildings.....	300,295	302,757	2,819,754
Building improvements.....	14,683	14,969	139,415
Machinery and equipment.....	2,073	2,112	19,670
Furniture and fixtures.....	4,402	4,497	41,883
Construction in progress.....	42	110	1,024
<i>Total property and equipment.....</i>	<i>899,850</i>	<i>930,186</i>	<i>8,663,369</i>
Less: Accumulated depreciation.....	(101,257)	(106,903)	(995,650)
<i>Net property and equipment.....</i>	<i>798,593</i>	<i>823,283</i>	<i>7,667,719</i>
Other assets:			
Leasehold rights.....	5,214	5,194	48,374
Other intangible assets.....	85	117	1,089
Lease deposits.....	1,862	1,666	15,516
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	678	1,119	10,421
Non-current liabilities:			
Tenant leasehold and security deposits.....	49,566	48,813	454,624

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction for the six months ended August 31, 2017 and February 28, 2018 were ¥379 million and ¥379 million (US\$¥3,529 thousand), respectively.

Note 6 — Schedule of Property and Equipment

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

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

(ii) Schedule of Property and Equipment as of February 28, 2018 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	¥ 604,845	¥ 29,352	¥ -	¥ 634,198	¥ -	¥ -	¥ 634,198
Buildings.....	302,652	2,587	54	305,185	98,004	5,251	207,180
Building improvements.....	14,746	290	2	15,035	5,521	267	9,513
Machinery and equipment.....	2,073	39	-	2,112	1,124	60	987
Furniture and fixtures.....	4,418	132	36	4,514	2,776	153	1,738
Construction in progress.....	55	87	32	110	-	-	110
Total.....	¥ 928,792	¥ 32,489	¥ 125	¥ 961,156	¥ 107,427	¥ 5,732	¥ 853,729

	At cost			Ending balance (in thousands of U.S. dollars (Note 3))	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
Land.....	\$ 5,633,277	\$ 273,372	\$ -	\$ 5,906,659	\$ -	\$ -	\$ 5,906,659
Buildings.....	2,818,776	24,094	502	2,842,367	912,768	48,905	1,929,589
Building improvements.....	137,338	2,700	18	140,029	51,420	2,486	88,600
Machinery and equipment.....	19,307	363	-	19,670	10,468	558	9,192
Furniture and fixtures.....	41,147	1,229	335	42,041	25,854	1,424	16,187
Construction in progress.....	512	810	298	1,024	-	-	1,024
Total.....	\$ 8,650,386	\$ 302,589	\$ 1,164	\$ 8,951,811	\$ 1,000,530	\$ 53,385	\$ 7,951,280

Note 7 — Schedule of Intangible Assets

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

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

(ii) Schedule of Intangible Assets as of February 28, 2018 consisted of the following:

	At cost			Ending balance (in millions)	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	¥ 5,384	¥ -	¥ -	¥ 5,384	¥ 189	¥ 20	¥ 5,194
Other intangible assets.....	311	50	7	354	236	15	117
Total.....	¥ 5,695	¥ 50	¥ 7	¥ 5,739	¥ 426	¥ 35	¥ 5,312

	At cost			Ending balance (in thousands of U.S. dollars (Note 3))	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
Leasehold rights.....	\$ 50,144	\$ -	\$ -	\$ 50,144	\$ 1,760	\$ 186	\$ 48,374
Other intangible assets.....	2,896	465	65	3,297	2,198	139	1,089
Total.....	\$ 53,040	\$ 465	\$ 65	\$ 53,450	\$ 3,967	\$ 325	\$ 49,473

Note 8 — Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2017 and February 28, 2018.

	As of / For the six months ended		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 801,896	¥ 832,354	\$ 7,752,202
Net increase during the period ⁽ⁱⁱ⁾	30,458	26,687	248,551
Balance at the end of the period.....	¥ 832,354	¥ 859,041	\$ 8,000,754
Fair value⁽ⁱⁱⁱ⁾	¥ 959,530	¥ 994,230	\$ 9,259,849

Notes:

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

For the six months ended August 31, 2017:

	Increase (decrease) in net book value (in millions)	
Acquisitions:		
MARINE & WALK YOKOHAMA.....	¥	11,455
G-Bldg. Midosuji 01.....		10,448
G-Bldg. Shinsaibashi 03 (additional acquisition).....		8,031
G-Bldg. Naha-shintoshin 01.....		5,724
G-Bldg. Tenjin Nishi-dori 01.....		4,988
Oyama Yuen Harvest Walk (additional acquisition).....		265
Capital expenditures:		
Construction of interior for a tenant of Nara Family.....		115
Disposition:		
Ito-Yokado Kamifukuoka Higashi.....		(5,974)

For the six months ended February 28, 2018:

	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:		
G-Bldg. Midosuji 02.....	¥ 15,591	\$ 145,208
Valor Kachigawa (Land with leasehold interest).....	6,411	59,709
Round1 Sannomiya Station.....	3,236	30,138
G-Bldg. Kobe Sannomiya 01.....	3,034	28,257
G-Bldg. Jingumae 07.....	2,036	18,962
G-Bldg. Shinsaibashi 03 (additional acquisition).....	407	3,790
Capital expenditures:		
Renewal construction of parking area of Oyama Yuen Harvest Walk.....	326	3,036

- (iii) Fair value has been determined based on appraisals or researched value by independent appraisers.

For rent revenues and expenses for the six months ended August 31, 2017 and February 28, 2018, please refer to “Note 15 — Analysis of Rent and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of August 31, 2017 and February 28, 2018 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ -	¥ 5,000	\$ 46,567
Long-term borrowings.....	363,591	371,691	3,461,777
Total.....	¥ 363,591	¥ 376,691	\$ 3,508,344
Average interest rates range for the period.....	From 0.1% to 3.0%	From 0.1% to 3.0%	

As of August 31, 2017 and February 28, 2018, the Company entered into credit facilities and committed lines of credit as follows:

	As of			
	August 31, 2017	February 28, 2018	February 28, 2018	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
Credit Facilities				
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 330,632	
Borrowings drawn down.....	-	-	-	
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 330,632	
Commitment Lines				
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 558,815	
Borrowings drawn down.....	-	-	-	
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 558,815	

Note 10 — Investment Corporation Bonds

The details of unsecured investment corporation bonds issued and outstanding as of August 31, 2017 and February 28, 2018 are as follows:

	Balance as of			
	August 31, 2017	February 28, 2018	February 28, 2018	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
Long-term bonds—unsecured				
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%.....	¥ 7,500	¥ 7,500	\$ 69,851	
¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.260%.....	8,000	8,000	74,508	
¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%.....	7,000	7,000	65,195	
¥5 billion of 5-year bonds, issued on May 19, 2017, maturing on May 19, 2022 with a coupon of 0.220%.....	5,000	5,000	46,567	
¥2 billion of 10-year bonds, issued on May 19, 2017, maturing on May 19, 2027 with a coupon of 0.480%.....	2,000	2,000	18,627	
Total.....	¥ 29,500	¥ 29,500	\$ 274,750	

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥231,747 million and ¥230,078 million (US\$2,142,851 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥21,721 million and ¥21,171 million (US\$197,177 thousand) as of August 31, 2017 and February 28, 2018, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure co-owner's payments of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,435 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,259 thousand) as of August 31, 2017 and February 28, 2018, respectively.

Note 12 — Net Assets

The Company issues only non-par value investment units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$465 thousand) as required by the Investment Trust Act.

The number of units issued and outstanding were 2,667,198 and 2,618,017 as of August 31, 2017 and February 28, 2018, respectively. For the six months ended February 28, 2018, the Company purchased a total of 49,181 of its own investment units at ¥9,999 million (US\$93,126 thousand) and retired all of its own investment units on February 9, 2018 according to a resolution of the Board of Directors held on January 26, 2018. The acquisition cost of the Company's own investment units is deducted from capital surplus in unitholders' equity.

Note 13 — Retained Earnings for Temporary Difference Adjustment

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

<i>For the six months ended August 31, 2017:</i>	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period
			(in millions)		
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ -	¥ 3,138	¥ -	¥ 3,138

<i>For the six months ended February 28, 2018:</i>	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period
			(in millions)		
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ 3,138	¥ -	¥ (31)	¥ 3,106
			(in thousands of U.S. dollars (Note 3))		
	\$ 29,226	\$ 29,226	\$ -	\$ (288)	\$ 28,928

Notes:

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

Note 14 — Appropriation of Retained Earnings

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

The following table shows the distributions of retained earnings for the six months ended August 31, 2017 and February 28, 2018, respectively.

	For the six months ended		
	August 31,	February 28,	February 28,
	2017	2018	2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 11,425	¥ 12,233	\$ 113,933
Reversal of retained earnings for temporary difference adjustment.....	31	31	288
Cash distribution declared.....	(11,455)	(11,545)	(107,525)
Provision of reserve for dividends.....	-	(719)	(6,696)
Retained earnings carried forward.....	¥ 1	¥ -	\$ -

For the six months ended August 31, 2017, the Company declared a total distribution of ¥11,455 million, representing all of the remaining profit after the reversal of retained earnings for temporary difference adjustment amounting to ¥31 million except for fractional distribution per unit less than one yen.

For the six months ended February 28, 2018, the Company transferred ¥719 million (US\$6,696 thousand), a portion of penalty charge from a tenant of MARINE & WALK YOKOHAMA, to reserve for dividends from retained earnings of ¥12,233 million (US\$113,933 thousand) at the end of the period then ended and declared a total distribution of ¥11,545 million (US\$107,525 thousand), representing at the end of the period then ended after the transfer and reversal of retained earnings for temporary difference adjustment amounting to ¥31 million (US\$288 thousand).

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

Cash distributions per investment unit were ¥4,295 and ¥4,410 (US\$41) for the six months ended August 31, 2017 and February 28, 2018, respectively.

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

Rent and other operating revenues and property-related expenses for the six months ended August 31, 2017 and February 28, 2018 consist of the following:

	For the six months ended		
	August 31,	February 28,	February 28,
	2017	2018	2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rent and other operating revenues:			
Rent and parking revenue.....	¥ 27,475	¥ 27,673	\$ 257,734
Common area charges.....	1,459	1,354	12,610
Other.....	2,065	2,939	27,372
Total rent and other operating revenues.....	¥ 30,999	¥ 31,967	\$ 297,727
Property-related expenses:			
Property management fees.....	¥ 773	¥ 858	\$ 7,991
Facility management fees.....	1,393	1,443	13,439
Utilities.....	1,639	1,488	13,858
Property-related taxes.....	2,686	2,663	24,802
Repair and maintenance.....	204	314	2,924
Insurance.....	34	33	307
Trust fees.....	63	60	558
Rent expense ⁽ⁱ⁾	768	769	7,162
Other.....	825	986	9,183
Depreciation.....	5,733	5,767	53,711
Loss on disposal of property.....	66	57	530
Total property-related expenses.....	¥ 14,190	¥ 14,444	\$ 134,525
Operating income from property leasing activities.....	¥ 16,809	¥ 17,522	\$ 163,192

Note:

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

Note 16 — Analysis of Gain on Sales of Property

Analysis of gain on sales of property for the six months ended August 31, 2017 and February 28, 2018 is as follows:

	Gain on sales of property for the six months ended		
	August 31,	February 28,	February 28,
	2017	2018	2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Sale of property.....	¥ 6,081	¥ -	\$ -
Cost of property.....	(5,974)	-	-
Other sales expenses.....	(95)	-	-
Gain on sales of property, net.....	¥ 11	¥ -	\$ -

Note 17 — Income Taxes

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

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

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

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

	For the six months ended	
	August 31, 2017	February 28, 2018
	(Rate)	
Statutory tax rate.....	31.74%	31.74%
Deductible cash distributions.....	(31.82)	(29.96)
Change in valuation allowance (for deferred tax assets).....	0.05	(1.80)
Reversal of retained earnings for temporary difference adjustment.....	0.09	0.08
Other.....	(0.05)	(0.06)
Effective tax rate.....	0.01%	0.00%

Deferred tax assets and liabilities consist of the following:

	As of		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Current:			
Tax loss carryforwards.....	¥ 2,395	¥ 2,163	\$ 20,145
Other.....	9	14	130
<i>Sub total</i>	2,404	2,178	20,284
Valuation allowance.....	(2,404)	(2,178)	(20,284)
<i>Total</i>	-	-	-
Non-current:			
Amortization of leasehold rights.....	86	96	894
Depreciation.....	12	11	102
Asset retirement obligations.....	154	155	1,443
Valuation differences on assets acquired through the merger.....	5,365	5,359	49,911
Deferred losses on hedges.....	229	149	1,387
Other.....	32	32	298
<i>Sub total</i>	5,880	5,805	54,065
Valuation allowance.....	(5,880)	(5,805)	(54,065)
<i>Total</i>	-	-	-
<i>Total deferred tax assets</i>	-	-	-
Net deferred tax assets	¥ -	¥ -	\$ -

Note 18 — Leases

(a) Lease Rental Revenues

The Company leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2017 and February 28, 2018 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 24,468	¥ 20,480	\$ 190,742
Due after one year.....	91,260	97,298	906,193
Total.....	¥ 115,729	¥ 117,778	\$ 1,096,935

(b) Lease Commitments

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

Note 19 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of August 31, 2017 and February 28, 2018.

	As of								
	August 31, 2017			February 28, 2018			February 28, 2018		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands of U.S. dollars (Note 3))		
Assets:									
(1) Cash and cash equivalents.....	¥ 58,305	¥ 58,305	¥ -	¥ 36,527	¥ 36,527	¥ -	\$ 340,197	\$ 340,197	\$ -
(2) Restricted bank deposits.....	513	513	-	513	513	-	4,777	4,777	-
Total.....	¥ 58,819	¥ 58,819	¥ -	¥ 37,040	¥ 37,040	¥ -	\$ 344,975	\$ 344,975	\$ -
Liabilities:									
(1) Short-term borrowings.....	¥ -	¥ -	¥ -	¥ 5,000	¥ 5,000	¥ -	\$ 46,567	\$ 46,567	\$ -
(2) Current portion of long-term borrowings.....	51,666	51,945	(279)	57,766	57,900	(134)	538,008	539,256	(1,248)
(3) Current portion of tenant leasehold and security deposits.....	678	689	(10)	1,119	1,173	(53)	10,421	10,924	(493)
(4) Long-term borrowings.....	311,925	315,889	(3,964)	313,925	316,845	(2,920)	2,923,768	2,950,963	(27,195)
(5) Long-term bonds issued—unsecured.....	29,500	30,563	(1,063)	29,500	30,459	(959)	274,750	283,682	(8,931)
(6) Tenant leasehold and security deposits.....	3,289	3,414	(125)	2,655	2,711	(56)	24,727	25,249	(521)
Total.....	¥ 397,059	¥ 402,503	¥ (5,444)	¥ 409,966	¥ 414,090	¥ (4,124)	\$ 3,818,254	\$ 3,856,663	\$ (38,409)
Derivative instruments*	¥ (755)	¥ (755)	¥ -	¥ (518)	¥ (518)	¥ -	\$ (4,824)	\$ (4,824)	\$ -

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

Notes:

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

Assets

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

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

Liabilities

- (1) Short-term borrowings

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

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

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

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

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

- (5) Long-term bonds issued—unsecured

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

Derivative instruments

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

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

	As of		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Tenant leasehold and security deposits.....	¥ 48,170	¥ 48,119	\$ 448,160
Total liabilities	¥ 48,170	¥ 48,119	\$ 448,160

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

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

As of August 31, 2017:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
				(in millions)		
Cash and cash equivalents	¥ 58,305	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits	513	-	-	-	-	-
Total	¥ 58,819	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 28, 2018:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
				(in millions)		
Cash and cash equivalents	¥ 36,527	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits	513	-	-	-	-	-
Total	¥ 37,040	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 28, 2018:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
				(in thousands of U.S. dollars (Note 3))		
Cash and cash equivalents	\$ 340,197	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits	4,777	-	-	-	-	-
Total	\$ 344,975	\$ -	\$ -	\$ -	\$ -	\$ -

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

<i>As of August 31, 2017:</i>	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in millions)			
Current portion of long-term borrowings	¥ 51,666	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of tenant leasehold and security deposits	678	-	-	-	-	-
Long-term borrowings	-	59,000	45,500	38,575	33,000	135,850
Long-term bonds issued — unsecured	-	-	-	-	5,000	24,500
Tenant leasehold and security deposits	-	678	678	663	658	611
Total	¥ 52,344	¥ 59,678	¥ 46,178	¥ 39,238	¥ 38,658	¥ 160,961
<i>As of February 28, 2018:</i>	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in millions)			
Short-term borrowings	¥ 5,000	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings	57,766	-	-	-	-	-
Current portion of tenant leasehold and security deposits	1,119	-	-	-	-	-
Long-term borrowings	-	51,500	44,575	34,000	30,500	153,350
Long-term bonds issued — unsecured	-	-	-	-	5,000	24,500
Tenant leasehold and security deposits	-	678	673	658	68	577
Total	¥ 63,885	¥ 52,178	¥ 45,248	¥ 34,658	¥ 35,568	¥ 178,427
<i>As of February 28, 2018:</i>	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
			(in thousands of U.S. dollars (Note 3))			
Short-term borrowings	\$ 46,567	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term borrowings	538,008	-	-	-	-	-
Current portion of tenant leasehold and security deposits	10,421	-	-	-	-	-
Long-term borrowings	-	479,649	415,153	316,662	284,064	1,428,238
Long-term bonds issued — unsecured	-	-	-	-	46,567	228,182
Tenant leasehold and security deposits	-	6,314	6,268	6,128	633	5,373
Total	\$ 594,998	\$ 485,964	\$ 421,421	\$ 322,790	\$ 331,265	\$ 1,661,795

Note 20 — Derivatives

Information on derivative transactions undertaken by the Company as of August 31, 2017 and February 28, 2018 is as follows. Derivative transactions are carried out hedging purposes only and are subject to hedge accounting.

As of August 31, 2017:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)	
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 127,075	¥ 99,575	¥ (755)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500	122,500	(2,777)
Total			¥ 249,575	¥ 222,075	¥ (3,533)

As of February 28, 2018:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱⁱ⁾		
			Total	Over 1 year (in millions)		Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 108,075	¥ 79,075	¥ (518)	\$ 1,006,566	\$ 736,472	\$ (4,824)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500	121,000	(2,199)	1,140,914	1,126,944	(20,480)
Total			¥ 230,575	¥ 200,075	¥ (2,718)	\$ 2,147,480	\$ 1,863,416	\$ (25,314)

Notes:

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

Note 21 — Asset Retirement Obligations

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

Movements of asset retirement obligations for the six months ended August 31, 2017 and February 28, 2018 are as follows:

	For the six months ended		
	August 31, 2017	February 28, 2018	February 28, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 486	¥ 489	\$ 4,554
Adjustment for passage of time.....	3	3	27
Balance at the end of the period.....	¥ 489	¥ 492	\$ 4,582

Note 22 — Related-Party Transactions

For the six months ended August 31, 2017 and February 28, 2018, there were no applicable transactions with related parties as defined under the Financial Instruments and Exchanges Act.

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

(a) Real Estate Acquisition

The Company acquired certain properties from Mitsubishi Corporation Urban Development, Inc. for ¥19,100 million and from Mitsubishi UFJ Lease & Finance Company Limited for ¥255 million⁽ⁱⁱ⁾ for the six months ended August 31, 2017 and from Mitsubishi Corporation Urban Development, Inc. for ¥400 million (US\$3,725 thousand), for the six months ended February 28, 2018, respectively. The acquisition amounts of these transactions were decided through negotiation with the sellers based on appraisal values by real estate appraisers.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,703 million and ¥2,699 million (US\$25,137 thousand) were paid by the Company for the six months ended August 31, 2017 and February 28, 2018, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥318 million and ¥239 million (US\$2,225 thousand) were paid by the Company for the six months ended August 31, 2017 and February 28, 2018, respectively. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥126 million and ¥127 million (US\$1,182 thousand) for general administration fees, and ¥32 million and ¥34 million (US\$316 thousand) for custodian fees for the six months ended August 31, 2017 and February 28, 2018, respectively. These fees have been decided based on third party transactions.

In addition, the Company obtained long-term borrowings of ¥3,869 million for the six months ended August 31, 2017, and short-term borrowings of ¥1,682 million (US\$15,665 thousand) and long-term borrowings of ¥ 5,217 million (US\$48,588 thousand) for the six months ended February 28, 2018 from Mitsubishi UFJ Trust and Banking Corporation, respectively. The borrowings were raised by term loan agreement and unsecured.

The Company repaid long-term borrowings of ¥3,365 million and ¥3,030 million (US\$28,220 thousand) to Mitsubishi UFJ Trust and Banking Corporation for the six months ended August 31, 2017 and February 28, 2018, respectively.

The ending balances of accrued general administration fees, accounts payable for custodian fees, short-term borrowings, current portion of long-term borrowings and long-term borrowings as of February 28, 2018 were ¥43 million (US\$400 thousand), ¥6 million (US\$55 thousand), ¥1,682 million (US\$15,665 thousand)⁽ⁱⁱⁱ⁾, ¥7,402 million (US\$68,939 thousand)⁽ⁱⁱⁱ⁾ and ¥49,568 million (US\$461,655 thousand)⁽ⁱⁱⁱ⁾, respectively.

Notes:

- (i) Under the Investment Trust Act, the definition of a “related party” includes the asset management company and its interested parties (parent and subsidiary corporations, specified individual shareholders, and major shareholders of the asset management company defined as interested parties under Article 201 of the Investment Trust Act and Article 123 of the Order for Enforcement of the Investment Trust Act), as well as the asset custody company, in addition to controlling unitholders, major unitholders, subsidiary corporations, subsidiary companies of controlling unitholders, and officers and their close relatives.
- (ii) Although the Company paid ¥255 million to MUL Property Limited under a purchase contract with MUL Property Limited, ownership of the property acquired was transferred directly from Mitsubishi UFJ Lease & Finance Company Limited (former owner of the property) to the Company. A contracted price of the property in a purchase agreement between Mitsubishi UFJ Lease & Finance Company Limited and MUL Property Limited was ¥240 million.
- (iii) The lender of the borrowings succeeded to MUFG Bank, Ltd. from Mitsubishi UFJ Trust and Banking Corporation on April 16, 2018.

Note 23 — Per Unit Information

The following table shows the net asset value per unit as of August 31, 2017 and February 28, 2018 and net income per unit for the six months then ended.

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

	As of / For the six months ended		
	August 31, 2017	February 28, 2018	February 28, 2018
	(Yen)		(US\$ (Note 3))
The net asset value per unit.....	¥ 165,704	¥ 165,385	\$ 1,540
Net income per unit.....	¥ 4,297	¥ 4,630	\$ 43
Weighted average number of investment units.....	2,658,869	2,641,824	

Note 24 — Segment Information

Segment information for the six months ended August 31, 2017 and February 28, 2018 is as follows:

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(iii) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	August 31, 2017	February 28, 2018	February 28, 2018	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
AEON Mall Co., Ltd.	¥ 3,499	¥ 3,325	\$ 30,967	Property rental business
AEON Retail Co., Ltd.	3,264	3,257	30,334	Property rental business