

Translation

JAPAN RETAIL FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2018

April 16, 2018

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	http://www.jrf-reit.com/
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Katsuhisa Sakai, President & CEO & Representative Director
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Scheduled date for filing of securities report:	May 29, 2018
Scheduled date for distributions payment:	May 18, 2018
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended February 28, 2018 (September 1, 2017 to February 28, 2018)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended February 28, 2018	31,967	3.1	14,472	5.3	12,232	7.1	12,232	7.1
August 31, 2017	31,011	-1.8	13,743	-1.7	11,426	-2.0	11,425	-2.0

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen		%		%		%	
For the six months ended February 28, 2018	4,630		2.8		1.4		38.3	
August 31, 2017	4,297		2.7		1.3		36.8	

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
For the six months ended February 28, 2018	Yen 4,410	Millions of yen 11,545	Yen 0	Millions of yen 0	% 94.4	% 2.7
August 31, 2017	4,295	11,455	0	0	100.3	2.6

Note 1: Total distributions for the six months ended February 28, 2018 is calculated by adding reversal of retained earnings for temporary difference adjustment amounting to ¥31 million to net income and subtracting provision of reserve for dividends amounting to ¥719 million from net income.

Note 2: Payout ratio for the six months ended February 28, 2018 is calculated by following formula because of acquisition and cancellation of own investment units.

Payout ratio = Total of distributions ÷ Net income × 100

Note 3: Total distributions for the six months ended August 31, 2017 is calculated by adding reversal of retained earnings for temporary difference adjustment amounting to ¥31 million to net income.

Note 4: Payout ratio for the six months ended August 31, 2017 is calculated by following formula because new investment units were issued.

Payout ratio = Total of distributions ÷ Net income × 100

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2018	902,191	432,981	48.0	165,385
August 31, 2017	897,631	441,967	49.2	165,704

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2018	18,570	(31,973)	(8,375)	36,527
August 31, 2017	19,024	(34,886)	26,732	58,305

2. Outlook for the six months ending August 31, 2018 (March 1, 2018 to August 31, 2018) and February 28, 2019 (September 1, 2018 to February 28, 2019)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2018	31,965	-0.0	12,941	-10.6	10,703	-12.5	10,703	-12.5
February 28, 2019	30,797	-3.7	12,573	-2.8	10,514	-1.8	10,514	-1.8

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
August 31, 2018	4,088		4,430		0	
February 28, 2019	4,016		4,430		0	

Note: Total distributions for the six months ending August 31, 2018 is calculated by adding reversals of reserve for reduction entry of property amounting to ¥476 million and retained earnings for temporary difference adjustment amounting to ¥418 million to net income. Total distributions for the six months ending February 28, 2019 is calculated by adding reversals of reserve for reduction entry of property amounting to ¥1,083 million to net income.

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of February 28, 2018 2,618,017 units

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

Number of own investment units at the end of period:

As of February 28, 2018 0 units

As of August 31, 2017 0 units

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

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook of next period” on page 6-12.

1. Summary of related corporations of JRF

There have not been any significant changes to the “structure of the investment corporation” in the most recent financial report (submitted on November 28, 2017), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management policies

There have not been any significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted on November 28, 2017), and hence, description of these matters is omitted.

(2) State of operations

A. Operations during the period

i. Principal activities

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

During the fiscal period ended 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).

ii. Investment environment and results

(1) 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%.

(2) 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.

iii. 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.

iv. 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.

B. Outlook of next period

i. 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.

ii. Issues to be addressed

JRF's asset size (total acquisition price) is the largest among J-REITs specializing in retail properties as at the end of February 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.

(1) External growth strategy

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

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

Type B: Neighborhood retail properties in densely-populated areas

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

Type D: Retail properties in prime urban shopping districts

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

(2) Internal growth strategy

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

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

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

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

(3) Financial strategy

JRF constantly works to improve financial stability further.

(i) Effort to secure the financial stability

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

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

(ii) LTV control

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

(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.

(4) Measures for ensuring delivery of stable distributions

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

iii. Earnings forecast

The following forecasts have been made regarding asset management operation in the fiscal period ending August 2018 (33rd fiscal period) and the fiscal period ending February 2019 (34th fiscal period).

Please refer to the “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2018 (33rd Fiscal Period: March 1, 2018 to August 31, 2018) and the Fiscal Period Ending February 28, 2019 (34th Fiscal Period: September 1, 2018 to February 28, 2019)” on the following page for the assumptions of the forecast.

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

Fiscal Period Ending August 31, 2018 (33rd fiscal period: March 1, 2018 to August 31, 2018)

Operating revenues	31,965 million yen
Ordinary income	10,703 million yen
Net income	10,703 million yen
Distributions per unit	4,430 yen

Fiscal Period Ending February 28, 2019 (34th Fiscal Period: September 1, 2018 to February 28, 2019)

Operating revenues	30,797 million yen
Ordinary income	10,514 million yen
Net income	10,514 million yen
Distributions per unit	4,430 yen

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2018 (33rd fiscal period: March 1, 2018 to August 31, 2018) and the Fiscal Period Ending February 28, 2019 (34th Fiscal Period: September 1, 2018 to February 28, 2019)

Item	Assumption
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending August 31, 2018 (33rd fiscal period: March 1, 2018 to August 31, 2018) (184 days) - Fiscal period ending February 28, 2019 (34th fiscal period: September 1, 2018 to February 28, 2019) (181 days)
Assets owned	<ul style="list-style-type: none"> - As of February 28, 2018, the forecast was calculated based on 100 properties. - We also assume that no other (anticipated) changes (new property acquisitions and sales of owned properties etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current portfolio properties, etc., will occur prior to the end of the February 2019 (34th) fiscal period.
Issue of units	<ul style="list-style-type: none"> - The number of investment units issued at the end of the fiscal period is 2,618,017 units, assuming that there will not be any additional issuance of new investment units or repurchase/cancellation of own investment units.
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debt as of February 28, 2018 stood at 406,191 million yen. However, as a result of (i) loan agreements in the amount of 11,000 million yen that were concluded on March 23, 2018 and took effect on March 30, 2018 and (ii) repayment of loans in the amount of 11,200 million yen, which matured on March 30, 2018; interest-bearing debt as of the date of this document is 405,991 million yen, which comprises short-term borrowing, long-term borrowings and investment corporation bonds in the amounts of 5,000 million yen, 371,491 million yen, and 29,500 million yen, respectively. - Out of the interest-bearing debt outstanding as of the date of this document, short-term debts in the amount of 5,000 million yen and long-term debts in the amount of 46,566 million yen are to be repaid in the August 2018 (33rd) and February 2019 (34th) fiscal periods before maturity. We assume that we will repay part of these debts with cash on hand and repay the rest through funding including debt financing.
Operating revenues	<ul style="list-style-type: none"> - Rent and other operating revenues are calculated based on the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. - We assume that there will be no arrears or nonpayment of rent by our tenants.
Operating expenses	<ul style="list-style-type: none"> - We assume that taxes and public charge of 2,834 million yen and 2,830 million yen in the August 2018 (33rd) fiscal period and the February 2019 (34th) fiscal period, respectively. - With respect to fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes and other taxes”) on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as rental expenses. However, should any need arise for settlement, such as a need to pay settlement amount for fixed asset taxes and other taxes, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to fixed asset taxes and other taxes”), such amounts are taken into account in the purchase price of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to fixed asset taxes and other taxes pertaining to G-Bldg. Midosuji 02, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2019 onwards. We have assumed the amounts equivalent to fixed asset taxes and other taxes included in the acquisition cost of G-Bldg. Midosuji 02 to be 9 million yen in total. - We assume that repair and maintenance will be 1,457 million yen for the August 2018 (33rd) fiscal period and 817 million yen for the February 2019 (34th) fiscal period. - We assume that depreciation will be 5,720 million yen for the August 2018 (33rd) fiscal

Item	Assumption
	<p>period and 5,773 million yen for the February 2019 (34th) fiscal period.</p> <ul style="list-style-type: none"> - We assume that property management fees will be 769 million yen for the August 2018 (33rd) fiscal period and 802 million yen for the February 2019 (34th) fiscal period, and building management fees will be 1,472 million yen for the August 2018 (33rd) fiscal period and 1,487 million yen for the February 2019 (34th) fiscal period. - We assume that we will incur 216 million yen for loss on disposal of fixed assets related to the replacement of tenants at GYRE and mozo wonder city in the August 2018 (33rd) fiscal period and 176 million yen for loss on disposal of fixed assets related to the replacement of tenants at GYRE and KAWASAKI Le FRONT in the February 2019 (34th) fiscal period. With respect to the loss on disposal of fixed assets described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation.
Non-operating expenses	<ul style="list-style-type: none"> - We assume that non-operating expenses (including interest expense, loan-related costs, corporate bonds interest, amortization of unit issuance costs, etc.) will be 2,237 million yen for the August 2018 (33rd) fiscal period and 2,058 million yen for the February 2019 (34th) fiscal period.
Distributions per unit	<ul style="list-style-type: none"> - Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - Regarding the distributions for the August 2018 (33rd) fiscal period, it is assumed that a total of 11,597 million yen will be distributed (distributions per unit: 4,430 yen) by adding 476 million yen from the reversal of total compressed savings and 418 million yen from the reversal of 3,075 million yen in retained earnings for temporary difference adjustment to the 10,703 million yen in unappropriated retained earnings at the end of the period. - Regarding the distributions for the February 2019 (34th) fiscal period, it is assumed that a total of 11,597 million yen will be distributed (distributions per unit: 4,430 yen) by adding 1,083 million yen from the reversal of 2,657 million yen in retained earnings for temporary difference adjustment to 10,514 million yen in unappropriated retained earnings at the end of the period. - It is assumed that retained earnings for temporary difference adjustment will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period ended February 2017.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> - We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

3. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	August 31, 2017	February 28, 2018
ASSETS		
Current assets:		
Cash and bank deposits	46,672,631	25,240,631
Cash and bank deposits in trust (Note 1)	12,146,532	11,799,740
Rent receivables	692,240	711,574
Income taxes receivable	42	120
Other current assets	1,215,267	1,159,321
Total current assets	60,726,714	38,911,388
Non-current assets:		
Property and equipment:		
Buildings	2,356,379	2,427,277
Accumulated depreciation	(449,109)	(491,961)
Buildings, net	1,907,269	1,935,316
Building improvements	63,419	66,113
Accumulated depreciation	(18,828)	(20,302)
Building improvements, net	44,590	45,810
Furniture and fixtures	16,555	16,679
Accumulated depreciation	(11,208)	(11,868)
Furniture and fixtures, net	5,346	4,810
Land	26,492,859	28,459,580
Construction in progress	12,913	-
Buildings in trust (Note 2)	300,295,648	302,757,962
Accumulated depreciation	(92,318,236)	(97,512,639)
Buildings in trust, net (Note 1)	207,977,411	205,245,322
Building improvements in trust	14,683,443	14,969,150
Accumulated depreciation	(5,236,674)	(5,501,347)
Building improvements in trust, net (Note 1)	9,446,769	9,467,802
Machinery and equipment in trust	2,073,709	2,112,726
Accumulated depreciation	(1,064,534)	(1,124,755)
Machinery and equipment in trust, net (Note 1)	1,009,175	987,970
Furniture and fixtures in trust	4,402,291	4,497,905
Accumulated depreciation	(2,637,752)	(2,764,394)
Furniture and fixtures in trust, net (Note 1)	1,764,538	1,733,511
Land in trust (Note 1)	578,353,036	605,739,013
Construction in progress in trust (Note 1)	42,536	110,177
Total property and equipment	827,056,448	853,729,315
Intangible assets:		
Leasehold rights in trust	5,214,506	5,194,433
Other intangible assets in trust	85,462	117,983
Total intangible assets	5,299,969	5,312,416
Investment and other assets:		
Lease deposits in trust	1,862,982	1,666,329
Long-term prepaid expenses	1,844,356	1,790,661
Other investments (Note 1)	520,292	520,292
Total investment and other assets	4,227,631	3,977,282
Total non-current assets	836,584,049	863,019,015
Deferred assets:		
Investment unit issuance costs	167,338	119,429
Investment corporation bond issuance costs	153,193	141,933
Total deferred assets	320,531	261,362
TOTAL ASSETS	897,631,296	902,191,766

(To be continued on the following page)

(Thousands of yen)

	As of	
	August 31, 2017	February 28, 2018
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	1,914,707	2,256,662
Short-term borrowings	-	5,000,000
Current portion of long-term borrowings	51,666,000	57,766,000
Accounts payable – other	11,434	17,132
Accrued expenses	2,119,549	2,053,694
Income taxes payable	605	605
Consumption tax payable	368,743	603,148
Rent received in advance	3,293,278	3,374,492
Deposits received	1,371,655	1,705,320
Current portion of tenant leasehold and security deposits in trust (Note 1)	678,315	1,119,624
Derivatives liabilities	29,953	44,801
Other current liabilities	107,811	101,640
Total current liabilities	61,562,052	74,043,124
Non-current liabilities:		
Long-term bonds issued – unsecured	29,500,000	29,500,000
Long-term borrowings	311,925,000	313,925,000
Tenant leasehold and security deposits	1,893,781	1,961,349
Tenant leasehold and security deposits in trust (Note 1)	49,566,000	48,813,284
Asset retirement obligations	489,502	492,736
Derivatives liabilities	725,916	473,843
Other non-current liabilities	1,846	1,263
Total non-current liabilities	394,102,048	395,167,477
TOTAL LIABILITIES	455,664,100	469,210,601
Net Assets (Note 6)		
Unitholders' equity:		
Unitholders' capital	411,878,082	411,878,082
Surplus:		
Capital surplus	14,986,826	14,986,826
Deduction of capital surplus (Note 4)	-	(9,999,980)
Capital surplus, net	14,986,826	4,986,845
Voluntary reserve		
Reserve for reduction entry of property	476,272	476,272
Reserve for dividends	817,906	817,906
Retained earnings for temporary difference adjustment (Note 5)	3,138,254	3,106,872
Total voluntary reserve	4,432,434	4,401,051
Retained earnings	11,425,723	12,233,831
Total surplus	30,844,983	21,621,728
Total unitholders' equity	442,723,065	433,499,810
Valuation and translation adjustments:		
Deferred losses on hedges	(755,869)	(518,645)
Total valuation and translation adjustments	(755,869)	(518,645)
TOTAL NET ASSETS	441,967,195	432,981,165
TOTAL LIABILITIES AND NET ASSETS	897,631,296	902,191,766

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	August 31, 2017	February 28, 2018
Operating revenues		
Rent and other operating revenues (Note 7)	30,999,995	31,967,219
Gain on sales of property (Note 8)	11,724	-
Total operating revenues	31,011,719	31,967,219
Operating expenses		
Property-related expenses (Note 7)	14,190,092	14,444,529
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 operating expenses	17,268,117	17,495,032
Operating income	13,743,602	14,472,187
Non-operating revenues		
Interest income	280	785
Other non-operating revenues	6,253	2,305
Total non-operating revenues	6,533	3,091
Non-operating expenses		
Interest expenses	1,612,512	1,604,672
Interest expenses on investment corporation bonds	201,276	127,751
Amortization of investment corporation bond issuance costs	11,149	11,260
Amortization of investment unit issuance costs	69,372	47,908
Loan-related costs	424,959	424,455
Other non-operating expenses	4,536	26,284
Total non-operating expenses	2,323,807	2,242,332
Ordinary income	11,426,328	12,232,946
Income before income taxes	11,426,328	12,232,946
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	11,425,723	12,232,341
Unappropriated earnings at beginning of period	-	1,490
Retained earnings at the end of period	11,425,723	12,233,831

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity											Valuation and translation adjustments			
	Surplus											Deferred losses on hedges	Total valuation and translation adjustments	Total net assets	
	Unitholders' capital (Note 6)	Capital surplus	Deduction of capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Voluntary reserve		Retained earnings	Total surplus	Own investment units				Total unitholders' equity
							Retained earnings for temporary difference adjustment	Total voluntary reserve							
Balance as of February 28, 2017	387,198,507	14,986,826	-	14,986,826	476,272	3,138,254	-	3,614,527	11,664,748	30,266,101	-	417,464,608	(808,962)	(808,962)	416,655,646
Changes during the period															
Issuance of new investment units	24,679,575	-	-	-	-	-	-	-	-	-	-	24,679,575	-	-	24,679,575
Provision of reserve for dividends	-	-	-	-	-	817,906	-	817,906	(817,906)	-	-	-	-	-	-
Reversal of reserve for dividends	-	-	-	-	-	(3,138,254)	-	(3,138,254)	3,138,254	-	-	-	-	-	-
Provision of retained earnings for temporary difference adjustment	-	-	-	-	-	-	3,138,254	3,138,254	(3,138,254)	-	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(10,846,841)	(10,846,841)	-	(10,846,841)	-	-	(10,846,841)
Net income	-	-	-	-	-	-	-	-	11,425,723	11,425,723	-	11,425,723	-	-	11,425,723
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	53,092	53,092	53,092
Total changes during the period	24,679,575	-	-	-	-	(2,320,348)	3,138,254	817,906	(239,024)	578,881	-	25,258,456	53,092	53,092	25,311,549
Balance as of August 31, 2017	411,878,082	14,986,826	-	14,986,826	476,272	817,906	3,138,254	4,432,434	11,425,723	30,844,983	-	442,723,065	(755,869)	(755,869)	441,967,195
Changes during the period															
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,455,615)	(11,455,615)	-	(11,455,615)	-	-	(11,455,615)
Net income	-	-	-	-	-	-	-	-	12,232,341	12,232,341	-	12,232,341	-	-	12,232,341
Acquisition of own investment units	-	-	-	-	-	-	-	-	-	-	(9,999,980)	(9,999,980)	-	-	(9,999,980)
Retirement of own investment units	-	-	(9,999,980)	(9,999,980)	-	-	-	-	-	(9,999,980)	9,999,980	-	-	-	-
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	237,224	237,224	237,224
Total changes during the period	-	-	(9,999,980)	(9,999,980)	-	-	(31,382)	(31,382)	808,108	(9,223,254)	-	(9,223,254)	237,224	237,224	(8,986,030)
Balance as of February 28, 2018	411,878,082	14,986,826	(9,999,980)	4,986,845	476,272	817,906	3,106,872	4,401,051	12,233,831	21,621,728	-	433,499,810	(518,645)	(518,645)	432,981,165

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

(4) Statements of cash distributions

		(Yen)	
		For the six months ended	
		August 31, 2017	February 28, 2018
I	Retained earnings at the end of period	11,425,723,026	12,233,831,308
II	Reversal of voluntary reserve		
	<i>Reversal of retained earnings for temporary difference adjustment (Note 9)</i>	31,382,550	31,382,550
III	Cash distribution declared	11,455,615,410	11,545,454,970
	<i>(Cash distribution declared per unit)</i>	<i>(4,295)</i>	<i>(4,410)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	-	719,758,888
V	Retained earnings carried forward	1,490,166	-

For the six months ended August 31, 2017:

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

For the six months ended February 28, 2018:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended February 28, 2018 amounting to ¥11,545,454,970 consisted all of retained earnings at the end of the period after transferring ¥719,758,888, a portion of penalty charge from a tenant of MARINE & WALK YOKOHAMA, to reserve for dividends and reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550, except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	August 31, 2017	February 28, 2018
Cash Flows from Operating Activities:		
Income before income taxes	11,426,328	12,232,946
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,733,278	5,767,835
Amortization of investment corporation bond issuance costs	11,149	11,260
Amortization of investment unit issuance costs	69,372	47,908
Gain on sales of property	(11,724)	-
Loss on disposal of fixed assets	66,980	57,970
Interest income	(280)	(785)
Interest expenses	1,813,788	1,732,424
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	(63,665)	(19,333)
(Increase) decrease in income taxes receivable	78	(77)
(Increase) decrease in consumption tax refundable	494,488	-
(Increase) decrease in long-term prepaid expenses	246,754	53,695
Increase (decrease) in accounts payable - operating	136,737	(119,881)
Increase (decrease) in consumption tax payable	368,743	234,404
Increase (decrease) in accounts payable - other	(3,289)	4,316
Increase (decrease) in accrued expenses	102,084	(28,982)
Increase (decrease) in rent received in advance	172,519	81,214
Increase (decrease) in deposits received	293,512	183,728
Other, net	5,672	100,851
Sub total	20,862,532	20,339,495
Interest received	280	785
Interest expenses paid	(1,838,078)	(1,769,296)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	19,024,129	18,570,380
Cash Flows from Investing Activities:		
Purchase of property and equipment	(12,835)	(2,023,126)
Purchase of property and equipment in trust	(42,016,642)	(30,384,624)
Proceeds from sales of property and equipment in trust	5,985,965	-
Purchase of intangible assets in trust	(40,601)	(13,991)
Payments of tenant leasehold and security deposits	(38,254)	(1,775)
Proceeds from tenant leasehold and security deposits	67,083	51,011
Payments of tenant leasehold and security deposits in trust	(1,472,254)	(1,013,008)
Proceeds from tenant leasehold and security deposits in trust	2,856,243	1,215,190
Payments of lease deposits in trust	(222,568)	(33,296)
Proceeds from lease deposits in trust	7,610	229,950
Payments for restricted bank deposits in trust	-	(24)
Net cash provided by (used in) investing activities	(34,886,254)	(31,973,696)
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	-	5,000,000
Proceeds from long-term borrowings	31,500,000	35,500,000
Repayments of long-term borrowings	(10,400,000)	(27,400,000)
Proceeds from issuance of investment corporation bonds	6,946,288	-
Redemption of investment corporation bonds	(15,000,000)	-
Proceeds from issuance of investment units	24,536,532	-
Payments for acquisition of own investment units	-	(10,020,421)
Distribution payments	(10,850,649)	(11,455,078)
Net cash provided by (used in) financing activities	26,732,172	(8,375,500)
Net change in cash and cash equivalents	10,870,047	(21,778,815)
Cash and cash equivalents at the beginning of period	47,435,881	58,305,928
Cash and cash equivalents at the end of period (Note 10)	58,305,928	36,527,112

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

(6) Note relating to going concern assumption

Not applicable.

(7) Summary of significant accounting policies

(a) Property and equipment

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

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

(b) Other intangible assets in trust

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

(c) Leased assets

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

(d) Long-term prepaid expenses

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

(e) Investment unit issuance costs

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

(f) Investment corporation bond issuance costs

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

(g) Taxes on property and equipment

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

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

Taxes on property and equipment capitalized amounted to ¥117,353 thousand and ¥17,407 thousand for the six months ended August 31, 2017 and February 28, 2018, respectively.

(h) Hedge accounting

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

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

(i) Cash and cash equivalents

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

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

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

(k) Consumption tax

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

(8) Notes to financial information

Note 1 — Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥21,721,308 thousand and ¥21,171,183 thousand as of August 31, 2017 and February 28, 2018, respectively.

	As of	
	August 31, 2017	February 28, 2018
Cash and bank deposits in trust	513,234	513,259
Buildings in trust	68,367,719	66,846,950
Building improvements in trust	3,304,875	3,187,519
Machinery and equipment in trust	267,719	250,989
Furniture and fixtures in trust	766,763	741,872
Land in trust	157,990,412	157,990,412
Construction in progress in trust	17,537	28,671
Other investments	519,256	519,256
Total	231,747,520	230,078,932

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for amounts of ¥350,000 thousand as of August 31, 2017 and February 28, 2018.

Note 2 — Reduction Entry for Property

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

	For the six months ended	
	August 31, 2017	February 28, 2018
Buildings in trust	379,796	379,796

Note 3 — Credit facilities and commitment lines

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

(Thousands of yen)

	As of	
	August 31, 2017	February 28, 2018
Credit facilities		
Total amount of credit facilities	35,500,000	35,500,000
Borrowings drawn down	-	-
Unused credit facilities	35,500,000	35,500,000
Commitment lines		
Total amount of committed lines of credit	60,000,000	60,000,000
Borrowings drawn down	-	-
Unused committed lines of credit	60,000,000	60,000,000

Note 4 — Cancellation of own investment units

JRF cancelled its own investment units as follows:

	As of	
	August 31, 2017	February 28, 2018
Total number of own investment units cancelled	-	49,181 units
Total amount of cancellation (Thousands of yen)	-	9,999,980

Note 5 — Retained earnings for temporary difference adjustment

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

For the six months ended August 31, 2017

(Thousands of yen)

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

Note:

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

For the six months ended February 28, 2018

(Thousands of yen)

	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period	Reason for provision or reversal
Reserve for dividends ⁽ⁱ⁾	3,138,254	3,138,254	-	(31,382)	3,106,872	Appropriation for dividends

Note:

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

Note 6 — Net assets

(1) Number of investment units

	As of	
	August 31, 2017	February 28, 2018
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,667,198 units	2,618,017 units

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

Note 7 — 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:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2017	February 28, 2018
Rent and other operating revenues:		
Rent and parking revenue	27,475,120	27,673,079
Common area charges	1,459,411	1,354,758
Other	2,065,463	2,939,381
Total rent and other operating revenues	30,999,995	31,967,219
Property-related expenses:		
Property management fees	773,455	858,346
Facility management fees	1,393,858	1,443,620
Utilities	1,639,983	1,488,755
Property-related taxes	2,686,755	2,663,755
Repair and maintenance	204,040	314,635
Insurance	34,885	33,137
Trust fees	63,673	60,714
Rent expense	768,133	769,257
Other	825,096	986,501
Depreciation	5,733,228	5,767,835
Loss on disposal of property	66,980	57,970
Total property-related expenses	14,190,092	14,444,529
Operating income from property leasing activities	16,809,902	17,522,690

Note 8 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2017	February 28, 2018
Sale of property	6,081,488	-
Cost of property	(5,974,241)	-
Other sales expenses	(95,522)	-
Gain on sales of property, net	11,724	-

Note 9 — Provision of retained earnings for temporary difference adjustment

For the six months ended August 31, 2017:

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

For the six months ended February 28, 2018:

JRF transferred all of remaining reserve for dividends amounting to ¥3,138,254,927 as of February 28, 2017 which was derived from negative goodwill to retained earnings for temporary difference adjustment by applying Article 3 of the Supplementary Provision of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 27 of 2015) in the statements of cash distributions for the six months ended February 28, 2017. The retained earnings for temporary difference adjustment are required to be reversed in or after the six months ended August 31, 2017 by equal to or more than initial amount divided by 50 years (equal to or more than ¥31,382,550 for each fiscal period). For the six months ended February 28, 2018, JRF reversed ¥31,382,550 of retained earnings for temporary difference adjustment.

Note 10 — Cash and cash equivalents

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

	As of	
	August 31, 2017	February 28, 2018
Cash and bank deposits	46,672,631	25,240,631
Cash and bank deposits in trust	12,146,532	11,799,740
Restricted bank deposits in trust ⁽ⁱ⁾	(513,234)	(513,259)
Cash and cash equivalents	58,305,928	36,527,112

Note:

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

Note 11 — Lease rental revenues

(a) Lease rental revenues

JRF leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 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
Due within one year	24,468,692	20,480,654
Due after one year	91,260,909	97,298,003
Total	115,729,601	117,778,658

(b) Lease commitments

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

Note 12 — Financial instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

(Thousands of yen)

	As of August 31, 2017			As of February 28, 2018		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	46,672,631	46,672,631	-	25,240,631	25,240,631	-
(2) Cash and bank deposits in trust	12,146,532	12,146,532	-	11,799,740	11,799,740	-
Total assets	58,819,163	58,819,163	-	37,040,372	37,040,372	-
(1) Short-term borrowings	-	-	-	5,000,000	5,000,000	-
(2) Current portion of long-term borrowings	51,666,000	51,945,546	(279,546)	57,766,000	57,900,586	(134,586)
(3) Current portion of tenant leasehold and security deposits in trust	678,315	689,028	(10,713)	1,119,624	1,173,372	(53,747)
(4) Long-term bonds issued - unsecured	29,500,000	30,563,990	(1,063,990)	29,500,000	30,459,295	(959,295)
(5) Long-term borrowings	311,925,000	315,889,806	(3,964,806)	313,925,000	316,845,115	(2,920,115)
(6) Tenant leasehold and security deposits in trust	3,289,748	3,414,948	(125,200)	2,655,590	2,711,908	(56,318)
Total liabilities	397,059,063	402,503,319	(5,444,256)	409,966,215	414,090,277	(4,124,062)
Derivatives (derivatives liabilities), net	(755,869)	(755,869)	-	(518,645)	(518,645)	-

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

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

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

(4) Long-term bonds issued - unsecured

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

Derivatives

Please refer to "Note 14—Derivatives".

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

(Thousands of yen)

	As of	
	August 31, 2017	February 28, 2018
Tenant leasehold and security deposits	1,893,781	1,961,349
Tenant leasehold and security deposits in trust	46,276,252	46,157,693
Total	48,170,033	48,119,043

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

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

(Thousands of yen)

As of August 31, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	46,672,631	-	-	-	-	-
Cash and bank deposits in trust	12,146,532	-	-	-	-	-
Total	58,819,163	-	-	-	-	-
As of February 28, 2018	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	25,240,631	-	-	-	-	-
Cash and bank deposits in trust	11,799,740	-	-	-	-	-
Total	37,040,372	-	-	-	-	-

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

(Thousands of yen)

As of August 31, 2017	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term borrowings	51,666,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	678,315	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	-	5,000,000	24,500,000
Long-term borrowings	-	59,000,000	45,500,000	38,575,000	33,000,000	135,850,000
Tenant leasehold and security deposits in trust	-	678,315	678,315	663,127	658,065	611,924
Total	52,344,315	59,678,315	46,178,315	39,238,127	38,658,065	160,961,924
As of February 28, 2018	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	5,000,000	-	-	-	-	-
Current portion of long-term borrowings	57,766,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	1,119,624	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	-	5,000,000	24,500,000
Long-term borrowings	-	51,500,000	44,575,000	34,000,000	30,500,000	153,350,000
Tenant leasehold and security deposits in trust	-	678,315	673,252	658,065	68,065	577,892
Total	63,885,624	52,178,315	45,248,252	34,658,065	35,568,065	178,427,892

Note 13 — Securities

JRF has no securities to be disclosed as of August 31, 2017 and February 28, 2018.

Note 14 — Derivatives

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

As of August 31, 2017

(Thousands of yen)

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

As of February 28, 2018

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	108,075,000	79,075,000	(518,645)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500,000	121,000,000	-(i)	-
Total			230,575,000	200,075,000	(i) (518,645)	-

Note:

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

Note 15 — Related-party transaction

There was no related-party transaction to be disclosed for the six months ended August 31, 2017 and February 28, 2018.

Note 16 — Tax effect accounting

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	August 31, 2017	February 28, 2018
Deferred tax assets:		
Current:		
Tax loss carryforwards	2,395,414	2,163,877
Other	9,507	14,128
Sub total	2,404,921	2,178,005
Valuation allowance	(2,404,921)	(2,178,005)
Total current deferred tax assets	-	-
Non-current:		
Amortization of leasehold rights	86,958	96,836
Depreciation	12,251	11,899
Asset retirement obligations	154,633	155,655
Valuation differences on assets acquired through merger	5,365,162	5,359,693
Deferred losses on hedges	229,178	149,634
Other	32,058	32,058
Sub total	5,880,244	5,805,778
Valuation allowance	(5,880,244)	(5,805,778)
Total non-current deferred tax assets	-	-
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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

(%)

	For the six months ended	
	August 31, 2017	February 28, 2018
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

Note 17 — Asset retirement obligations

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

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

(Thousands of yen)

	For the six months ended	
	August 31, 2017	February 28, 2018
Balance at the beginning of the period	486,239	489,502
Adjustment for passage of time	3,262	3,233
Balance at the end of the period	489,502	492,736

Note 18 — Fair value of investment and rental property

JRF has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2017 and February 28, 2018.

	(Thousands of yen)	
	For the six months ended	
	August 31, 2017	February 28, 2018
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	801,896,056	832,354,673
Net increase during the period ⁽ⁱⁱ⁾	30,458,617	26,687,059
Balance at the end of the period	832,354,673	859,041,732
Fair value⁽ⁱⁱⁱ⁾	959,530,000	994,230,000

Note:

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

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

	Increase (decrease) in net book value
(Thousands of yen)	
For the six months ended August 31, 2017:	
Acquisitions:	
MARINE & WALK YOKOHAMA.....	11,455,988
G-Bldg. Midosuji 01.....	10,448,332
G-Bldg. Naha-shintoshin 01.....	5,724,880
G-Bldg. Tenjin Nishi-dori 01.....	4,988,296
G-Bldg. Shinsaibashi 03 (additional acquisition).....	8,031,912
Oyama Yuen Harvest Walk (additional acquisition).....	265,533
Capital expenditures:	
Construction of interior for a tenant of Nara Family	115,362
Disposition:	
Ito-Yokado Kamifukuoka Higashi.....	(5,974,241)
For the six months ended February 28, 2018:	
Acquisitions:	
G-Bldg. Midosuji 02.....	15,591,233
Valor Kachigawa (Land with leasehold interest).....	6,411,617
Round1 Sannomiya Station.....	3,236,510
G-Bldg. Kobe Sannomiya 01.....	3,034,691
G-Bldg. Jingumae 07.....	2,036,667
G-Bldg. Shinsaibashi 03 (additional acquisition).....	407,053
Capital expenditures:	
Renewal construction of parking area of Oyama Yuen Harvest Walk.....	326,378

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

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

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

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

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

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

Tangible fixed assets:

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

(c) Information about major customers

(Thousands of yen)

Name of customer	Revenues for the six months ended		Related segment
	August 31, 2017	February 28, 2018	
AEON Mall Co., Ltd.	3,499,274	3,325,476	Property rental business
AEON Retail Co., Ltd.	3,264,887	3,257,777	Property rental business

Note 20 — Per unit information

The net asset value per unit as of August 31, 2017 and February 28, 2018 was ¥165,704 and ¥165,385, respectively. Net income per unit for the six months ended August 31, 2017 and February 28, 2018 was ¥4,297 and ¥4,630, respectively.

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

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

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

(Thousands of yen)

	For the six months ended	
	August 31, 2017	February 28, 2018
Net income	11,425,723	12,232,341
Effect of dilutive unit	-	-
Net income available to common unitholders	11,425,723	12,232,341
Weighted-average number of investment units outstanding for the period	2,658,869 units	2,641,824 units

Note 21 — Subsequent events

None

(9) Changes in investment unit issued and outstanding

The changes in unitholders' capital and number of investment units issued and outstanding for last five years until February 28, 2018 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.

4. Changes in officers

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

5. Additional information

(1) Composition of assets

Classification of Assets	Region	As of August 31, 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
Sub-total		832,354	92.7	859,041	95.2
Bank deposits and other assets		65,276	7.3	43,150	4.8
Total assets		897,631	100.0	902,191	100.0
Total liabilities (Note 2)		455,664	50.8	469,210	52.0
Total net assets		441,967	49.2	432,981	48.0

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.

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of February 28, 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.

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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Ueno 01	9-14, Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,850	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
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, Kawaramachidori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,300	18,199

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. 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, Uraderacho, Shijo-agaru yori Rokkakusagaru made, Teramachi-dori, Nakagyō-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. Umēda 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, Nakagyō-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 Kitagasa-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
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, Haginosho 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, Ukyō-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, Kousudai 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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
LIFE 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 Kanjyo	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	46,248.96	9,600	8,581
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,830	6,470
AEON Tobata Shopping Center	2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka	Trust beneficial interest	93,258.23	6,070	5,327
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,900	9,851
Oyama Yuen Harvest Walk (Note 6)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,561.11	9,820	9,097
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,162.16	18,400	15,450
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,300	2,430
Tecc Land Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, 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 of the share of co-ownership or quasi-co-ownership, "Leasable area" means the total area of the building or land with leasehold interest of each property leasable as stores, offices, etc. indicated in the lease agreement or the plan of such property and it does not include the leasable area of warehouses and land (flat parking lots).

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

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

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

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

Operating results of each property 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)
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)

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) (%)
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
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)

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) (%)
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
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.