

Translation

JAPAN RETAIL FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED AUGUST 31, 2018

October 15, 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
Contact:	Keita Araki, Executive Director, Head of Retail Division
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Scheduled date for filing of securities report:	November 27, 2018
Scheduled date for distributions payment:	November 16, 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 August 31, 2018 (March 1, 2018 to August 31, 2018)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2018	32,685	2.2	13,871	-4.1	11,645	-4.8	11,644	-4.8
February 28, 2018	31,967	3.1	14,472	5.3	12,232	7.1	12,232	7.1
	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
For the six months ended	Yen		%		%		%	
August 31, 2018	4,447		2.7		1.3		35.6	
February 28, 2018	4,630		2.8		1.4		38.3	

(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	Yen	Millions of yen	Yen	Millions of yen	%	%
August 31, 2018	4,430	11,597	0	0	99.6	2.7
February 28, 2018	4,410	11,545	0	0	94.4	2.7

Note 1: Total distributions for the six months ended August 31, 2018 consist of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥78 million.

Note 2: Total distributions for the six months ended February 28, 2018 consist of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥719 million.

Note 3: 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

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2018	887,668	433,229	48.0	165,480
February 28, 2018	902,191	432,981	48.0	165,385

(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
August 31, 2018	17,903	15,769	(25,061)	45,138
February 28, 2018	18,570	(31,973)	(8,375)	36,527

2. Outlook for the six months ending February 28, 2019 (September 1, 2018 to February 28, 2019) and August 31, 2019 (March 1, 2019 to August 31, 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	%
February 28, 2019	30,221	-7.5	11,807	-14.9	9,826	-15.6	9,825	-15.6
August 31, 2019	30,296	0.2	11,629	-1.5	9,770	-0.6	9,769	-0.6

	Net income per unit	Distributions per unit (excluding distributions in excess of profit)	Distributions in excess of profit per unit
For the six months ending	Yen	Yen	Yen
February 28, 2019	3,753	4,430	0
August 31, 2019	3,731	4,430	0

Note: Total distributions for the six months ending February 28, 2019 consist of retained earnings after reversals of reserve for reduction entry of property amounting to ¥476 million and retained earnings for temporary difference adjustment amounting to ¥1,296 million. Total distributions for the six months ending August 31, 2019 consist of retained earnings after reversals of reserve for dividends amounting to ¥80 million and retained earnings for temporary difference adjustment amounting to ¥1,748 million.

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of August 31, 2018 2,618,017 units

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

Number of own investment units at the end of period:

As of August 31, 2018 0 units

As of February 28, 2018 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 May 29, 2018), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management policies

There have not been any significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted on May 29, 2018), and hence, description of these matters is omitted.

(2) State of operations

A. Operations during the period

i. Principal activities

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

During the fiscal period ended August 31, 2018, the 16th year after its listing, JRF acquired a property (land with leasehold interest adjacent to JRF’s existing property) by cash on hand. In addition, JRF disposed of two GMS-type properties (Note 1 and 2) (total disposition price: 19.57 billion yen) in August 2018 as part of the portfolio asset replacement measures.

As a result, the total assets managed by JRF as at the end of the 33rd fiscal period (fiscal period ended on August 31, 2018) amounted to 888.6 billion yen (the total acquisition price for 98 properties).

Note 1: “GMS” stands for General Merchandise Stores, which are large-scale supermarkets that sell a wide variety of daily-necessity products. The same applies hereafter.

Note 2: “GMS type” refers to a shopping center that has a GMS as the anchor tenant in addition to other specialty store tenants. The same applies hereafter.

ii. Investment environment and results

(1) Investment environment

(Macroeconomic trends)

In terms of the Japanese economy during this fiscal period, Gross Domestic Product (GDP), which had continued to grow quarter over quarter for eight consecutive quarters, slowed to negative growth for the January to March 2018 quarter for the first time in nine quarters. However, GDP returned to a positive growth for the April to June 2018 quarter (second preliminary figures announced on September 10, 2018). An increase in capital investment, supported by robust corporate earnings, contributed to the positive growth. In addition, consumer spending turned upward due to the recovery of consumer sentiment.

During this fiscal period, the Japanese stock market experienced high volatility, due to concerns about risks, including the North Korean nuclear issue and the US-China trade war. On the other hand, the J-REIT market was firm, underpinned by inflows of investment funds on the strength of its defensive nature and undervalued prices. In the second half of July, the TSE J-REIT index was in a downward trend as 10-year JGB yields turned higher with speculation that the Bank of Japan would undertake monetary policy adjustment to mitigate the effects of prolonged monetary easing. Following the Monetary Policy Meeting held on July 31, the BOJ announced it will continue with the monetary easing policy. As a result, the concerns about the possibility of JGB yields rising were alleviated, and the TSE J-REIT index has since been solid.

(Trends in the retail sector)

Looking at trends in the retail sector, the unemployment rate remained low and real wages were on an upward trend against a backdrop of robust corporate earnings. According to a Current Survey of Commerce by the Ministry of Economy, Trade and Industry, sales in the retail industry remained nearly level from the previous year until July of this year. The GMS businesses of leading distributing companies showed earnings recovery as their cost reduction efforts, including winding up businesses, ran their course. In addition, the number of visitors to Japan in August 2018 hit a record for August, exceeding 2.75 million, despite the impact of a series of natural disasters. Furthermore, the value of travel consumption by foreign visitors from April to June increased from the same period a year earlier to approximately 1 trillion 12 million yen.

(Trends in the real estate sector)

According to the 2018 Prefectural Land Price Survey as of July 1, 2018, released by the Ministry of Land, Infrastructure, Transport and Tourism, commercial land prices across Japan increased for two years in a row, gathering momentum towards further increases. In the three metropolitan areas that are JRF's main investment areas, land prices continued increasing, up 4.0% in the Tokyo metropolitan area, 5.4% in the Osaka metropolitan area and 3.3% in the Nagoya metropolitan area from the previous year's levels. Reasons are said to be a growing demand for stores and hotels due to an increase in foreign tourists visiting Japan under the favorable funding environment and increased flourishing as a result of progress of redevelopment projects and other factors.

(2) Results

Under the market environment described above, JRF acquired one new property (G-Bldg. Abeno 01 (Annex building) (land with leasehold interest) during the period under review. As part of the asset replacement measures regarded as one of JRF's external growth strategies, JRF sold two GMS-type properties (Ito-Yokado Kawasaki (Main Building and Annex) and AEON Tobata Shopping Center).

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 Abiko Shopping Plaza and mozo wonder city. For the Abiko Shopping Plaza, we implemented renovation in harmony with the environment based on a concept of "The center of town and living," including relocation and expansion of stores regularly visited by shoppers, as well as new establishment of a "kids' zone" children's play area and open lounge. For "mozo wonder city," we are conducting a renewal project from the spring of 2018 to the spring of 2019 as the second renewal following the first implemented in September 2015. Multiple new tenants that can help distinguish this property from surrounding competing properties and a number of trend-conscious tenants, including major boutique shops will be invited, mainly to large-lots where no tenant replacement has previously occurred since the opening of the property and will be reopened in stages after renovation.

As for occupancy of JRF's portfolio assets as of the end of the fiscal period, the occupancy rate of 56 urban retail properties dropped temporarily to 91.5%, due to the impact of renovation of some properties, but the occupancy rate of 42 commuter-town and suburban retail properties remained high at 99.7%.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 98 properties with a total value of 888.6 billion yen on an acquisition price basis and 985.2 billion yen on an appraisal value basis. The total leasable area was 2,442,275.77 m² with the total number of tenants standing at 960, and the occupancy rate of the overall portfolio was 98.6%.

The unrealized losses/gains (Note) of the overall portfolio at the end of the fiscal period increased by 13.9 billion yen from the end of the previous fiscal period to 149.1 billion yen due to the effects of 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 individual property.

iii. Funding

During the fiscal period, JRF issued the first Green Bond (the 12th Unsecured Investment Corporation Bonds) (Note 1) in May 2018, the first such issuance by a J-REIT, for 8 billion yen to be allocated to repay the existing borrowings of 8 billion yen, which is part of the funds used to acquire G-Bldg. Kichijoji 02, one of the Eligible Green Projects (new and existing specified assets that satisfy the eligibility criteria) in the JRF portfolio.

In addition, JRF took on a long-term borrowing of 23.8 billion yen in March and July 2018 to be allocated to repayment of existing borrowings of 23.8 billion yen. In August 2018, JRF made early repayment of long-term borrowings with floating interest rates of 8 billion yen and repayment on the maturity date of short-term borrowings of 5 billion yen, using the proceeds from sale of Ito-Yokado Kawasaki (Main Building and Annex).

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 392.7 billion yen, consisting of 355.2 billion yen of long-term borrowings (Note 2) and 37.5 billion yen of investment corporation bonds.

Consequently, the ratio of long-term borrowings, ratio of fixed interest rates (Note 3), and LTV (Note 4) were 100.0%, 99.0% and 49.9%, respectively, as at the end of the fiscal period.

Note 1: Green Bonds are a type of bond instrument issued by corporations, investment funds, and municipalities to finance eligible “green projects” (environmentally-friendly investment projects). The issuance of Green Bonds must adhere to International Capital Market Association's (ICMA) Green Bond Principles.

Note 2: Long-term borrowings include borrowings that mature within a year.

Note 3: The ratio of fixed interest rates is calculated by dividing the total of fixed-rate debts (including debts, which the interest rates are fixed through interest rate swap agreements), investment corporation bonds and tenant leasehold and security deposits (including those in trusts) by the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts).

Note 4: LTV is calculated by dividing the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts) by total assets.

iv. Results and distributions

The operating revenue for the period was 32,685 million yen, and operating income was 13,871 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 11,645 million yen, and net income was 11,644 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 on 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 of 11,597 million yen by adding 31 million yen of the reserve for temporary difference adjustments and by deducting reserve for dividend 78 million yen arising from allocating part of the net gain on sales from disposal of the two GMS-type properties (Ito-Yokado Kawasaki (Main and Annex buildings) and AEON Tobata Shopping Center), from unappropriated retained earnings at the

end of the period of 11,644 million yen.

As a result, distributions per unit amounted to 4,430 yen.

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 US-China trade war and emerging markets, the employment situation and corporate earnings are expected to remain strong and consumer spending will stay on a recovery path against the backdrop of robust global economic conditions. In addition, the number of foreign tourists visiting Japan is expected to continue increasing, which will continue to stimulate inbound demand.

Although there is the possibility that the capital market will experience high volatility, the J-REIT market is expected to remain firm on the strength of its market appeal of steadily and relatively high returns.

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, 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 has proactively implemented asset replacement measures through disposal of suburban retail properties that are likely to pose risks and new acquisition of urban retail properties. As a result, the percentage of urban retail properties in its portfolio as of the end of the fiscal period (August 31, 2018) increased to 50.5% (appraisal value basis) and accounts for more than half its portfolio assets.

In the meantime, the environment surrounding retail properties is expected to continue changing dramatically against the backdrop of changes in consumption behavior caused by the shift in demographics, spread of e-commerce and the like, and continually growing inbound tourism and so on.

Under these circumstances, JRF newly classified retail properties as follows to more clearly define and operate the portfolio policy going forward and to seek further improvement in the stability and growth potential of the portfolio by increasing the ratio of Core assets by replacing assets through disposal of Sub assets and acquisition of Core assets.

Core	Prime	Retail properties located in representative commercial districts in Japan
	Major Station	Retail properties located around stations used by the large number of
	Residential	Retail properties located around stations in highly populated areas
Secondary core	Suburban Mall	Large-scale shopping malls located in suburban areas
	Value-added	High-yield retail properties with room for upside
Sub	GMS / Roadside	GMS / Roadside shopping facilities

JRF believes that it is necessary to implement more flexible measures amid the constantly changing retail environment in order to maintain and enhance the medium- to long-term competitiveness of acquired retail properties. Based on the track record accumulated up to the present, JRF will strive to further enhance its retail management abilities through the enhancement of tenant relationship, strengthening of retail properties operating abilities, and reinforcement of promotion strategies.

JRF will work to continuously improve the unitholder value through further increase of the proportion of Core assets and internal growth underpinned by flexible management abilities.

(1) External growth strategy / Replacement strategy

JRF will proactively implement asset replacement measures through disposal of Sub assets and new acquisition of Core assets with the aim to increase the proportion of Core assets in the portfolio.

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.

(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, 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 flexible retail management capabilities. 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.

JRF is focusing efforts on ESG activities. As a result, JRF was rated "A," the highest rating of a J-REIT, in the MSCI ESG Ratings. In addition, JRF is included in two ESG indices: MSCI Japan ESG Select Leaders Index and Euronext® Reitsmarket GRESB Global Sustainable Index. JRF was also selected as a "Sector Leader" of Retail sector in Asia by the GRESB (Global Real Estate Sustainability Benchmark) (Note) in the GRESB environmental responsiveness survey of real estate operators in 2018. Furthermore, JRF has been designated "Green Star," the highest ranking of the four categories in the GRESB, for four consecutive years.

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.

(iv) Issuance of Green Bonds

In addition to stepping up its sustainability activities, JRF will continuously consider issuance of Green Bonds, with the maximum amount set at the amount of debt of new and existing properties ("Debt of Eligible Green Projects") that satisfy the eligibility criteria (Note) as means of funding by capturing the expansion of the ESG-focused investor base.

Note: The amount of Debt of Eligible Green Projects is calculated by multiplying the total book value of Eligible Green Projects that satisfy the eligibility criteria by JRF's LTV ratio

(4) Measures for ensuring delivery of stable distributions

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

iii. Earnings forecast

The following forecasts have been made regarding asset management operation in the fiscal period ending February 2019 (34th fiscal period) and the fiscal period ending August 2019 (35th fiscal period).

Please refer to the "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 2019 (34th Fiscal Period: September 1, 2018 to February 28, 2019)" and the Fiscal Period Ending August 2019 (35th Fiscal Period: March 1, 2019 to August 31, 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 February 2019 (34th Fiscal Period: September 1, 2018 to February 28, 2019)

Operating revenues	30,221 million yen
Ordinary income	9,826 million yen
Net income	9,825 million yen
Distributions per unit	4,430 yen

Fiscal Period Ending August 2019 (35th Fiscal Period: March 1, 2019 to August 31, 2019)

Operating revenues	30,296 million yen
Ordinary income	9,770 million yen
Net income	9,769 million yen
Distributions per unit	4,430 yen

As stated in "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2019 (34th Fiscal Period: September 1, 2018 to February 28, 2019) and the Fiscal Period Ending August 31, 2019 (35th Fiscal Period: March 1, 2019 to August 31, 2019)" below, JRF plans to a

acquire trust beneficiary rights in real property using cash on hand (for the details of the property to be acquired, please refer to the announcement released on August 28, 2018: “Notice Concerning Acquisition of a Trust Beneficiary Right in the Real Estate in Japan (m-city Kashiwa)”.)

Property name	Location	Acquisition price (million yen)	Acquisition date (Scheduled)
m-city Kashiwa (Trust beneficiary right in the real estate) (Note)	Kashiwa-shi, Chiba	5,520	February 1, 2019

Note: Sales contract of trust beneficiary right has been concluded for the Property, under which, in the event of cancellation of the Agreement due to breach of the provisions of the Agreement by the seller or the buyer, the non-breaching party is entitled to demand a penalty from the breaching party, equivalent to 20% of the expected purchase price (including consumption tax and local consumption tax). The appraisal value of the property as of August 1, 2018 determined by a real estate appraiser is 5,980 million yen.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2019 (34th Fiscal Period: September 1, 2018 to February 28, 2019) and the Fiscal Period Ending August 31, 2019 (35th fiscal period: March 1, 2019 to August 31, 2019)

Item	Assumption
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending February 28, 2019 (34th fiscal period: September 1, 2018 to February 28, 2019) (181 days) - Fiscal period ending August 31, 2019 (35th fiscal period: March 1, 2019 to August 31, 2019) (184 days)
Assets owned	<ul style="list-style-type: none"> - The assumption is based on JRF's 99 properties, including m-city Kashiwa which is scheduled to be acquired in February 2019, in addition to the 98 properties owned by JRF as of August 31, 2018. - We also assume that no other (anticipated) changes (new property acquisitions and sales of owned properties etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current portfolio properties, etc., will occur prior to the end of the August 2019 (35th) 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 August 31, 2018 stood at 392,725 million yen, which comprises long-term borrowings of 355,225 million yen and investment corporation bonds (including Green Bonds) of 37,500 million yen. Meanwhile, following debt refinancing, for which a loan agreement was concluded on September 14, 2018 and took effect on September 28, 2018, the interest-bearing debt outstanding as of the date of this document stood at 392,725 million yen, which comprises short-term borrowings of 6,000 million yen, long-term borrowings of 349,225 million yen and investment corporation bonds (including Green Bonds) of 37,500 million yen. - Out of the interest-bearing debt outstanding as of the date of this document, short-term debts in the amount of 6,000 million yen and long-term debts in the amount of 28,500 million yen are to be repaid in the February 2019 (34th) and August 2019 (35th) fiscal periods before maturity. We assume that we will repay them 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. - The rent level and estimated rents for the parts of properties that are vacant for KAWASAKI Le FRONT, which is undergoing a large-scale renovation, are calculated taking into account the renovation plan as of 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 2,672 million yen and 2,679 million yen in the February 2019 (34th) fiscal period and August 2019 (35th) 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

Item	Assumption
	<p>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. Abeno 01 (Annex building) (land with leasehold interest) acquired in 2018, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2019 onwards. With respect to fixed asset taxes and other taxes pertaining to m-city Kashiwa to be acquired in February 2019, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2020 onwards. We have assumed the amounts equivalent to fixed asset taxes and other taxes included in the acquisition cost of two properties to be acquired to be equivalent to 23 million yen in total.</p> <ul style="list-style-type: none"> - We assume that repair and maintenance will be 1,473 million yen for the February 2019 (34th) fiscal period and 1,676 million yen for the August 2019 (35th) fiscal period. Of the repair and maintenance expenses, we assume that earthquake-related expenses will be 411 million yen for the February 2019 (34th) fiscal period, and repair and maintenance expenses of KAWASAKI Le Front, which is undergoing a large-scale renovation, will be 653 million yen for the February 2019 (34th) fiscal period and 1,264 million yen for the August 2019 (35th) fiscal period. - We assume that depreciation will be 5,581 million yen for the February 2019 (34th) fiscal period and 5,599 million yen for the August 2019 (35th) fiscal period. - We assume that property management fees will be 774 million yen for the February 2019 (34th) fiscal period and 635 million yen for the August 2019 (35th) fiscal period, and building management fees will be 1,532 million yen for the February 2019 (34th) fiscal period and 1,606 million yen for the August 2019 (35th) fiscal period. - We assume that we will incur 96 million yen for loss on disposal of fixed assets related to the replacement of tenants at GYRE in the February 2019 (34th) fiscal period and 120 million yen for loss on disposal of fixed assets related to the large-scale renovation at KAWASAKI Le FRONT in the August 2019 (35th) 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 1,981 million yen for the February 2019 (34th) fiscal period and 1,859 million yen for the August 2019 (35th) fiscal period.
Distributions per unit	<ul style="list-style-type: none"> - Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - Regarding the distributions for the February 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 476 million yen from the reversal of total compressed savings and 1,296 million yen from the reversal of total retained earnings from temporary difference adjustment to the 9,825 million yen in unappropriated retained earnings at the end of

Item	Assumption
	<p>the period.</p> <ul style="list-style-type: none"> - Regarding the distributions for the August 2019 (35th) fiscal period, it is assumed that a total of 11,597 million yen will be distributed (distributions per unit: 4,430 yen) by adding 80 million yen from the reversal of total reserve for dividends and 1,748 million yen from the reversal of total retained earnings from temporary difference adjustment to 9,769 million yen in unappropriated retained earnings at the end of the period. - It is assumed that retained earnings for temporary difference adjustment will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period ended in February 2017.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> - We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

3. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	February 28, 2018	August 31, 2018
ASSETS		
Current assets:		
Cash and bank deposits	25,240,631	33,188,046
Cash and bank deposits in trust (Note 1)	11,799,740	12,463,801
Rent receivables	711,574	720,262
Income taxes receivable	120	30
Other current assets	1,159,321	1,160,477
Total current assets	38,911,388	47,532,618
Non-current assets:		
Property and equipment:		
Buildings	2,427,277	2,429,058
Accumulated depreciation	(491,961)	(535,114)
Buildings, net	1,935,316	1,893,944
Building improvements	66,113	66,113
Accumulated depreciation	(20,302)	(21,804)
Building improvements, net	45,810	44,308
Furniture and fixtures	16,679	16,679
Accumulated depreciation	(11,868)	(12,498)
Furniture and fixtures, net	4,810	4,180
Land	28,459,580	28,459,580
Buildings in trust (Note 2)	302,757,962	293,591,235
Accumulated depreciation	(97,512,639)	(98,129,562)
Buildings in trust, net (Note 1)	205,245,322	195,461,673
Building improvements in trust	14,969,150	14,207,728
Accumulated depreciation	(5,501,347)	(5,155,756)
Building improvements in trust, net (Note 1)	9,467,802	9,051,971
Machinery and equipment in trust	2,112,726	2,137,823
Accumulated depreciation	(1,124,755)	(1,185,644)
Machinery and equipment in trust, net (Note 1)	987,970	952,178
Furniture and fixtures in trust	4,497,905	4,366,353
Accumulated depreciation	(2,764,394)	(2,740,670)
Furniture and fixtures in trust, net (Note 1)	1,733,511	1,625,683
Land in trust (Note 1)	605,739,013	593,064,027
Construction in progress in trust (Note 1)	110,177	226,407
Total property and equipment	853,729,315	830,783,956
Intangible assets:		
Leasehold rights in trust	5,194,433	5,174,359
Other intangible assets in trust	117,983	107,589
Total intangible assets	5,312,416	5,281,949
Investment and other assets:		
Lease deposits in trust	1,666,329	1,658,829
Long-term prepaid expenses	1,790,661	1,641,501
Other investments (Note 1)	520,292	520,292
Total investment and other assets	3,977,282	3,820,622
Total non-current assets	863,019,015	839,886,528
Deferred assets:		
Investment unit issuance costs	119,429	71,521
Investment corporation bond issuance costs	141,933	177,670
Total deferred assets	261,362	249,191
TOTAL ASSETS	902,191,766	887,668,338

(To be continued on the following page)

(Thousands of yen)

	As of	
	February 28, 2018	August 31, 2018
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	2,256,662	2,486,190
Short-term borrowings	5,000,000	-
Current portion of long-term borrowings	57,766,000	49,000,000
Accounts payable – other	17,132	16,760
Accrued expenses	2,053,694	2,060,673
Income taxes payable	605	605
Consumption tax payable	603,148	1,113,030
Rent received in advance	3,374,492	3,223,605
Deposits received	1,705,320	1,490,441
Current portion of tenant leasehold and security deposits in trust (Note 1)	1,119,624	658,065
Current portion of asset retirement obligations	-	71,086
Derivatives liabilities	44,801	23,677
Other current liabilities	101,640	103,013
Total current liabilities	74,043,124	60,247,148
Non-current liabilities:		
Long-term bonds issued – unsecured	29,500,000	37,500,000
Long-term borrowings	313,925,000	306,225,000
Tenant leasehold and security deposits	1,961,349	1,960,747
Tenant leasehold and security deposits in trust (Note 1)	48,813,284	47,722,889
Asset retirement obligations	492,736	416,378
Derivatives liabilities	473,843	345,919
Other non-current liabilities	1,263	20,680
Total non-current liabilities	395,167,477	394,191,615
TOTAL LIABILITIES	469,210,601	454,438,764
Net Assets (Note 6)		
Unitholders' equity:		
Unitholders' capital	411,878,082	411,878,082
Surplus:		
Capital surplus	14,986,826	14,986,826
Deduction from capital surplus (Note 4)	(9,999,980)	(9,999,980)
Capital surplus, net	4,986,845	4,986,845
Voluntary reserve		
Reserve for reduction entry of property	476,272	476,272
Reserve for dividends	817,906	1,537,665
Retained earnings for temporary difference adjustment (Note 5)	3,106,872	3,075,489
Total voluntary reserve	4,401,051	5,089,427
Retained earnings	12,233,831	11,644,816
Total surplus	21,621,728	21,721,089
Total unitholders' equity	433,499,810	433,599,171
Valuation and translation adjustments:		
Deferred losses on hedges	(518,645)	(369,597)
Total valuation and translation adjustments	(518,645)	(369,597)
TOTAL NET ASSETS	432,981,165	433,229,574
TOTAL LIABILITIES AND NET ASSETS	902,191,766	887,668,338

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	February 28, 2018	August 31, 2018
Operating revenues		
Rent and other operating revenues (Note 7)	31,967,219	31,898,167
Gain on sales of property (Note 8)	-	787,366
Total operating revenues	31,967,219	32,685,534
Operating expenses		
Property-related expenses (Note 7)	14,444,529	15,481,142
Loss on sales of property (Note 9)	-	184,549
Asset management fees	2,699,197	2,706,856
Custodian fees	29,922	30,503
General administration fees	127,726	130,480
Compensation for Directors	5,940	5,940
Other operating expenses	187,716	274,394
Total operating expenses	17,495,032	18,813,867
Operating income	14,472,187	13,871,666
Non-operating revenues		
Interest income	785	196
Other non-operating revenues	2,305	1,853
Total non-operating revenues	3,091	2,050
Non-operating expenses		
Interest expenses	1,604,672	1,599,601
Interest expenses on investment corporation bonds	127,751	134,867
Amortization of investment corporation bond issuance costs	11,260	14,616
Amortization of investment unit issuance costs	47,908	47,908
Loan-related costs	424,455	426,764
Other non-operating expenses	26,284	4,536
Total non-operating expenses	2,242,332	2,228,295
Ordinary income	12,232,946	11,645,421
Income before income taxes	12,232,946	11,645,421
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	12,232,341	11,644,816
Unappropriated earnings at beginning of period	1,490	-
Retained earnings at the end of period	12,233,831	11,644,816

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity										Valuation and translation adjustments				
	Surplus														
	Voluntary reserve														
	Unitholders' capital (Note 6)	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Own investment units	Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
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
Changes during the period															
Provision of reserve for dividends	-	-	-	-	-	719,758	-	719,758	(719,758)	-	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,545,454)	(11,545,454)	-	(11,545,454)	-	-	(11,545,454)
Net income	-	-	-	-	-	-	-	-	11,644,816	11,644,816	-	11,644,816	-	-	11,644,816
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	149,048	149,048	149,048
Total changes during the period	-	-	-	-	-	719,758	(31,382)	688,376	(589,015)	99,361	-	99,361	149,048	149,048	248,409
Balance as of August 31, 2018	411,878,082	14,986,826	(9,999,980)	4,986,845	476,272	1,537,665	3,075,489	5,089,427	11,644,816	21,721,089	-	433,599,171	(369,597)	(369,597)	433,229,574

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

(4) Statements of cash distributions

		(Yen)	
		For the six months ended	
		February 28, 2018	August 31, 2018
I	Retained earnings at the end of period	12,233,831,308	11,644,816,162
II	Reversal of voluntary reserve		
	<i>Reversal of retained earnings for temporary difference adjustment (Note 10)</i>	31,382,550	31,382,550
III	Cash distribution declared	11,545,454,970	11,597,815,310
	<i>(Cash distribution declared per unit)</i>	<i>(4,410)</i>	<i>(4,430)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	719,758,888	78,383,402
V	Retained earnings carried forward	-	-

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.

For the six months ended August 31, 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 August 31, 2018 amounting to ¥11,597,815,310 consisted all of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550 and provision of reserve for dividends amounting to ¥78,383,402, a portion of gain on sales of two GMS type properties (Ito-Yokado Kawasaki and AEON Tobata Shopping Center), except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	February 28, 2018	August 31, 2018
Cash Flows from Operating Activities:		
Income before income taxes	12,232,946	11,645,421
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,767,835	5,712,653
Amortization of investment corporation bond issuance costs	11,260	14,616
Amortization of investment unit issuance costs	47,908	47,908
Gain on sales of property	-	(787,366)
Loss on sales of property	-	184,549
Loss on disposal of fixed assets	57,970	164,374
Interest income	(785)	(196)
Interest expenses	1,732,424	1,734,469
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	(19,333)	(2,431)
(Increase) decrease in income taxes receivable	(77)	90
(Increase) decrease in long-term prepaid expenses	53,695	149,160
Increase (decrease) in accounts payable - operating	(119,881)	553,520
Increase (decrease) in consumption tax payable	234,404	509,881
Increase (decrease) in accounts payable - other	4,316	1,009
Increase (decrease) in accrued expenses	(28,982)	14,929
Increase (decrease) in rent received in advance	81,214	(150,887)
Increase (decrease) in deposits received	183,728	(263,047)
Other, net	100,851	117,874
Sub total	20,339,495	19,646,528
Interest received	785	196
Interest expenses paid	(1,769,296)	(1,742,419)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	18,570,380	17,903,701
Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,023,126)	(5,508)
Purchase of property and equipment in trust	(30,384,624)	(1,652,638)
Proceeds from sales of property and equipment in trust	-	19,407,206
Purchase of intangible assets in trust	(13,991)	(45,871)
Payments of tenant leasehold and security deposits	(1,775)	(148,047)
Proceeds from tenant leasehold and security deposits	51,011	190,127
Payments of tenant leasehold and security deposits in trust	(1,013,008)	(2,339,788)
Proceeds from tenant leasehold and security deposits in trust	1,215,190	356,728
Payments of lease deposits in trust	(33,296)	-
Proceeds from lease deposits in trust	229,950	7,500
Payments for restricted bank deposits in trust	(24)	-
Net cash provided by (used in) investing activities	(31,973,696)	15,769,708
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	5,000,000	-
Repayments of short-term borrowings	-	(5,000,000)
Proceeds from long-term borrowings	35,500,000	23,800,000
Repayments of long-term borrowings	(27,400,000)	(40,266,000)
Proceeds from issuance of investment corporation bonds	-	7,949,645
Payments for acquisition of own investment units	(10,020,421)	(1,381)
Distribution payments	(11,455,078)	(11,544,199)
Net cash provided by (used in) financing activities	(8,375,500)	(25,061,934)
Net change in cash and cash equivalents	(21,778,815)	8,611,475
Cash and cash equivalents at the beginning of period	58,305,928	36,527,112
Cash and cash equivalents at the end of period (Note 11)	36,527,112	45,138,588

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 ¥17,407 thousand and ¥133 thousand for the six months ended February 28, 2018 and August 31, 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 ¥21,171,183 thousand and ¥20,347,651 thousand as of February 28, 2018 and August 31, 2018, respectively.

	As of	
	February 28, 2018	August 31, 2018
Cash and bank deposits in trust	513,259	513,259
Buildings in trust	66,846,950	62,510,991
Building improvements in trust	3,187,519	2,920,303
Machinery and equipment in trust	250,989	234,679
Furniture and fixtures in trust	741,872	712,920
Land in trust	157,990,412	147,662,062
Construction in progress in trust	28,671	13,000
Other investments	519,256	519,256
Total	230,078,932	215,086,472

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for amounts of ¥350,000 thousand as of February 28, 2018 and August 31, 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	
	February 28, 2018	August 31, 2018
Buildings in trust	379,796	339,581

Note 3 — Credit facilities and commitment lines

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

(Thousands of yen)

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

For the six months ended August 31, 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	3,106,872	-	(31,382)	3,075,489	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	
	February 28, 2018	August 31, 2018
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,618,017 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 February 28, 2018 and August 31, 2018 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2018	August 31, 2018
Rent and other operating revenues:		
Rent and parking revenue	27,673,079	27,512,685
Common area charges	1,354,758	1,408,344
Other	2,939,381	2,977,138
Total rent and other operating revenues	31,967,219	31,898,167
Property-related expenses:		
Property management fees	858,346	758,798
Facility management fees	1,443,620	1,460,213
Utilities	1,488,755	1,599,545
Property-related taxes	2,663,755	2,833,337
Repair and maintenance	314,635	1,099,682
Insurance	33,137	33,871
Trust fees	60,714	59,133
Rent expense	769,257	770,721
Other	986,501	988,810
Depreciation	5,767,835	5,712,653
Loss on disposal of property	57,970	164,374
Total property-related expenses	14,444,529	15,481,142
Operating income from property leasing activities	17,522,690	16,417,024

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	
	February 28, 2018	August 31, 2018
Sale of property	-	6,070,000
Cost of property	-	5,258,782
Other sales expenses	-	23,851
Gain on sales of property, net	-	787,366

Note 9 — Analysis of loss on sales of property

Analysis of loss on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2018	August 31, 2018
Sale of property	-	13,500,000
Cost of property	-	13,538,385
Other sales expenses	-	146,164
Loss on sales of property, net	-	184,549

Note 10 — Provision of retained earnings for temporary difference adjustment

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).

JRF reversed ¥31,382,550 of retained earnings for temporary difference adjustment for the six months ended February 28, 2018 and August 31, 2018, respectively.

Note 11 — Cash and cash equivalents

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

(Thousands of yen)

	As of	
	February 28, 2018	August 31, 2018
Cash and bank deposits	25,240,631	33,188,046
Cash and bank deposits in trust	11,799,740	12,463,801
Restricted bank deposits in trust ⁽ⁱ⁾	(513,234)	(513,259)
Cash and cash equivalents	36,527,112	45,138,588

Note:

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

Note 12 — Leases**(a) Lease rental revenues**

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

(Thousands of yen)

	As of	
	February 28, 2018	August 31, 2018
Due within one year	20,480,654	21,262,376
Due after one year	97,298,003	90,678,728
Total	117,778,658	111,941,104

(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 13 — Financial instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

(Thousands of yen)

	As of February 28, 2018			As of August 31, 2018		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	25,240,631	25,240,631	-	33,188,046	33,188,046	-
(2) Cash and bank deposits in trust	11,799,740	11,799,740	-	12,463,801	12,463,801	-
Total assets	37,040,372	37,040,372	-	45,651,848	45,651,848	-
(1) Short-term borrowings	5,000,000	5,000,000	-	-	-	-
(2) Current portion of long-term borrowings	57,766,000	57,900,586	134,586	49,000,000	48,977,614	(22,385)
(3) Current portion of tenant leasehold and security deposits in trust	1,119,624	1,173,372	53,747	658,065	668,726	10,661
(4) Long-term bonds issued - unsecured	29,500,000	30,459,295	959,295	37,500,000	38,329,770	829,770
(5) Long-term borrowings	313,925,000	316,845,115	2,920,115	306,225,000	308,396,380	2,171,380
(6) Tenant leasehold and security deposits in trust	2,655,590	2,711,908	56,318	2,586,120	2,645,619	59,499
Total liabilities	409,966,215	414,090,277	4,124,062	395,969,185	399,018,111	3,048,925
Derivatives (derivatives liabilities), net	(518,645)	(518,645)	-	(369,597)	(369,597)	-

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 15—Derivatives".

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

(Thousands of yen)

	As of	
	February 28, 2018	August 31, 2018
Tenant leasehold and security deposits	1,961,349	1,960,747
Tenant leasehold and security deposits in trust	46,157,693	45,136,769
Total	48,119,043	47,097,516

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

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

(Thousands of yen)

As of February 28, 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	-	-	-	-	-
As of August 31, 2018	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	33,188,046	-	-	-	-	-
Cash and bank deposits in trust	12,463,801	-	-	-	-	-
Total	45,651,848	-	-	-	-	-

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

(Thousands of yen)

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
As of August 31, 2018	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	49,000,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	658,065	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	5,000,000	8,000,000	24,500,000
Long-term borrowings	-	49,800,000	38,575,000	33,000,000	28,500,000	156,350,000
Tenant leasehold and security deposits in trust	-	658,065	658,065	658,065	168,065	443,859
Total	49,658,065	50,458,065	39,233,065	38,658,065	36,668,065	181,293,859

Note 14 — Securities

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

Note 15 — Derivatives

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

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)	-

As of August 31, 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	99,575,000	72,075,000	(369,597)	(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	101,000,000	- ⁽ⁱ⁾	-
Total			222,075,000	173,075,000	(i) (369,597)	-

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 13 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 16 — Related-party transaction

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

Note 17 — Tax effect accounting

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	February 28, 2018	August 31, 2018
Deferred tax assets:		
Current:		
Tax loss carryforwards	2,163,877	2,094,764
Current portion of asset retirement obligations	-	22,399
Loss on disposal of property	-	17,409
Other	14,128	7,460
Sub total	2,178,005	2,142,033
Valuation allowance	(2,178,005)	(2,142,033)
Total current deferred tax assets	-	-
Non-current:		
Amortization of leasehold rights	96,836	106,714
Depreciation	11,899	13,619
Asset retirement obligations	155,655	131,534
Valuation differences on assets acquired through merger	5,359,693	5,354,225
Deferred losses on hedges	149,634	109,247
Other	32,058	38,376
Sub total	5,805,778	5,753,717
Valuation allowance	(5,805,778)	(5,753,717)
Total non-current deferred tax assets	-	-
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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

(%)

	For the six months ended	
	February 28, 2018	August 31, 2018
Statutory tax rate	31.74	31.74
Deductible cash distributions	(29.96)	(31.61)
Change in valuation allowance (for deferred tax assets)	(1.80)	(0.30)
Reversal of retained earnings for		
temporary difference adjustment	0.08	0.09
Other	(0.06)	0.09
Effective tax rate	0.00	0.01

Note 18 — Asset retirement obligations

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

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

(Thousands of yen)

	For the six months ended	
	February 28, 2018	August 31, 2018
Balance at the beginning of the period	489,502	492,736
Adjustment for passage of time	3,233	3,311
Derecognition due to settlement of obligations	-	(8,582)
Balance at the end of the period	492,736	487,464

Note 19 — Fair value of investment and rental property

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2018	August 31, 2018
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	832,354,673	859,041,732
Net increase during the period ⁽ⁱⁱ⁾	26,687,059	(22,975,826)
Balance at the end of the period	859,041,732	836,065,906
Fair value⁽ⁱⁱⁱ⁾	994,230,000	985,230,000

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 February 28, 2018:	
Acquisitions:	
G-Bldg. Midotsuji 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
For the six months ended August 31, 2018:	
Acquisitions:	
G-Bldg. Abeno 01 (additional acquisition).....	191,270
Capital expenditures:	
Renewal construction of Abiko Shopping Plaza.....	256,402
Disposition:	
Ito-Yokado Kawasaki	(13,538,385)
AEON Tobata Shopping Center.....	(5,258,782)

(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 February 28, 2018 and August 31, 2018, please refer to “Note 7 — Analysis for rent and other operating revenues and property-related expenses”.

Note 20 — Segment information

Segment information for the six months ended February 28, 2018 and August 31, 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
	February 28, 2018	August 31, 2018	
AEON Mall Co., Ltd.	3,325,476	3,349,856	Property rental business
AEON Retail Co., Ltd.	3,257,777	3,323,828	Property rental business

Note 21 — Per unit information

The net asset value per unit as of February 28, 2018 and August 31, 2018 was ¥165,385 and ¥165,480, respectively. Net income per unit for the six months ended February 28, 2018 and August 31, 2018 was ¥4,630 and ¥4,447, 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	
	February 28, 2018	August 31, 2018
Net income	12,232,341	11,644,816
Effect of dilutive unit	-	-
Net income available to common unitholders	12,232,341	11,644,816
Weighted-average number of investment units outstanding for the period	2,641,824 units	2,618,017 units

Note 22 — Subsequent events

Not applicable.

(9) Changes in investment unit issued and outstanding

The changes in unitholders' capital and number of investment units issued and outstanding for last five years until August 31, 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 February 28, 2018		As of August 31, 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	19,037	2.1	19,007	2.1
	Osaka and Nagoya metropolitan areas	6,913	0.8	6,907	0.8
	Other metropolitan areas	4,494	0.5	4,486	0.5
	Sub-total	30,445	3.4	30,402	3.4
Trust beneficial interest in real property	Tokyo metropolitan area	392,209	43.4	377,045	42.5
	Osaka and Nagoya metropolitan areas	346,435	38.4	344,779	38.9
	Other metropolitan areas	89,951	10.0	83,839	9.4
	Sub-total	828,596	91.8	805,663	90.8
Sub-total		859,041	95.2	836,065	94.2
Bank deposits and other assets		43,150	4.8	51,602	5.8
Total assets		902,191	100.0	887,668	100.0
Total liabilities (Note 2)		469,210	52.0	454,438	51.2
Total net assets		432,981	48.0	433,229	48.8

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

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of August 31, 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)	52,936	86,695.91	81,819.99	94.4	10.0	Retail facilities
Higashi-Totsuka Aurora City (trust beneficial interest)	45,496	109,365.50	109,365.50	100.0	4.3	Retail facilities
Nara Family (Note 4) (trust beneficial interest)	35,529	82,926.72	82,546.47	99.5	5.8	Retail facilities
G-Bldg. Shinsaibashi 03 (trust beneficial interest)	30,508	5,319.29	5,319.29	100.0	Note 5	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	30,142	56,169.19	30,375.46	54.1	6.8	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	25,694	137,466.97	137,466.97	100.0	2.9	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	23,907	138,538.63	138,538.63	100.0	2.8	Retail facilities
GYRE (trust beneficial interest)	21,501	4,815.02	4,689.35	97.4	1.9	Retail facilities
AEON MALL Itami (trust beneficial interest)	18,653	157,904.26	157,904.26	100.0	1.8	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,144	18,848.20	18,848.20	100.0	1.1	Retail facilities
Total	302,516	798,049.69	766,874.12	96.1	-	

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 August 31, 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	5,610	5,194
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,610	1,207
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,815.02	28,800	21,501
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	21,600	13,743
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,640	931
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	2,274.60	5,140	2,831
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,730	3,909
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.43	2,890	2,335
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,530	3,386
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,740	2,277
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	9,310	10,079
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,158.53	11,500	9,271
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	8,700	6,546
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,010	5,416
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,066.08	8,160	6,052
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	5,140	2,696
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,800	1,842
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	8,230	5,835
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	5,410	3,792
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	6,330	3,647
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	10,400	5,561
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,169.19	36,500	30,142
G-Bldg. Shibuya 01	20-13, Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,630.03	4,820	3,166
G-Bldg. Omotesando 02	25-15, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	5,555.65	23,300	17,800
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,718.21	4,070	3,562
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.55	10,500	8,535

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	3,455
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	6,930	6,139
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	5,900	5,117
G-Bldg. Akihabara 02	113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,053.55	2,910	2,502
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	16,800	15,286
G-Bldg. Ginza Chuo-dori 01	6-16, Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	13,700	13,063
MARINE & WALK YOKOHAMA	3-1, Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	8,347.69	11,300	11,245
G-Bldg. Jingumae 07	26-4 Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	373.12	2,140	2,034
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	41,293.90	12,900	9,435
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,950	1,292
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,500	10,159
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,070	4,571
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,400	10,601
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	18,000	15,155
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	7,800	4,699
Higashi-Totsuka Aurora City	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	43,500	45,496
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	10,900	12,536
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,900	25,694
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,810	5,513
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,330	2,298
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,390	2,211
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,580	3,054
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	4,260	3,216
8953 Osaka Shinsaibashi Building	4-12, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	14,000	12,117
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachidori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,200	18,144
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	2,890	1,585

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	11,700	8,091
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	(Note 5)	7,750	4,297
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,830	2,721
G-Bldg. Shinsaibashi 03	2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	5,319.29	40,800	30,508
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	1,900	1,941
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	4,757.35	5,160	4,477
G Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	10,700	9,778
G-Bldg. Shinsaibashi 04	10-5, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,250	3,319
G-Bldg. Kyoto Kawaramachi 01	235, Yamazakicho 2-chome, Sanjo-sagaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	2,382.82	2,530	2,206
G-Bldg. Midosuji 01	10-25, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	2,446.00	10,300	10,429
Round1 Sannomiya Station	1-17 Onoe-dori 6-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	10,054.52	3,300	3,225
G-Bldg. Kobe Sannomiya 01	1-15 Kitagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	3,750.40	3,190	3,022
G-Bldg. Midosuji 02	8-18 Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	1,428.28	15,700	15,580
Narupark (Note 4)	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.61	5,310	7,300
Nara Family (Note 6)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,926.72	39,000	35,529
AEON Takatsuki	47-2, Haginoshio 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,900	10,014
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,702.48	3,620	3,254
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,628.00	5,460	6,305
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,700	23,907
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,900	18,653
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,900	14,916
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	11,900	8,818
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,050	1,942
LIFE Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	1,910	1,717
LIFE Taiheiji (Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,300	1,304

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)
Izumisano Shofudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,760	2,657
mozo wonder city (Note 6)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,695.91	64,500	52,936
Round1 Stadium Sakai Chuo Kanjyo	241, Ishiara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,520	1,640
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,940	5,489
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,985.41	5,200	4,307
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,980	2,002
m-city Toyonaka	2-18, Hinode-cho, 2-chome, Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,520	5,368
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	4,160	2,839
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,500	15,337
G-Bldg. Sendai Ichibancho 01	5-12, Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi	Real property	2,387.17	4,720	4,486
G-Bldg. Naha-shintoshin 01	5-33, Omoromachi 2-chome, Naha-shi, Okinawa	Trust beneficial interest	(Note 5)	6,910	5,657
G-Bldg. Tenjin Nishi-dori 01 (Note 4)	8-22, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	2,667.42	4,880	4,967
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,248.96	9,620	8,538
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,840	6,378
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,900	9,770
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	8,936
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,162.16	18,800	15,264
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,300	2,417
Tecc Land Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	(Note 5)	5,480	3,731
Total			2,442,275.77	985,230	836,065

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

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

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

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

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

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

Operating results of each property for the six months ended February 28, 2018 and August 31, 2018 were as follows:

Name of property	For the six months ended February 28, 2018				For the six months ended August 31, 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	92	0.3	4	100.0	86	0.3
G-Bldg. Daikanyama 01	1	100.0	40	0.1	1	100.0	40	0.1
GYRE	22	95.0	604	1.9	19	97.4	598	1.9
Bic Camera Tachikawa	2	100.0	627	2.0	2	100.0	628	2.0
G-Bldg. Kita Aoyama 01	3	100.0	34	0.1	3	100.0	32	0.1
G-Bldg. Jiyugaoka 01	3	100.0	109	0.3	3	100.0	109	0.3
Cheers Ginza	10	100.0	107	0.3	10	100.0	108	0.3
G-Bldg. Jingumae 06	4	100.0	53	0.2	4	100.0	47	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	31	0.1
G-Bldg. Minami Aoyama 01	3	100.0	161	0.5	3	100.0	165	0.5
La Porte Aoyama (Note 3)	22	98.6	302	0.9	23	99.3	300	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	248	0.8	8	100.0	251	0.8
Urban Terrace Jingumae	1	60.5	82	0.3	1	60.5	77	0.2
Arkangel Daikanyama (Land with leasehold interest)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Omotesando 01	1	100.0	135	0.4	1	100.0	135	0.4
Round1 Yokohama Station West	1	100.0	114	0.4	1	100.0	114	0.4
G-Bldg. Sangenjaya 01	3	100.0	178	0.6	3	100.0	180	0.6
G-Bldg. Ginza 01	7	100.0	174	0.5	6	100.0	171	0.5
KAWASAKI Le FRONT	62	96.9	1,690	5.3	41	54.1	2,167	6.8
G-Bldg. Shibuya 01	2	100.0	49	0.2	2	100.0	86	0.3
G-Bldg. Omotesando 02	6	100.0	376	1.2	6	100.0	383	1.2
G-Bldg. Kichijoji 01	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
CUTE CUBE HARAJUKU	10	100.0	213	0.7	10	100.0	204	0.6
G-Bldg. Ueno 01	1	100.0	75	0.2	1	100.0	76	0.2
G-Bldg. Takadanobaba 01	14	100.0	157	0.5	14	100.0	160	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	26	89.5	1,183	3.7	27	100.0	396	1.2
G-Bldg. Jingumae 07	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)

Name of property	For the six months ended February 28, 2018				For the six months ended August 31, 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 (Note 5)	5	100.0	457	1.4	—	—	381	1.2
Abiko Shopping Plaza	38	85.1	625	2.0	59	100.0	584	1.8
Ito-Yokado Yabashira	1	100.0	78	0.2	1	100.0	78	0.2
Ito-Yokado Nishikicho	1	100.0	445	1.4	1	100.0	444	1.4
Ito-Yokado Tsunashima	1	100.0	168	0.5	1	100.0	168	0.5
AEON Itabashi Shopping Center	1	100.0	667	2.1	1	100.0	673	2.1
AEON MALL Yamato	1	100.0	530	1.7	1	100.0	542	1.7
SEIYU Hibiyaoka	1	100.0	249	0.8	1	100.0	249	0.8
Higashi-Totsuka Aurora City	4	100.0	1,362	4.3	4	100.0	1,367	4.3
Ito-Yokado Yotsukaido	2	100.0	299	0.9	2	100.0	299	0.9
AEON MALL Musashi Murayama	1	100.0	919	2.9	1	100.0	919	2.9
Makuhari Plaza	5	100.0	207	0.6	5	100.0	219	0.7
Round1 Machida	1	100.0	90	0.3	1	100.0	90	0.3
Round1 Stadium Itabashi	1	100.0	95	0.3	1	100.0	95	0.3
Summit Store Nakano Minamidai	1	100.0	84	0.3	1	100.0	84	0.3
Colline Bajikouen	10	100.0	142	0.4	10	100.0	142	0.4
8953 Osaka Shinsaibashi Building	1	100.0	364	1.1	1	100.0	364	1.1
Kawaramachi OPA	1	100.0	366	1.1	1	100.0	364	1.1
G-Bldg. Shinsaibashi 01	2	100.0	73	0.2	2	100.0	73	0.2
Round1 Stadium Sennichime (Land with leasehold interest)	1	100.0	240	0.7	1	100.0	240	0.8
G-Bldg. Shinsaibashi 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Round1 Kyoto Kawaramachi	1	100.0	104	0.3	1	100.0	104	0.3
G-Bldg. Shinsaibashi 03	4	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	144	0.5	10	100.0	149	0.5
G Bldg. Umeda 01	12	100.0	239	0.7	12	100.0	210	0.7
G-Bldg. Shinsaibashi 04	5	100.0	72	0.2	5	100.0	85	0.3
G-Bldg. Kyoto Kawaramachi 01	4	100.0	75	0.2	3	90.5	71	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)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Kobe Sannomiya 01	5	100.0	(Note 4)	(Note 4)	5	100.0	(Note 4)	(Note 4)
G-Bldg. Midosuji 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Narupark (Note 3)	47	99.9	332	1.0	48	100.0	335	1.1

Name of property	For the six months ended February 28, 2018				For the six months ended August 31, 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) (%)
Nara Family (Note 6)	116	99.3	1,824	5.7	114	99.5	1,817	5.8
AEON Takatsuki	1	100.0	397	1.2	1	100.0	403	1.3
AEON Yagoto	1	100.0	125	0.4	1	100.0	127	0.4
Kyoto Family	64	100.0	577	1.8	63	99.5	576	1.8
AEON MALL Tsurumi Ryokuchi	1	100.0	891	2.8	1	100.0	894	2.8
AEON MALL Itami	1	100.0	581	1.8	1	100.0	584	1.8
Ario Otori	1	100.0	549	1.7	1	100.0	549	1.7
AEON MALL Kobe Kita	1	100.0	402	1.3	1	100.0	415	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)	200	97.4	3,278	10.3	209	94.4	3,186	10.0
Round1 Stadium Sakai Chuo Kanjyo	1	100.0	82	0.3	1	100.0	82	0.3
pivo Izumi Chuo	17	100.0	(Note 4)	(Note 4)	17	100.0	(Note 4)	(Note 4)
KAMISHIN PLAZA	37	99.1	299	0.9	38	100.0	309	1.0
Round1 Stadium Takatsuki	1	100.0	91	0.3	1	100.0	91	0.3
m-city Toyonaka	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Valor Kachigawa (Land with leasehold interest)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Round1 Hiroshima	1	100.0	119	0.4	1	100.0	119	0.4
DFS T GALLERIA OKINAWA	1	100.0	497	1.6	1	100.0	497	1.6
G-Bldg. Sendai Ichibancho 01	1	100.0	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 (Note 3)	8	100.0	120	0.4	7	88.8	130	0.4
AEON Sendai Nakayama	2	100.0	369	1.2	2	100.0	377	1.2
AEON MALL Sapporo Naebo	1	100.0	367	1.1	1	100.0	378	1.2
AEON Tobata Shopping Center (Note 7)	1	100.0	315	1.0	—	—	312	1.0
AEON Naha Shopping Center	1	100.0	369	1.2	1	100.0	377	1.2
Oyama Yuen Harvest Walk (Note 3)	72	99.4	769	2.4	71	99.1	802	2.5
AEON MALL Sapporo Hassamu	1	100.0	571	1.8	1	100.0	584	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	962	99.5	31,967	100.0	960	98.6	31,898	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 August 1, 2018.
- Note 6 “Number of tenants” and “Occupancy ratio” for the properties which are leased partially in the form of a pass-through master lease are presented on an end-tenant basis.
- Note 7 JRF sold the property on August 30, 2018.