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Japan Retail Fund Investment Corporation

33rd Semi-Annual Report

March 1, 2018 – August 31, 2018

Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (JRF)

J-REIT Specializing in Retail Properties

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 98 properties throughout Japan, with a value of approximately 888.6 billion yen, making it the largest J-REIT specializing in retail properties, and one of the REITs listed in Japan. (As of August 31, 2018)

Carefully-screened Distributed Investment

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

Stable Distributions

As a retail property management professional, JRF maintains portfolio quality by carrying out proactive and strategic renovations and tenant replacement. Since the listing, JRF has consistently maintained a high occupancy rate of above 98% for the entire portfolio, and has been able to deliver stable distributions to unitholders by establishing a solid revenue base.

Strong Sponsors

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

To Our Unitholders

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

In terms of macroeconomic trends during the six months ended August 31, 2018 (33rd 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). 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. Following the Monetary Policy Meeting on July 31, the BOJ announced it will continue its 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.

Under the market environment described above, JRF issued the first Green Bond (the 12th Unsecured Investment Corporation Bonds), a first for J-REIT, as a new means of financing. It also acquired one new property (G-Bldg. Abeno 01 (Annex Building) (land with leasehold interest) while selling two GMS-type properties (Ito-Yokado Kawasaki (Main Building and Annex) and AEON Tobata Shopping Center). Looking at results for this fiscal period, operating revenue increased by 2.2% compared to the previous fiscal period to 32,685 million yen, and net income decreased by 4.8% to 11,644 million yen. Total distributions for the six months ended August 31, 2018 amounted to 11,597 million yen, by adding 31 million yen the reserve for temporary difference adjustments, and by deducting reserve for dividends amounting to 78 million yen from unappropriated retained earnings at the end of the period. As a result, distributions per unit were 4,430 yen, an increase of 20 yen over the previous period.

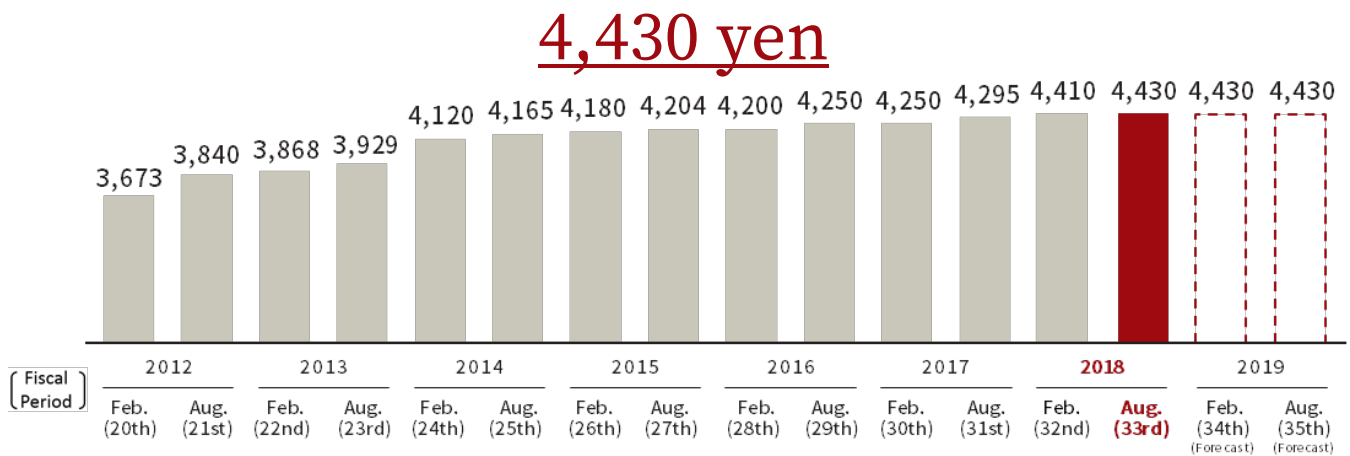
JRF seeks to continuously increase unitholder value by using the stability supported by its distinguishing asset scale as a J-REIT and diversified investment in retail facilities in a wide range of industries and business categories in various regions while pursuing improvements in both asset quality and profitability through further asset replacement measures and internal growth underpinned by retail management abilities.

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

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 33rd Fiscal Period

➤ Distribution per unit (Japanese Yen)



➤ Financial results

	Feb. 2017 fiscal period	Aug. 2017 fiscal period	Feb. 2018 fiscal period	Aug. 2018 fiscal period
Operating Revenue	31.5 billion yen	31.0 billion yen	31.9 billion yen	32.6 billion yen
Operating Income	13.9 billion yen	13.7 billion yen	14.4 billion yen	13.8 billion yen
Net Income	11.6 billion yen	11.4 billion yen	12.2 billion yen	11.6 billion yen
NAV per Unit	163 thousand yen	165 thousand yen	165 thousand yen	165 thousand yen

➤ Total assets and the number of properties

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



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

Message from the President of the Asset Management Company

Points

- Improved portfolio quality through asset acquisition and replacement
- Reopened renewed “Abiko Shopping Plaza” (Abiko-shi, Chiba)
- First Green Bond issued by a J-REIT

JRF improved its portfolio profitability and stability as planned through asset acquisition, replacement and renewal

JRF works to build a robust portfolio that can respond flexibly to environmental changes in order to achieve sustainable growth in unitholder value. To that end, we recognize that it is important not only to expand the asset scale but also to improve the quality of our portfolio, leading to an expanded earnings base. Based on this recognition, during this fiscal period, we continued implementing strategic asset replacement as well as renewal of existing properties, in addition to acquiring new assets.

Most recently, in July 2018, we acquired land with leasehold interest “G-Bldg. Abeno 01 (Annex Building)” adjacent to another of our properties, “G-Bldg. Abeno 01” (Abeno-ku, Osaka-shi, Osaka). Thus, we ensured the possibility of single redevelopment in the future in an area located close to Tennoji Station, one of the most flourishing districts in Osaka.

On the other hand, seeing the strong demand in the real estate market, JRF sold “Ito-Yokado Kawasaki (Main and Annex Buildings)” (Kawasaki-ku, Kawasaki-shi, Kanagawa) in August 2018 at an amount equivalent to the book value based on our determination that the margin for growth was limited. In the same month, JRF sold “AEON Tobata Shopping Center” (Tobata-ku, Kitakyushu-shi, Fukuoka) at a level above book value, since competition among retail facilities in the area is expected to intensify in the future. JRF will use the sale proceeds to acquire “m-city Kashiwa” (Kashiwa-shi, Chiba). JRF has further improved its portfolio quality through these external growth measures. Regarding existing properties, the renewal work at Abiko Shopping Plaza (Abiko-shi, Chiba), which had been underway since the end of 2017, was completed and the facility reopened in April 2018.

In terms of financial strategies supporting portfolio management, JRF has made efforts to further stabilize its financial foundations through continuous initiatives aiming to decentralize terms of repayment and level out repayment amounts. In addition, during the fiscal period, JRF issued the first Green Bond in May 2018, the first such issuance by a J-REIT, for 8 billion yen.

In recent years, JRF has focused on increasing the proportion of urban-type assets in its portfolio, which reached 50.5% at the end of the period ended August 2018, achieving the mid-term target of 50%. JRF has accordingly formulated a new medium-term strategy for the next growth phase. Going forward, we will implement an operational strategy based on the new medium-term strategy. We look forward to your continued support and encouragement.

Katsuhisa Sakai
President & CEO

Mitsubishi Corp. – UBS Realty Inc.

JRF × ESG

Towards Sustainable Society

1

In GRESB Real Estate Assessment, JRF was selected as “Sector Leader” of Retail sector in Asia, a big step forward for JRF

GRESB Real Estate Assessment

In GRESB Real Estate Assessment conducted in 2018, which is an assessment system for measuring the environmental, social and governance (ESG) awareness in the real estate sector, JRF was selected as the “Sector Leader” of the retail sector in Asia. JRF also received the “Green Star,” the highest ranking of the four categories in the GRESB Real Estate Assessment, for four consecutive years, and received five stars in the GRESB rating (five-star scale), which is a comparative assessment based rating system.



2

Promote ESG activities through existing properties

CO2 Reduction/Light-Down Campaign

JRF agrees with the "CO2 Reduction/Light-Down Campaign" promoted by the Ministry of the Environment of Japan. During 2018, we conducted “light-down” by turning off lights at five of our retail properties on June 21 (summer solstice) and July 7 (Cool Earth Day).

Participating Properties

- “Abiko Shopping Plaza” (Abiko-shi, Chiba)
- “Oyama Yuen Harvest Walk” (Oyama-shi, Tochigi)
- “mozo wonder city” (Nishi-ku, Nagoya-shi, Aichi)
- “NARU PARK” (Midori-ku, Nagoya-shi, Aichi)
- “G-Bldg. Jiyugaoka 01” (Bldg A and Bldg B) (Meguro-ku, Tokyo)



Problem-solving project by students

Through collaboration with the Faculty of Business Administration of the Osaka University of Economics, JRF conducted problem-solving classes at “KAMISHIN PLAZA” (Higashiyodogawa-ku, Osaka-shi, Osaka). Personnel from Mitsubishi Corporation and UBS Realty Inc. participated in the project while reviewing and giving advice on proposals from students for new services and events based on the concept of “contribution to the local community”.



I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			29th	30th	31st	32nd	33rd
As of /for the six months ended			August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018
Operating revenues	Note 1	(Millions of yen)	37,078	31,585	31,011	31,967	32,685
(Rental revenues)	Note 1	(Millions of yen)	(30,851)	(30,199)	(30,999)	(31,967)	(31,898)
Operating expenses	Note 1	(Millions of yen)	23,237	17,603	17,268	17,495	18,813
(Rental expenses)	Note 1	(Millions of yen)	(15,055)	(14,689)	(14,190)	(14,444)	(15,481)
Operating income		(Millions of yen)	13,841	13,981	13,743	14,472	13,871
Ordinary income		(Millions of yen)	11,396	11,665	11,426	12,232	11,645
Net income	(a)	(Millions of yen)	10,820	11,664	11,425	12,232	11,644
Net assets	(b)	(Millions of yen)	415,274	416,655	441,967	432,981	433,229
(Period-on-period change)		(%)	(+0.1)	(+0.3)	(+6.1)	(-2.0)	(+0.1)
Total assets	(c)	(Millions of yen)	858,390	856,627	897,631	902,191	887,668
(Period-on-period change)		(%)	(+3.5)	(-0.2)	(+4.8)	(+0.5)	(-1.6)
Unitholders' capital		(Millions of yen)	387,198	387,198	411,878	411,878	411,878
(Period-on-period change)		(%)	(0.0)	(0.0)	(+6.4)	(0.0)	(0.0)
Number of investment units issued and outstanding	(d)	(Units)	2,552,198	2,552,198	2,667,198	2,618,017	2,618,017
Net asset value per unit	(b)/(d)	(Yen)	162,712	163,253	165,704	165,385	165,480
Total distributions	(e)	(Millions of yen)	10,846	10,846	11,455	11,545	11,597
Distribution per unit	(e)/(d)	(Yen)	4,250	4,250	4,295	4,410	4,430
(Profit distribution per unit)		(Yen)	(4,250)	(4,250)	(4,295)	(4,410)	(4,430)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 3	(%)	1.4 (2.7)	1.4 (2.7)	1.3 (2.6)	1.4 (2.7)	1.3 (2.6)
Return on unitholders' equity	Note 3	(%)	2.6 (5.2)	2.8 (5.7)	2.7 (5.3)	2.8 (5.6)	2.7 (5.3)
Ratio of net assets to total assets	(b)/(c)	(%)	48.4	48.6	49.2	48.0	48.8
(Period-on-period change)		(%)	(-1.6)	(+0.2)	(+0.6)	(-1.2)	(+0.8)
Payout ratio	(e)/(a)	(%)	100.3	93.0	100.3	94.4	99.6
Additional information:							
Rental net operating income (NOI)	Note 3	(Millions of yen)	21,812	21,141	22,543	23,290	22,129
Net profit margin	Notes 3 and 4	(%)	29.2	36.9	36.8	38.3	35.6
Debt service coverage ratio	Notes 3 and 4	(Multiple)	9.7	10.4	10.5	11.4	11.0
Funds from operation (FFO) per unit	Notes 3 and 4	(Yen)	6,217	6,234	6,428	6,875	6,399
FFO multiples	Notes 3 and 4	(Multiple)	18.8	18.0	15.9	14.8	15.8
Distributable income per unit after adjustment for taxes on property and equipment	Note 5	(Yen)	4,234	4,558	4,271	4,661	4,457
FFO per unit after adjustment for taxes on property and equipment	Notes 4 and 5	(Yen)	6,202	6,222	6,404	6,852	6,397

Note 1 Consumption taxes are not included.

Note 2 Figures less than the unit indicated in each column have been rounded down for amounts and rounded for ratio unless otherwise indicated.

Note 3 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 184,181,184,181 and 184 days for the 29th, 30th, 31st, 32nd and 33rd fiscal period, respectively. FFO multiples are unaudited.

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

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

Note 5 The figures indicate pro forma distributable income per unit and pro forma FFO per unit assuming that taxes on property and equipment were not capitalized but charged to income in the periods in which were incurred. These figures are unaudited.

2. Outline of asset management operation for the 33rd fiscal period

(1) Principal activities

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

During the fiscal period ended 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.

(2) Investment environment and results

i. 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.

ii. 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.

(3) 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.

(4) 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.

3. Changes in unitholders' capital

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

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

- Note 1 New investment units were issued at a price of ¥195,902 per unit (subscription price of ¥189,805 per unit) through a public offering in order to raise funds for acquiring new real property.
- Note 2 New investment units were issued at a price of ¥205,702 per unit (subscription price of ¥199,300 per unit) through a public offering in order to raise funds for acquiring new real property.
- Note 3 New investment units were issued at a price of ¥199,300 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).
- Note 4 New investment units were issued at a price of ¥202,566 per unit (subscription price of ¥196,261 per unit) through a public offering in order to raise funds for acquiring new real property.
- Note 5 New investment units were issued at a price of ¥196,261 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).
- Note 6 New investment units were issued at a price of ¥221,382 per unit (subscription price of ¥214,605 per unit) through a public offering in order to raise funds for acquiring new real property.
- Note 7 New investment units were issued at a price of ¥214,605 per unit through the allocation of investment units to a third party in order to raise funds for acquiring of new real property (remaining proceeds, if any, will be reserved for an acquisition of specified assets in the future).
- Note 8 JRF purchased its own investment units at Tokyo Stock Exchange Market based on a discretionary transaction contract with a securities company from October 17, 2017 to January 23, 2018 and retired all of its own investment units on February 9, 2018 according to a resolution of the Board of Directors held on January 26, 2018. As the acquisition cost of its own investment units was deducted from capital surplus, there was no change in unitholders' capital.

Fluctuation in market price of the investment securities:

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

(Yen)					
Fiscal period	29th	30th	31st	32nd	33rd
As of /for the six months ended	August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018
Highest price	274,800	250,900	231,000	219,400	214,000
Lowest price	231,600	217,800	198,400	195,200	196,900
Closing price at end of period	232,300	226,000	202,300	205,300	201,000

4. Distributions

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

For the six months ended August 31, 2018, JRF transferred ¥78 million, a portion of gain on sales of two GMS type properties (Ito-Yokado Kawasaki and AEON Tobata Shopping Center), to reserve for dividends from retained earnings at the end of the period amounting to ¥11,644 million, and declared a total of ¥11,597 million cash distributions consisted all of remaining retained earnings at the end of the period after the transferring amounting to ¥11,566 million and reversal of retained earnings for temporary difference adjustment amounting to ¥31 million. Distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2 is not made.

As a result, distribution per unit amounted to ¥4,430 for the six months ended August 31, 2018.

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

Fiscal period	29th	30th	31st	32nd	33rd
As of /for the six months ended	August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018
Net income (Thousands of yen)	10,820,993	11,664,748	11,425,723	12,232,341	11,644,816
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	3,614,527	4,432,434	4,402,541	5,089,427	5,136,428
Total distributions (Thousands of yen)	10,846,841	10,846,841	11,455,615	11,545,454	11,597,815
(Distribution per unit) (Yen)	(4,250)	(4,250)	(4,295)	(4,410)	(4,430)
Profit distributions (Thousands of yen)	10,846,841	10,846,841	11,455,615	11,545,454	11,597,815
(Profit distribution per unit) (Yen)	(4,250)	(4,250)	(4,295)	(4,410)	(4,430)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refunds per unit) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from retained earnings for temporary difference adjustment (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from retained earnings for temporary difference adjustment) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from deduction of unitcapital under tax rules) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Outlook of overall operation

With respect to the Japanese economy going forward, despite the need to closely observe risk factors such as the 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.

(2) 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 passengers
	Residential Station	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.

i. 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.

ii. Internal growth strategy

JRF is formulating and implementing action plans intended to maintain and enhance asset value and reinforce facility competitiveness while closely monitoring changes in tenant operating conditions, 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.

iii. Financial strategy

JRF constantly works to improve financial stability further.

(i) Effort to secure the financial stability

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

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

(ii) LTV control

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

(iii) Repurchase of own investment units

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

(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

iv. Measures for ensuring delivery of stable distributions

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

6. Subsequent events

None

Outline of JRF

1. Investment unit

Fiscal period	29th	30th	31st	32nd	33rd
As of	August 31, 2016	February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018
Number of investment units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of investment units issued and outstanding (Units)	2,552,198	2,552,198	2,667,198	2,618,017	2,618,017
Number of unitholders (People)	17,783	17,520	19,055	18,721	18,956

2. Unitholders

Major unitholders as of August 31, 2018 were as follows:

Name	Address	Number of investment units owned (Units)	Ratio of number of investment units owned to total number of investment units issued (Note 1) (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	420,406	16.05
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	414,481	15.83
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	109,810	4.19
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	94,200	3.59
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	78,779	3.00
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	50,515	1.92
Mizuho Securities Co., Ltd.	5-1, Otemachi 1-chome, Chiyoda-ku, Tokyo	36,419	1.39
THE BANK OF NEW YORK MELLON SA/NV 10	RUE MONTOYERSTRAAT 46, 1000 BRUSSELS, BELGIUM	33,742	1.28
JP MORGAN CHASE BANK 385771	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	33,399	1.27
THE BANK OF NEW YORK 133970	RUE MONTOYERSTRAAT 46, 1000 BRUSSELS, BELGIUM	32,960	1.25
Total		1,304,711	49.83

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended August 31, 2018 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata LLC	-	23,000

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

Note 2 Compensation for Directors indicates actual payments, and the independent auditor's fees consist of estimated audit fees on an accrual basis and ¥5,000 thousand of fees for English financial statement audit and issuance of a comfort letter with respect to issuance of investment corporation bonds in May 2018.

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

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

4. Name of asset manager and other administrator

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

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

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of 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
Bank deposits and other assets		43,150	4.8	51,602	5.8
Total assets		902,191	100.0	887,668	100.0

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

2. Major property

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

3. Details of property

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
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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Jingumae 07	26-4 Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	373.12	2,140	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, Shinanocho, 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, Kawaramachi-dori, 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
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, Uraideracho, 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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
AEON Takatsuki	47-2, Haginoshō 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
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 Sogo Appraisal Co., Ltd.) in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of JRF as well as the regulations as stipulated by The Investment Trusts Association, Japan.

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

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

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

Operating results of each retail facility for the six months ended February 28, 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

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. 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)
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 Hibarigaoka	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 Sennichimae (Land with leasehold interest)	1	100.0	240	0.7	1	100.0	240	0.8

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. 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
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

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) (%)
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.

4. Details of specified transaction

The details of specified transaction as of August 31, 2018 were as follows:

(Millions of yen)

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	222,075	173,075	(2,034)
Total		222,075	173,075	(2,034)

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

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

5. Other assets

Real property and trust beneficial interests in real property are included in the above table "3. Details of property". There were no other significant specified assets as of August 31, 2018.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended August 31, 2018	Total of advanced payment
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal construction	September, 2018 to August, 2019	3,256	-	-
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	September, 2018 to August, 2019	680	18	32
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal of air conditioner	May, 2018 to May, 2019	453	2	10
AEON MALL Kobe Kita	Kita-ku, Kobe-shi, Hyogo	Repair of outer wall	July, 2018 to July, 2019	117	-	-
AEON MALL Musashi Murayama	Musashimurayama-shi, Tokyo	Renewal of air conditioner	October, 2018 to November, 2018	48	-	-

2. Capital expenditures for the six months ended August 31, 2018

Maintenance expenditures on property for the six months ended August 31, 2018 amounted to ¥2,490 million, consisting of ¥1,390 million of capital expenditures stated as below and ¥1,099 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal construction	February, 2018 to July, 2018	256
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	May, 2018 to August, 2018	219
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Painting of a staircase room	May, 2018 to August, 2018	30
GYRE	Shibuya-ku, Tokyo	Rezoning construction of tenant floor	July, 2018 to August, 2018	25
G-Bldg. Ueno 01	Taito-ku, Tokyo	Renewal of air conditioning system	April, 2018	24
Other	-	-	-	835
Total				1,390

3. Reserved funds for long-term maintenance plan

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

Item A:

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

Item B:

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

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

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	32nd fiscal period	33rd fiscal period
	For the six months ended February 28, 2018	For the six months ended August 31, 2018
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	3,050,502	3,148,175

2. Borrowings

Borrowings as of August 31, 2018 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 9)	Use (Note 12)	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
Short-term	MUFG Bank, Ltd. (Notes 2 and 3)	January 12, 2018	3,665	-	0.2	August 31, 2018	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,335	-					
	Sub-total		5,000	-					
Long-term	Development Bank of Japan Inc.	July 30, 2009	13,266	-	2.2	July 30, 2018	(Note 10)	(Note 12)	Unsecured and unguaranteed
	Aflac Life Insurance Japan Ltd. (Note 5)	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2, 3 and 4)	March 31, 2011	10,260	10,260	0.7 (Note 6)	September 28, 2018	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 4)		3,740	3,740					
	MUFG Bank, Ltd. (Notes 2, 3 and 4)	March 31, 2011	14,660	14,660	1.5 (Note 6)	March 29, 2019	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 4)		5,340	5,340					
	Sumitomo Mitsui Banking Corporation	March 31, 2011	5,000	-	0.8 (Note 6)	March 30, 2018	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	September 22, 2011	3,665	3,665	1.0 (Note 6)	September 22, 2021	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	MUFG Bank, Ltd. (Notes 2 and 3)	September 22, 2011	7,330	7,330	0.9 (Note 6)	March 22, 2021	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	MUFG Bank, Ltd. (Notes 2 and 3)	September 22, 2011	7,362	7,362	0.8 (Note 6)	September 18, 2020	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,712	2,712					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
Long-term	MUFG Bank, Ltd. (Notes 2 and 3)	September 22, 2011	9,500	9,500	0.7 (Note 6)	March 19, 2020	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		3,500	3,500					
	Sumitomo Mitsui Banking Corporation	September 30, 2011	2,000	2,000	0.9 (Note 6)	September 30, 2020	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	September 30, 2011	3,500	-	0.7 (Note 6)	March 30, 2018	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Shinsei Bank, Limited (Note 4)	September 30, 2011	2,500	2,500	0.8 (Note 6)	September 28, 2018	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Shinsei Bank, Limited (Note 4)	September 30, 2011	4,000	4,000	0.8 (Note 6)	September 28, 2018	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	December 21, 2011	5,864	5,864	0.7 (Note 6)	December 20, 2019	Lump sum (Note 9)	(Note 13)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,136	2,136					
	MUFG Bank, Ltd. (Notes 2, 3 and 4)	December 21, 2011	5,131	5,131	0.6 (Note 6)	June 21, 2019	Lump sum (Note 9)	(Note 13)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 4)		1,869	1,869					
	MUFG Bank, Ltd. (Notes 2 and 3)	May 22, 2012	4,030	4,030	1.0 (Note 6)	May 20, 2022	Lump sum (Note 9)	(Note 13)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	1.1 (Note 6)	May 20, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 11)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 11)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 2, 2012	2,000	2,000	1.0 (Note 6)	October 2, 2020	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	October 2, 2012	2,200	2,200	1.0 (Note 6)	October 2, 2020	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		800	800					
	MUFG Bank, Ltd. (Notes 2 and 3)	October 2, 2012	3,298	3,298	0.6 (Note 6)	April 2, 2020	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,202	1,202					
	Sumitomo Mitsui Banking Corporation	October 2, 2012	3,000	3,000	0.6 (Note 6)	April 2, 2020	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	October 2, 2012	5,498	5,498	0.5 (Note 6)	October 2, 2019	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,002	2,002					
	The Gunma Bank, Ltd. (Note 4)	December 28, 2012	500	500	0.6 (Note 6)	December 28, 2018	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd. (Note 4)		500	500					
	The Higashi-Nippon Bank, Limited (Note 4)		500	500					
	Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 6)	February 28, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
	Name of lender								
Long-term	Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 6)	March 31, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	October 7, 2013	1,000	1,000	2.2 (Note 6)	October 6, 2028	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	October 7, 2013	1,000	1,000	1.3	October 6, 2023	Lump sum	(Note 11)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	October 7, 2013	2,199	2,199	1.4 (Note 6)	October 6, 2023	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	MUFG Bank, Ltd. (Notes 2 and 3)	October 7, 2013	2,565	2,565	1.3 (Note 6)	April 7, 2023	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.3	April 7, 2023	Lump sum	(Note 12)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 7, 2013	1,500	1,500	1.2 (Note 6)	October 7, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	1,000	1,000	1.2 (Note 6)	October 7, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 7, 2013	2,000	2,000	1.2 (Note 6)	October 7, 2022	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	October 7, 2013	1,000	1,000	1.0 (Note 6)	October 7, 2021	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	October 7, 2013	2,199	2,199	0.9 (Note 6)	April 7, 2021	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	Shinkin Central Bank	October 7, 2013	1,500	1,500	0.8	October 7, 2020	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	1,500	1,500	0.8 (Note 6)	April 7, 2020	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Joyo Bank, Ltd.	October 7, 2013	1,000	1,000	0.8 (Note 6)	April 7, 2020	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 6)	October 7, 2019	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	October 7, 2013	1,000	1,000	0.7 (Note 6)	October 7, 2019	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 12)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
	Name of lender								
Long-term	MUFG Bank, Ltd. (Notes 2 and 3)	April 1, 2014	1,099	1,099	1.5 (Note 6)	March 31, 2025	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.	October 1, 2014	3,000	3,000	1.3	October 1, 2025	Lump sum	(Note 11)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	October 1, 2014	1,466	1,466	1.1 (Note 6)	October 1, 2024	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		534	534					
	MUFG Bank, Ltd. (Note 2)	October 1, 2014	800	800	1.1	October 1, 2024	Lump sum	(Note 11)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	October 1, 2014	2,199	2,199	0.8 (Note 6)	September 30, 2022	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	THE NISHI-NIPPON CITY BANK, LTD.	October 1, 2014	1,000	1,000	0.8 (Note 6)	September 30, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 1, 2014	2,000	2,000	0.7 (Note 6)	April 1, 2022	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	October 1, 2014	2,565	2,565	0.7 (Note 6)	October 1, 2021	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	The Norinchukin Bank	October 1, 2014	1,500	1,500	0.6 (Note 6)	October 1, 2021	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 1, 2014	3,000	3,000	0.6 (Note 6)	April 1, 2021	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 1, 2014	1,000	1,000	0.6 (Note 6)	April 1, 2021	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		1,000	1,000					
	MUFG Bank, Ltd. (Notes 2 and 3)	February 5, 2015	2,928	2,928	0.8 (Note 6)	February 5, 2024	Lump sum (Note 9)	(Note 13)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	MUFG Bank, Ltd. (Notes 2 and 3)	February 5, 2015	2,928	2,928	0.7 (Note 6)	February 3, 2023	Lump sum (Note 9)	(Note 13)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	Sumitomo Mitsui Banking Corporation	March 2, 2015	1,000	1,000	1.6 (Note 6)	March 30, 2029	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	7,000	7,000	1.0 (Note 6)	March 31, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.9 (Note 6)	March 29, 2024	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.7 (Note 6)	March 31, 2023	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 18, 2016	6,000	6,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
Long-term	Sumitomo Mitsui Trust Bank, Limited	February 18, 2016	1,000	1,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Resona Bank, Limited	February 18, 2016	1,000	1,000	0.5 (Note 6)	July 31, 2024	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 6)	January 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	March 1, 2016	733	733	0.5 (Note 6)	March 31, 2026	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		267	267					
	Development Bank of Japan Inc.	March 1, 2016	2,500	-	0.2	March 30, 2018	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	March 1, 2016	2,000	2,000	0.4 (Note 6)	March 31, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	1,500	1,500	0.3 (Note 6)	March 29, 2024	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	1,000	1,000	0.3 (Note 6)	March 29, 2024	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	1,000	1,000	0.3	March 29, 2024	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	1,500	1,500	0.3 (Note 6)	March 29, 2024	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	1,000	1,000	0.5 (Note 6)	March 31, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	1,000	1,000	0.5 (Note 6)	March 31, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	March 31, 2016	1,000	1,000	0.5	March 31, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	April 28, 2016	4,031	4,031	0.5	September 30, 2024	Lump sum	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,468	1,468					
	Development Bank of Japan Inc.	July 29, 2016	10,850	10,850	0.4	July 30, 2027	Lump sum	(Note 12)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 21, 2016	2,000	2,000	0.5	September 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2016	2,500	2,500	0.5	September 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2016	1,000	1,000	0.4	September 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	December 21, 2016	3,000	3,000	0.7	December 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
	Name of lender								
Long-term	Resona Bank, Limited	December 21, 2016	2,000	2,000	0.6	December 30, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2017	2,000	2,000	0.6	January 29, 2027	Lump sum	(Note 11)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Shinkin Central Bank	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Notes 2 and 3)	May 1, 2017	1,099	1,099	0.4	November 1, 2024	Lump sum	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	MUFG Bank, Ltd. (Note 2)	May 1, 2017	1,000	1,000	0.4	May 1, 2025	Lump sum	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 1, 2017	2,000	2,000	0.4	May 1, 2024	Lump sum (Note 9)	(Note 11)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	May 1, 2017	2,000	2,000	0.6	May 1, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Resona Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Shinsei Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Toho Bank, Ltd.	May 19, 2017	2,000	2,000	0.3	May 16, 2025	Lump sum (Note 9)	(Note 13)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.		1,800	1,800					
	The Hyakugo Bank, Ltd.		1,350	1,350					
	Taiyo Life Insurance Company		1,000	1,000					
	The Daishi Bank, Ltd.		950	950					
	The Akita Bank, Ltd.		450	450					
	The Iyo Bank, Ltd.		450	450					
	MUFG Bank, Ltd. (Notes 2 and 3)	July 31, 2017	5,864	-	0.2	December 28, 2018 (Note 7)	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,136	-					
	MUFG Bank, Ltd. (Notes 2 and 3)	July 31, 2017	1,466	-	0.2	March 29, 2019 (Note 8)	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		534	-					
	The Bank of Fukuoka, Ltd.	September 14, 2017	3,000	3,000	0.4	March 31, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	September 29, 2017	2,000	2,000	0.5	September 30, 2027	Lump sum	(Note 12)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2017	1,000	1,000	0.6	September 30, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed

	Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
	Name of lender								
Long-term	The Daishi Bank, Ltd.	October 2, 2017	1,500	1,500	0.3	September 30, 2024	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	1,000					
	The Juroku Bank, Ltd.		500	500					
	MUFG Bank, Ltd. (Notes 2 and 3)	October 6, 2017	4,764	4,764	0.5	July 31, 2024	Lump sum	(Note 11)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,735	1,735					
	MUFG Bank, Ltd. (Notes 2 and 3)	November 22, 2017	3,300	3,300	0.5	November 21, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200	1,200					
	MUFG Bank, Ltd. (Notes 2 and 3)	November 22, 2017	3,300	3,300	0.5	May 22, 2026	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200	1,200					
	The Joyo Bank, Ltd.	November 22, 2017	1,000	1,000	0.6	November 22, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	November 22, 2017	2,000	2,000	0.6	November 22, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Shinkin Central Bank	December 29, 2017	2,500	2,500	0.6	December 28, 2027	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	January 12, 2018	2,000	2,000	0.6	January 12, 2028	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	January 31, 2018	2,500	-	0.2	January 31, 2019 (Note 8)	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	January 31, 2018	1,000	-	0.1	January 31, 2019 (Note 8)	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	-	5,500	0.4	September 30, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	-	3,000	0.4	March 31, 2025	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2018	-	4,300	0.2	July 31, 2020	Lump sum (Note 9)	(Note 12)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2018	-	8,500	0.8	July 31, 2029	Lump sum	(Note 12)	Unsecured and unguaranteed
		Sub-total		371,691	355,225				
Total			376,691	355,225					

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

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

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

Note 4 The balances as of August 31, 2018 are included in current portion of long-term borrowings in the balance sheets.

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

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

Note 7 JRF had repaid all principal of the borrowings on May 31, 2018 in advance of the due date.

Note 8 JRF had repaid all principal of the borrowings on August 31, 2018 in advance of the due date.

Note 9 JRF may repay all or part of principal of the borrowings on interest payment date.

Note 10 The principal is repaid on September 30, 2009 at first, and thereafter the 30th of March, June, September and December, at an amount corresponding to 4% of the initial principal (¥20,000 million) per year, and the remaining balance is repaid on due date.

Note 11 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.

Note 12 The funds were mainly appropriated to repayment of borrowings.

Note 13 The funds were appropriated to redemption of corporate bonds.

3. Investment corporation bonds

	Classification	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
			February 28, 2018 (Millions of yen)	August 31, 2018 (Millions of yen)					
investment corporation bonds	7th series unsecured investment corporation bonds	December 18, 2013	7,500	7,500	1.108	December 18, 2023	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
	8th series unsecured investment corporation bonds	June 26, 2014	8,000	8,000	1.260	June 26, 2026	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
	9th series unsecured investment corporation bonds	February 5, 2015	7,000	7,000	0.765	February 5, 2025	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
	10th series unsecured investment corporation bonds	May 19, 2017	5,000	5,000	0.220	May 19, 2022	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
	11th series unsecured investment corporation bonds	May 19, 2017	2,000	2,000	0.480	May 19, 2027	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
	Sub-total		29,500	29,500					
Green Bonds	1st Green Bonds (12th series unsecured investment corporation bonds)	May 25, 2018	-	8,000	0.210	May 23, 2023	Lump sum (Note 1)	(Note 4)	Unsecured and unguaranteed
	Sub-total		-	8,000					
Total			29,500	37,500					

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

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

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

Note 4 The funds were appropriated to repayment of borrowings which were raised for purchasing trust beneficiary interests in real properties that satisfy criteria for the Eligible Green Projects.

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

1. Transactions of property and asset-backed securities

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposition	Disposition amount (Note 1)	Net book value	Gain (loss) on disposition
G-Bldg. Abeno 01 (Annex building) (Land with leasehold interest)	July 5, 2018	185	-	-	-	-
Ito-Yokado Kawasaki	-	-	August 1, 2018	13,500	13,538	(184)
AEON Tobata Shopping Center	-	-	August 30, 2018	6,070	5,258	787
Total		185		19,570	18,797	602

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

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

2. Transactions of other assets

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

3. Research for specified assets value

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	G-Bldg. Abeno 01 (Annex building) (Land with leasehold interest)	July 5, 2018	185	201	CBRE K.K.	May 1, 2018
Disposition	Ito-Yokado Kawasaki	August 1, 2018	13,500	13,030	Japan Real Estate Institute	February 28, 2018
Disposition	AEON Tobata Shopping Center	August 30, 2018	6,070	6,070	Japan Real Estate Institute	February 28, 2018

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

(2) Other transactions

None

4. Transactions with interested parties or major shareholders

(1) Outline of specified assets transactions

No specified asset was acquired from or disposed to interested parties or major shareholders.

(2) Amounts of fees paid and other expenses

Classification	Total amount (A)	Transactions with interested parties or major shareholders		(B) / (A)
		Name of counter party	Amount of payment (B)	
Facility management fees	¥1,460,213 thousand	Mitsubishi UFJ Lease & Finance Company Limited	¥451 thousand	0.0%
Property management fees	¥758,798 thousand	Mitsubishi Corporation Urban Development, Inc.	¥18,999 thousand	2.5%
Other rental expenses	¥988,810 thousand	Mitsubishi Corporation Urban Development, Inc.	¥2,246 thousand	0.2%
		Mitsubishi Shoji & Sun Co., Ltd.	¥1,051 thousand	0.1%

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

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporations

1. Disclosures relating to overseas real estate investment corporations

None

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

None

Other information

1. Investment units held by the asset manager

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

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

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

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

Date	Number of investment units held at end of period (Units)	Aggregated value of investment units held at end of period (Note 1) (Thousands of yen)	Ratio of number of investment units held to number of investment units issued and outstanding
The 24th fiscal period (September 1, 2013 to February 28, 2014)	3,200	642,560	0.1%
The 25th fiscal period (March 1, 2014 to August 31, 2014)	3,200	698,240	0.1%
The 26th fiscal period (September 1, 2014 to February 28, 2015)	3,200	820,800	0.1%
The 27th fiscal period (March 1, 2015 to August 31, 2015)	3,200	715,520	0.1%
The 28th fiscal period (September 1, 2015 to February 29, 2016)	3,200	823,040	0.1%
The 29th fiscal period (March 1, 2016 to August 31, 2016)	3,200	743,360	0.1%
The 30th fiscal period (September 1, 2016 to February 28, 2017)	3,200	723,200	0.1%
The 31st fiscal period (March 1, 2017 to August 31, 2017)	3,200	647,360	0.1%
The 32nd fiscal period (September 1, 2017 to February 28, 2018)	3,200	656,960	0.1%
The 33rd fiscal period (March 1, 2018 to August 31, 2018)	3,200	643,200	0.1%

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

2. Notice

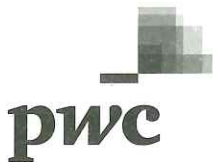
The Board of Directors Meeting

Execution or modification of significant agreement approved by the Board of Directors of JRF for the six months ended August 31, 2018 was as follows:

Approval day	Item	Summary
April 16, 2018	Appointment of general administrators regarding investment corporation bonds	In connection with the issuance of the 1st Green Bonds (the 12th Unsecured Investment Corporation Bonds (Special pari passu conditions among specified investment corporation bonds), the Board of Directors of JRF appointed Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and DBJ Securities Co. Ltd as underwriter, and MUFG Bank, Ltd. as financial agency and other general administrator regarding the investment corporation bonds.

3. Other

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



Independent Auditor's Report

To the Board of Directors of Japan Retail Fund Investment Corporation

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as of August 31, 2018, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2018, and its financial performance and cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended August 31, 2018 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into the U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata LLC

November 26, 2018

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

	As of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 36,527	¥ 45,138	\$ 406,428
Restricted bank deposits (Note 4).....	513	513	4,619
Rent receivables	711	720	6,482
Other current assets	1,159	1,160	10,444
Total current assets.....	38,911	47,532	427,984
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	634,198	621,523	5,596,281
Buildings.....	305,185	296,020	2,665,406
Building improvements.....	15,035	14,273	128,516
Machinery and equipment.....	2,112	2,137	19,241
Furniture and fixtures.....	4,514	4,383	39,465
Construction in progress.....	110	226	2,034
Total property and equipment.....	961,156	938,565	8,450,972
Less: Accumulated depreciation.....	(107,427)	(107,781)	(970,475)
Net property and equipment.....	853,729	830,783	7,480,488
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	5,194	5,174	46,587
Other intangible assets (Notes 4, 7 and 8).....	117	107	963
Lease deposits (Note 4).....	1,666	1,658	14,928
Long-term prepaid expenses	1,790	1,641	14,775
Investment unit issuance costs	119	71	639
Investment corporation bond issuance costs	141	177	1,593
Other	520	520	4,682
Total other assets.....	9,551	9,351	84,197
TOTAL ASSETS.....	¥ 902,191	¥ 887,668	\$ 7,992,688

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

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

	As of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 9).....	¥ 5,000	¥ -	\$ -
Current portion of long-term borrowings (Note 9).....	57,766	49,000	441,202
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	1,119	658	5,924
Accounts payable—operating	2,256	2,486	22,384
Accounts payable—other	17	16	144
Accrued expenses	2,053	2,060	18,548
Consumption tax payable	603	1,113	10,021
Rent received in advance	3,374	3,223	29,020
Deposits received	1,705	1,490	13,416
Current portion of asset retirement obligations (Note 21).....	-	71	639
Other current liabilities	147	127	1,143
Total current liabilities	74,043	60,247	542,472
Non-current liabilities:			
Long-term borrowings (Note 9).....	313,925	306,225	2,757,293
Long-term bonds issued—unsecured (Note 10).....	29,500	37,500	337,655
Tenant leasehold and security deposits (Notes 4 and 11).....	50,774	49,683	447,352
Asset retirement obligations (Note 21).....	492	416	3,745
Derivatives liabilities (Note 20).....	473	345	3,106
Other	1	20	180
Total non-current liabilities	395,167	394,191	3,549,351
TOTAL LIABILITIES	469,210	454,438	4,091,824
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,618,017 units as of February 28, 2018 and August 31, 2018 issued and outstanding.....	411,878	411,878	3,708,607
Capital surplus.....	14,986	14,986	134,936
Deduction from capital surplus.....	(9,999)	(9,999)	(90,032)
Capital surplus, net.....	4,986	4,986	44,894
Reserve for reduction entry of property.....	476	476	4,285
Reserve for dividends.....	817	1,537	13,839
Retained earnings for temporary difference adjustment (Note 13).....	3,106	3,075	27,687
Retained earnings.....	12,233	11,644	104,844
Total unitholders' equity	433,499	433,599	3,904,186
Valuation and translation adjustments:			
Deferred losses on hedges.....	(518)	(369)	(3,322)
Total valuation and translation adjustments	(518)	(369)	(3,322)
TOTAL NET ASSETS	432,981	433,229	3,900,855
TOTAL LIABILITIES AND NET ASSETS	¥ 902,191	¥ 887,668	\$ 7,992,688

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

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

	For the six months ended		
	February 28,	August 31,	August 31,
	2018	2018	2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rent and other operating revenues (Note 15).....	¥ 31,967	¥ 31,898	\$ 287,214
Gain on sales of property (Note 16).....	-	787	7,086
	<u>31,967</u>	<u>32,685</u>	<u>294,300</u>
Operating expenses			
Property-related expenses (Note 15).....	14,444	15,481	139,393
Loss on sales of property (Note 16).....	-	184	1,656
Asset management fees	2,699	2,706	24,365
Custodian fees	29	30	270
General administration fees	127	130	1,170
Other	193	280	2,521
	<u>17,495</u>	<u>18,813</u>	<u>169,394</u>
Operating income	<u>14,472</u>	<u>13,871</u>	<u>124,896</u>
Non-operating revenues			
Non-operating revenues.....	<u>3</u>	<u>2</u>	<u>18</u>
	<u>3</u>	<u>2</u>	<u>18</u>
Non-operating expenses			
Interest expenses	1,604	1,599	14,397
Interest expenses on investment corporation bonds.....	127	134	1,206
Amortization of investment corporation bond issuance costs	11	14	126
Amortization of investment unit issuance costs	47	47	423
Loan-related costs	424	426	3,835
Other non-operating expenses	26	4	36
	<u>2,242</u>	<u>2,228</u>	<u>20,061</u>
Ordinary income	<u>12,232</u>	<u>11,645</u>	<u>104,853</u>
Income before income taxes	<u>12,232</u>	<u>11,645</u>	<u>104,853</u>
Income taxes (Note 17):			
Current.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>12,232</u>	<u>11,644</u>	<u>104,844</u>
Unappropriated earnings at beginning of period	<u>1</u>	<u>-</u>	<u>-</u>
Retained earnings at the end of period (Note 14)	<u>¥ 12,233</u>	<u>¥ 11,644</u>	<u>\$ 104,844</u>

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

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

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Retained earnings	Total surplus	Own investment units	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in millions)													
Balance as of August 31, 2017	¥ 411,878	¥ 14,986	¥ -	¥ 14,986	¥ 476	¥ 817	¥ 3,138	¥ 11,425	¥ 30,844	¥ -	¥ 442,723	¥ (755)	¥ (755)	¥ 441,967
<u>Changes during the period</u>														
Reversal of retained earnings														
for temporary difference adjustment....	-	-	-	-	-	-	(31)	31	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	(11,455)	(11,455)	-	(11,455)	-	-	(11,455)
Net income.....	-	-	-	-	-	-	-	12,232	12,232	-	12,232	-	-	12,232
Acquisition of own investment units.....	-	-	-	-	-	-	-	-	-	(9,999)	(9,999)	-	-	(9,999)
Retirement of own investment units.....	-	-	(9,999)	(9,999)	-	-	-	-	(9,999)	9,999	-	-	-	-
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	237	237	237
Total changes during the period	-	-	(9,999)	(9,999)	-	-	(31)	808	(9,223)	-	(9,223)	237	237	(8,986)
Balance as of February 28, 2018	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 476	¥ 817	¥ 3,106	¥ 12,233	¥ 21,621	¥ -	¥ 433,499	¥ (518)	¥ (518)	¥ 432,981
<u>Changes during the period</u>														
Provision of reserve for dividends.....	-	-	-	-	-	719	-	(719)	-	-	-	-	-	-
Reversal of retained earnings														
for temporary difference adjustment....	-	-	-	-	-	-	(31)	31	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	(11,545)	(11,545)	-	(11,545)	-	-	(11,545)
Net income.....	-	-	-	-	-	-	-	11,644	11,644	-	11,644	-	-	11,644
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	149	149	149
Total changes during the period	-	-	-	-	-	719	(31)	(589)	99	-	99	149	149	248
Balance as of August 31, 2018	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 476	¥ 1,537	¥ 3,075	¥ 11,644	¥ 21,721	¥ -	¥ 433,599	¥ (369)	¥ (369)	¥ 433,229

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

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

	Unitholders' equity											Valuation and translation adjustments		
	Surplus											Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Retained earnings	Total surplus	Own investment units	Total unitholders' equity			
	(in thousands of U.S. dollars (Note 3))													
Balance as of February 28, 2018.....	\$ 3,708,607	\$ 134,936	\$ (90,032)	\$ 44,894	\$ 4,285	\$ 7,356	\$ 27,966	\$ 110,147	\$ 194,678	\$ -	\$ 3,903,286	\$ (4,664)	\$ (4,664)	\$ 3,898,622
Changes during the period														
Provision of reserve for dividends.....	-	-	-	-	-	6,473	-	(6,473)	-	-	-	-	-	-
Reversal of retained earnings														
for temporary difference adjustment....	-	-	-	-	-	-	(279)	279	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	(103,952)	(103,952)	-	(103,952)	-	-	(103,952)
Net income.....	-	-	-	-	-	-	-	104,844	104,844	-	104,844	-	-	104,844
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	1,341	1,341	1,341
Total changes during the period	-	-	-	-	-	6,473	(279)	(5,303)	891	-	891	1,341	1,341	2,233
Balance as of August 31, 2018.....	\$ 3,708,607	\$ 134,936	\$ (90,032)	\$ 44,894	\$ 4,285	\$ 13,839	\$ 27,687	\$ 104,844	\$ 195,578	\$ -	\$ 3,904,186	\$ (3,322)	\$ (3,322)	\$ 3,900,855

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

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

	For the six months ended		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 12,232	¥ 11,645	\$ 104,853
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,767	5,712	51,431
Amortization of investment corporation bond issuance costs.....	11	14	126
Amortization of investment unit issuance costs.....	47	47	423
Gain on sales of property.....	-	(787)	(7,086)
Loss on sales of property.....	-	184	1,656
Loss on disposal of fixed assets.....	57	164	1,476
Interest income.....	-	-	-
Interest expenses.....	1,732	1,734	15,613
Changes in assets and liabilities:			
(Increase) decrease in rent receivables.....	(19)	(2)	(18)
(Increase) decrease in long-term prepaid expenses.....	53	149	1,341
Increase (decrease) in accounts payable - operating.....	(119)	553	4,979
Increase (decrease) in accounts payable - other.....	4	1	9
Increase (decrease) in accrued expenses.....	(28)	14	126
Increase (decrease) in consumption tax payable.....	234	509	4,583
Increase (decrease) in rent received in advance.....	81	(150)	(1,350)
Increase (decrease) in deposits received.....	183	(263)	(2,368)
Other, net.....	100	117	1,053
Sub total.....	20,339	19,646	176,895
Interest received.....	-	-	-
Interest expenses paid.....	(1,769)	(1,742)	(15,685)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	18,570	17,903	161,201
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(32,407)	(1,658)	(14,928)
Proceeds from sales of property and equipment.....	-	19,407	174,743
Purchase of intangible assets.....	(13)	(45)	(405)
Payments of tenant leasehold and security deposits.....	(1,014)	(2,487)	(22,393)
Proceeds from tenant leasehold and security deposits.....	1,266	546	4,916
Proceeds from deposits and others.....	229	7	63
Payments of deposits and others.....	(33)	-	-
Net cash provided by (used in) investing activities.....	(31,973)	15,769	141,986
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings.....	5,000	-	-
Repayments of short-term borrowings.....	-	(5,000)	(45,020)
Proceeds from long-term borrowings.....	35,500	23,800	214,298
Repayments of long-term borrowings.....	(27,400)	(40,266)	(362,560)
Proceeds from issuance of investment corporation bonds.....	-	7,949	71,573
Payments for acquisition of own investment units.....	(10,020)	(1)	(9)
Distribution payments.....	(11,455)	(11,544)	(103,943)
Net cash provided by (used in) financing activities.....	(8,375)	(25,061)	(225,652)
Net change in cash and cash equivalents.....	(21,778)	8,611	77,534
Cash and cash equivalents at the beginning of period.....	58,305	36,527	328,894
Cash and cash equivalents at the end of period.....	¥ 36,527	¥ 45,138	\$ 406,428

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended February 28, 2018 and August 31, 2018

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 33rd fiscal period (August 31, 2018) amounted to ¥888.6 billion (US\$8,001 million) (the total acquisition price of 98 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Investment Corporation Bond Issuance Costs

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

(i) Investment Unit Issuance Costs

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

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

Taxes on property and equipment capitalized amounted to ¥17 million and ¥0 million (US\$0 thousand) for the six months ended February 28, 2018 and August 31, 2018, respectively.

(m) Revenue Recognition

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

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

(n) Hedge Accounting

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

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

(o) Leases

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

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥111.06 = US\$1, the effective rate of exchange prevailing at August 31, 2018. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended August 31, 2018 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 11,286	¥ 11,950	\$ 107,599
Restricted bank deposits.....	513	513	4,619
Property and equipment, at cost:			
Land.....	605,739	593,064	5,340,032
Buildings.....	302,757	293,591	2,643,535
Building improvements.....	14,969	14,207	127,921
Machinery and equipment.....	2,112	2,137	19,241
Furniture and fixtures.....	4,497	4,366	39,312
Construction in progress.....	110	226	2,034
<i>Total property and equipment.....</i>	<i>930,186</i>	<i>907,593</i>	<i>8,172,096</i>
Less: Accumulated depreciation.....	(106,903)	(107,211)	(965,343)
<i>Net property and equipment.....</i>	<i>823,283</i>	<i>800,381</i>	<i>7,206,744</i>
Other assets:			
Leasehold rights.....	5,194	5,174	46,587
Other intangible assets.....	117	107	963
Lease deposits.....	1,666	1,658	14,928
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	1,119	658	5,924
Non-current liabilities:			
Tenant leasehold and security deposits.....	48,813	47,722	429,695

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction for the six months ended February 28, 2018 and August 31, 2018 were ¥379 million and ¥339 million (US\$3,052 thousand), respectively.

Note 6 — Schedule of Property and Equipment

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

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

(ii) Schedule of Property and Equipment as of August 31, 2018 consisted of the following:

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in millions)						
Land.....	¥ 634,198	¥ 191	¥ 12,866	¥ 621,523	¥ -	¥ -	¥ 621,523
Buildings.....	305,185	1,225	10,390	296,020	98,664	5,209	197,355
Building improvements.....	15,035	63	824	14,273	5,177	257	9,096
Machinery and equipment.....	2,112	25	-	2,137	1,185	60	952
Furniture and fixtures.....	4,514	69	200	4,383	2,753	147	1,629
Construction in progress.....	110	197	81	226	-	-	226
Total.....	¥ 961,156	¥ 1,772	¥ 24,363	¥ 938,565	¥ 107,781	¥ 5,674	¥ 830,783

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars (Note 3))						
Land.....	\$ 5,710,408	\$ 1,719	\$ 115,847	\$ 5,596,281	\$ -	\$ -	\$ 5,596,281
Buildings.....	2,747,929	11,030	93,553	2,665,406	888,384	46,902	1,777,012
Building improvements.....	135,377	567	7,419	128,516	46,614	2,314	81,901
Machinery and equipment.....	19,016	225	-	19,241	10,669	540	8,571
Furniture and fixtures.....	40,644	621	1,800	39,465	24,788	1,323	14,667
Construction in progress.....	990	1,773	729	2,034	-	-	2,034
Total.....	\$ 8,654,385	\$ 15,955	\$ 219,367	\$ 8,450,972	\$ 970,475	\$ 51,089	\$ 7,480,488

Note 7 — Schedule of Intangible Assets

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

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

(ii) Schedule of Intangible Assets as of August 31, 2018 consisted of the following:

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in millions)						
Leasehold rights.....	¥ 5,384	¥ -	¥ -	¥ 5,384	¥ 209	¥ 20	¥ 5,174
Other intangible assets.....	354	4	-	359	251	14	107
Total.....	¥ 5,739	¥ 4	¥ -	¥ 5,743	¥ 461	¥ 34	¥ 5,281

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars (Note 3))						
Leasehold rights.....	\$ 48,478	\$ -	\$ -	\$ 48,478	\$ 1,881	\$ 180	\$ 46,587
Other intangible assets.....	3,187	36	-	3,232	2,260	126	963
Total.....	\$ 51,674	\$ 36	\$ -	\$ 51,710	\$ 4,150	\$ 306	\$ 47,550

Note 8 — Fair Value of Investment and Rental Property

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

	As of / For the six months ended		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 832,354	¥ 859,041	\$ 7,734,927
Net increase(decrease) during the period ⁽ⁱⁱ⁾	26,687	(22,975)	(206,870)
Balance at the end of the period.....	<u>¥ 859,041</u>	<u>¥ 836,065</u>	<u>\$ 7,528,047</u>
Fair value⁽ⁱⁱⁱ⁾	¥ 994,230	¥ 985,230	\$ 8,871,150

Notes:

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

For the six months ended February 28, 2018:

	Increase (decrease) in net book value (in millions)	
Acquisitions:		
G-Bldg. Midosuji 02.....	¥	15,591
Valor Kachigawa (Land with leasehold interest).....		6,411
Round1 Sannomiya Station.....		3,236
G-Bldg. Kobe Sannomiya 01.....		3,034
G-Bldg. Jingumae 07.....		2,036
G-Bldg. Shinsaibashi 03 (additional acquisition).....		407
Capital expenditures:		
Renewal construction of parking area of Oyama Yuen Harvest Walk.....		326

For the six months ended August 31, 2018:

	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:		
G-Bldg. Abeno 01 (additional acquisition).....	¥ 191	\$ 1,719
Capital expenditures:		
Renewal construction of Abiko Shopping Plaza.....	256	2,305
Disposition:		
Ito-Yokado Kawasaki.....	(13,538)	(121,898)
AEON Tobata Shopping Center.....	(5,258)	(47,343)

- (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 15 — Analysis of Rent and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

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

	As of / For the six months ended		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ 5,000	¥ -	\$ -
Long-term borrowings.....	371,691	355,225	3,198,496
Total.....	¥ 376,691	¥ 355,225	\$ 3,198,496
Average interest rates range for the period.....	From 0.1% to 3.0%	From 0.1% to 3.0%	

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

	As of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 319,647
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 319,647
Commitment Lines			
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 540,248
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 540,248

Note 10 — Investment Corporation Bonds

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

	Balance as of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Long-term bonds—unsecured			
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%.....	¥ 7,500	¥ 7,500	\$ 67,531
¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.260%.....	8,000	8,000	72,033
¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%.....	7,000	7,000	63,028
¥5 billion of 5-year bonds, issued on May 19, 2017, maturing on May 19, 2022 with a coupon of 0.220%.....	5,000	5,000	45,020
¥2 billion of 10-year bonds, issued on May 19, 2017, maturing on May 19, 2027 with a coupon of 0.480%.....	2,000	2,000	18,008
¥8 billion of 5-year bonds (Green Bonds), issued on May 25, 2018, maturing on May 25, 2023 with a coupon of 0.210%.....	-	8,000	72,033
Total.....	¥ 29,500	¥ 37,500	\$ 337,655

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥230,078 million and ¥215,086 million (US\$1,936,664 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥21,171 million and ¥20,347 million (US\$183,207 thousand) as of February 28, 2018 and August 31, 2018, respectively.

Certain lands and buildings included in the above aggregate book value were pledged as collateral to secure co-owner's payments of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,221 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,151 thousand) as of February 28, 2018 and August 31, 2018, respectively.

Note 12 — Net Assets

The Company issues only non-par value investment units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$450 thousand) as required by the Investment Trust Act.

The number of investment units issued and outstanding were 2,618,017 as of February 28, 2018 and August 31, 2018. For the six months ended February 28, 2018, the Company purchased a total of 49,181 of its own investment units at ¥9,999 million and retired all of its own investment units on February 9, 2018. The acquisition cost of the Company's own investment units is deducted from capital surplus in unitholders' equity.

Note 13 — Retained Earnings for Temporary Difference Adjustment

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

<i>For the six months ended February 28, 2018:</i>	<u>Initial amount</u>		<u>Balance at beginning of the period</u>	<u>Provision (in millions)</u>		<u>Reversal</u>	<u>Balance at end of the period</u>			
	¥		¥		¥		¥			
Reserve for dividends ⁽ⁱ⁾	¥	3,138	¥	3,138	¥	-	¥	(31)	¥	3,106

<i>For the six months ended August 31, 2018:</i>	<u>Initial amount</u>		<u>Balance at beginning of the period</u>	<u>Provision (in millions)</u>		<u>Reversal</u>	<u>Balance at end of the period</u>			
	¥		¥		¥		¥			
Reserve for dividends ⁽ⁱ⁾	¥	3,138	¥	3,106	¥	-	¥	(31)	¥	3,075
<u>(in thousands of U.S. dollars (Note 3))</u>										
	\$	28,254	\$	27,966	\$	-	\$	(279)	\$	27,687

Notes:

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

Note 14 — Appropriation of Retained Earnings

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

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

	For the six months ended		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 12,233	¥ 11,644	\$ 104,844
Reversal of retained earnings for temporary difference adjustment.....	31	31	279
Cash distribution declared.....	(11,545)	(11,597)	(104,421)
Provision of reserve for dividends.....	(719)	(78)	(702)
Retained earnings carried forward.....	¥ -	¥ -	\$ -

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

For the six months ended August 31, 2018, the Company transferred ¥78 million (US\$702 thousand), a portion of gain on sales of two GMS type properties (Ito-Yokado Kawasaki and AEON Tobata Shopping Center), to reserve for dividends from retained earnings of ¥11,644 million (US\$104,844 thousand) at the end of the period then ended and declared a total distribution of ¥11,597 million (US\$104,421 thousand), representing at the end of the period then ended after the transfer and reversal of retained earnings for temporary difference adjustment amounting to ¥31 million (US\$279 thousand).

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

Cash distributions per investment unit were ¥4,410 and ¥4,430 (US\$39) for the six months ended February 28, 2018 and August 31, 2018, respectively.

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

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

	For the six months ended			
	February 28,		August 31,	
	2018		2018	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
Rent and other operating revenues:				
Rent and parking revenue.....	¥	27,673	¥	27,512
Common area charges.....		1,354		1,408
Other.....		2,939		2,977
Total rent and other operating revenues.....	¥	31,967	¥	31,898
			\$	247,721
				12,677
				26,805
				287,214
Property-related expenses:				
Property management fees.....	¥	858	¥	758
Facility management fees.....		1,443		1,460
Utilities.....		1,488		1,599
Property-related taxes.....		2,663		2,833
Repair and maintenance.....		314		1,099
Insurance.....		33		33
Trust fees.....		60		59
Rent expense ⁽ⁱ⁾		769		770
Other.....		986		988
Depreciation.....		5,767		5,712
Loss on disposal of property.....		57		164
Total property-related expenses.....	¥	14,444	¥	15,481
			\$	139,393
Operating income from property leasing activities.....	¥	17,522	¥	16,417
			\$	147,820

Note:

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

Note 16 — Analysis of Gain (Loss) on Sales of Property

Analysis of gain or loss on sales of property for the six months ended August 31, 2018 is as follows:

	Gain on sales of property for the six months ended		Loss on sales of property for the six months ended	
	August 31,		August 31,	
	2018		2018	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
Sale of property.....	¥	6,070	\$	54,655
Cost of property.....		5,258		47,343
Other sales expenses.....		23		207
Gain (Loss) on sales of property, net.....	¥	787	¥	(184)
			\$	(1,656)

Note 17 — Income Taxes

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

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

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

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

	For the six months ended	
	February 28, 2018	August 31, 2018
	(Rate)	
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.....	<u>0.00%</u>	<u>0.01%</u>

Deferred tax assets and liabilities consist of the following:

	As of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Current:			
Tax loss carryforwards.....	¥ 2,163	¥ 2,094	\$ 18,854
Asset retirement obligations.....	-	22	198
Loss on disposal of property.....	-	17	153
Other.....	14	7	63
Sub total.....	2,178	2,142	19,286
Valuation allowance.....	(2,178)	(2,142)	(19,286)
Total.....	-	-	-
Non-current:			
Amortization of leasehold rights.....	96	106	954
Depreciation.....	11	13	117
Asset retirement obligations.....	155	131	1,179
Valuation differences on assets acquired through the merger.....	5,359	5,354	48,208
Deferred losses on hedges.....	149	109	981
Other.....	32	38	342
Sub total.....	5,805	5,753	51,800
Valuation allowance.....	(5,805)	(5,753)	(51,800)
Total.....	-	-	-
Total deferred tax assets.....	-	-	-
Net deferred tax assets.....	<u>¥ -</u>	<u>¥ -</u>	<u>\$ -</u>

Note 18 — Leases

(a) Lease Rental Revenues

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

	As of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 20,480	¥ 21,262	\$ 191,446
Due after one year.....	97,298	90,678	816,477
Total.....	¥ 117,778	¥ 111,941	\$ 1,007,932

(b) Lease Commitments

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

Note 19 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

	As of					
	February 28, 2018			August 31, 2018		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)			(in thousands of U.S. dollars (Note 3))		
Assets:						
(1) Cash and cash equivalents.....	¥ 36,527	¥ 36,527	¥ -	¥ 45,138	¥ 45,138	¥ -
(2) Restricted bank deposits.....	513	513	-	513	513	-
Total.....	¥ 37,040	¥ 37,040	¥ -	¥ 45,651	¥ 45,651	¥ -
Liabilities:						
(1) Short-term borrowings.....	¥ 5,000	¥ 5,000	¥ -	¥ -	¥ -	¥ -
(2) Current portion of long-term borrowings.....	57,766	57,900	(134)	49,000	48,977	22
(3) Current portion of tenant leasehold and security deposits.....	1,119	1,173	(53)	658	668	(10)
(4) Long-term borrowings.....	313,925	316,845	(2,920)	306,225	308,396	(2,171)
(5) Long-term bonds issued—unsecured.....	29,500	30,459	(959)	37,500	38,329	(829)
(6) Tenant leasehold and security deposits.....	2,655	2,711	(56)	2,586	2,645	(59)
Total.....	¥ 409,966	¥ 414,090	¥ (4,124)	¥ 395,969	¥ 399,018	¥ (3,048)
Derivative instruments*	¥ (518)	¥ (518)	¥ -	¥ (369)	¥ (369)	¥ -

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

Notes:

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

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

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

(5) Long-term bonds issued—unsecured

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

Derivative instruments

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

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

	As of		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Tenant leasehold and security deposits.....	¥ 48,119	¥ 47,097	\$ 424,068
Total liabilities.....	¥ 48,119	¥ 47,097	\$ 424,068

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

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

As of February 28, 2018:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 36,527	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total.....	¥ 37,040	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2018:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 45,138	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total.....	¥ 45,651	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2018:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Cash and cash equivalents.....	\$ 406,428	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits.....	4,619	-	-	-	-	-
Total.....	\$ 411,048	\$ -	\$ -	\$ -	\$ -	\$ -

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

<i>As of February 28, 2018:</i>	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Short-term borrowings.....	¥ 5,000	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings.....	57,766	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	1,119	-	-	-	-	-
Long-term borrowings.....	-	51,500	44,575	34,000	30,500	153,350
Long-term bonds issued.....	-	-	-	-	5,000	24,500
Tenant leasehold and security deposits.....	-	678	673	658	68	577
Total.....	¥ 63,885	¥ 52,178	¥ 45,248	¥ 34,658	¥ 35,568	¥ 178,427
<i>As of August 31, 2018:</i>	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Current portion of long-term borrowings.....	¥ 49,000	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of tenant leasehold and security deposits.....	658	-	-	-	-	-
Long-term borrowings.....	-	49,800	38,575	33,000	28,500	156,350
Long-term bonds issued.....	-	-	-	5,000	8,000	24,500
Tenant leasehold and security deposits.....	-	658	658	658	168	443
Total.....	¥ 49,658	¥ 50,458	¥ 39,233	¥ 38,658	¥ 36,668	¥ 181,293
<i>As of August 31, 2018:</i>	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Current portion of long-term borrowings.....	\$ 441,202	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of tenant leasehold and security deposits.....	5,924	-	-	-	-	-
Long-term borrowings.....	-	448,406	347,334	297,136	256,618	1,407,797
Long-term bonds issued.....	-	-	-	45,020	72,033	220,601
Tenant leasehold and security deposits.....	-	5,924	5,924	5,924	1,512	3,988
Total.....	\$ 447,127	\$ 454,330	\$ 353,259	\$ 348,082	\$ 330,163	\$ 1,632,387

Note 20 — Derivatives

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

As of February 28, 2018:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)	
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 108,075	¥ 79,075	¥ (518)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500	121,000	(2,199)
Total.....			¥ 230,575	¥ 200,075	¥ (2,718)

As of August 31, 2018:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year (in millions)		Total	Over 1 year (in thousands of U.S. dollars (Note 3))	
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 99,575	¥ 72,075	¥ (369)	\$ 896,587	\$ 648,973	\$ (3,322)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500	101,000	(1,664)	1,103,007	909,418	(14,982)
Total.....			¥ 222,075	¥ 173,075	¥ (2,034)	\$ 1,999,594	\$ 1,558,391	\$ (18,314)

Notes:

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

Note 21 — Asset Retirement Obligations

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

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

	For the six months ended		
	February 28, 2018	August 31, 2018	August 31, 2018
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 489	¥ 492	\$ 4,430
Adjustment for passage of time.....	3	3	27
Derecognition due to execution of obligations.....	-	(8)	(72)
Balance at the end of the period.....	¥ 492	¥ 487	\$ 4,385

Note 22 — Related-Party Transactions

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

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

(a) Real Estate Acquisition

The Company acquired certain properties from Mitsubishi Corporation Urban Development, Inc. for ¥400 million for the six months ended February 28, 2018. The acquisition amount of the transaction was decided through negotiation with the sellers based on appraisal values by real estate appraisers.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,699 million and ¥2,706 million (US\$24,365 thousand) were paid by the Company for the six months ended February 28, 2018 and August 31, 2018, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥239 million were paid by the Company for the six months ended February 28, 2018. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥127 million and ¥130 million (US\$1,170 thousand) for general administration fees, and ¥34 million and ¥33 million (US\$297 thousand) for custodian fees for the six months ended February 28, 2018 and August 31, 2018, respectively. These fees have been decided based on standard terms commensurate with arm's length transactions.

In addition, the Company obtained short-term borrowings of ¥1,682 million and long-term borrowings of ¥5,217 million for the six months ended February 28, 2018 from Mitsubishi UFJ Trust and Banking Corporation. The borrowings were raised by term loan agreement and unsecured.

The Company repaid long-term borrowings of ¥3,030 million to Mitsubishi UFJ Trust and Banking Corporation for the six months ended February 28, 2018.

The ending balances of accrued general administration fees and accounts payable for custodian fees as of August 31, 2018 were ¥45 million (US\$405 thousand) and ¥5 million (US\$45 thousand), respectively.

Notes:

- (i) Under the Investment Trust Act, the definition of a "related party" includes the asset management company and its interested parties (parent and subsidiary corporations, specified individual shareholders, and major shareholders of the asset management company defined as interested parties under

Article 201 of the Investment Trust Act and Article 123 of the Order for Enforcement of the Investment Trust Act), as well as the asset custody company, in addition to controlling unitholders, major unitholders, subsidiary corporations, subsidiary companies of controlling unitholders, and officers and their close relatives.

- (ii) Although the Company paid ¥255 million to MUL Property Limited under a purchase contract with MUL Property Limited, ownership of the property acquired was transferred directly from Mitsubishi UFJ Lease & Finance Company Limited (former owner of the property) to the Company. The contracted price of the property in a purchase agreement between Mitsubishi UFJ Lease & Finance Company Limited and MUL Property Limited was ¥240 million.
- (iii) The lender of the borrowings succeeded to MUFG Bank, Ltd. from Mitsubishi UFJ Trust and Banking Corporation on April 16, 2018.

Note 23 — Per Unit Information

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

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

	As of / For the six months ended		
	February 28, 2018	August 31, 2018	August 31, 2018
	(Yen)		(US\$ (Note 3))
Net asset value per unit.....	¥ 165,385	¥ 165,480	\$ 1,490
Net income per unit.....	¥ 4,630	¥ 4,447	\$ 40
Weighted average number of investment units.....	2,641,824	2,618,017	

Note 24 — 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 the Company is comprised of a single reportable segment engaged in the property rental business.

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(iii) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	February 28, 2018	August 31, 2018	August 31, 2018	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
AEON Mall Co., Ltd.	¥ 3,325	¥ 3,349	\$ 30,154	Property rental business
AEON Retail Co., Ltd.	3,257	3,323	29,920	Property rental business