

Think bold today for a brighter tomorrow.



Japan Retail Fund Investment Corporation

34th Semi-Annual Report

September 1, 2018 – February 28, 2019

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 101 properties throughout Japan, with a value of approximately 905.7 billion yen, making it the largest J-REIT specializing in retail properties, and one of the REITs listed in Japan. (As of February 28, 2019)

Priority Investment in Urban Properties

More than 70% of JRF's assets are urban properties. In addition to focusing investment in locations where people gather, JRF manages facilities that concentrate its unique ability to attract people. 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 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 domestic macroeconomic trends during the six months ended February 28, 2019 (34th fiscal period), gross domestic product (GDP) for the October to December 2018 quarter returned to positive growth for the first time in two quarters due to a recovery in private consumption, which had fallen in the aftermath of natural disasters such as typhoons and torrential rains. The J-REIT market was firm on the strength of its defensive nature and steady returns. Since November 2018 in particular, funds have flowed into the market from overseas investors concerned about risks, and the prices of investment units, mainly of J-REITS with large market capitalization, have risen. The TSE REIT Index subsequently fell temporarily in reaction to the across-the-board fall in the global stock market in the latter half of December 2018 but has returned to an upward trend in 2019.

Under the market environment described above, JRF acquired three new Core properties (G-Bldg. Minami Aoyama 03, G-Bldg. Jingumae 08, and Round 1 Stadium Kawasaki Daishi) as part of its asset replacement measures through disposal of Sub assets and new acquisition of Core assets with the aim of increasing the proportion of Core assets in its portfolio. Furthermore, JRF is carrying out renovations of multiple properties with a focus on KAWASAKI Le FRONT to increase the value of its holdings. As a result, in this fiscal period, operating revenue was down 6.1% to 30,680 million yen, and net income fell 4.6% to 11,105 million yen compared to the previous fiscal period due to effects from the renovations. Total distributions for the six months ended February 28, 2019 amounted to 11,597 million yen by adding 461 million yen in reversal of reserves for reduction entry of property and 31 million yen in reversal of reserves for temporary difference adjustments to unappropriated retained earnings at the end of the period. As a result, distributions per unit were 4,430 yen, the same as in the previous period.

JRF seeks to continuously increase unitholder value by pursuing higher quality and profitability through replacement of Sub assets with Core assets in accordance with our new medium-term strategy and as well as internal growth underpinned by retail management abilities.

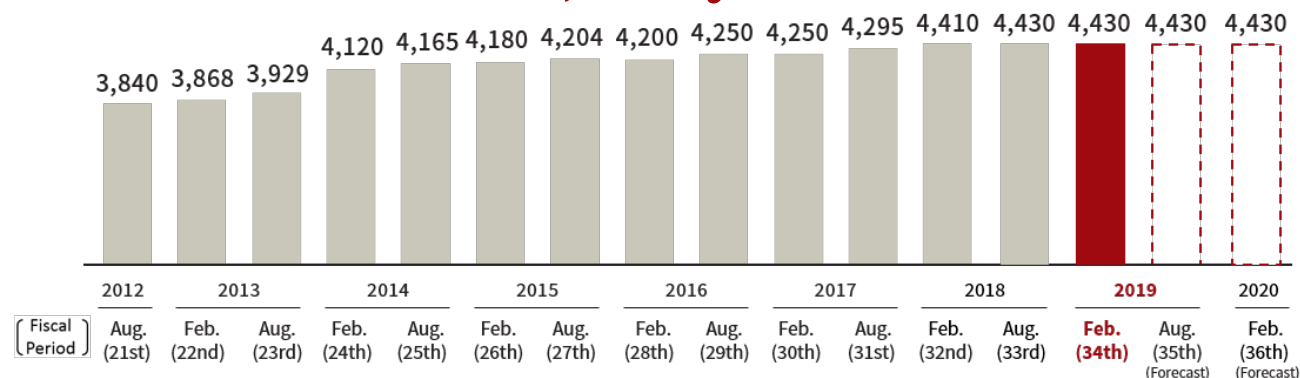
We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 34th Fiscal Period

➤ Distribution per unit (Japanese Yen)

4,430 yen

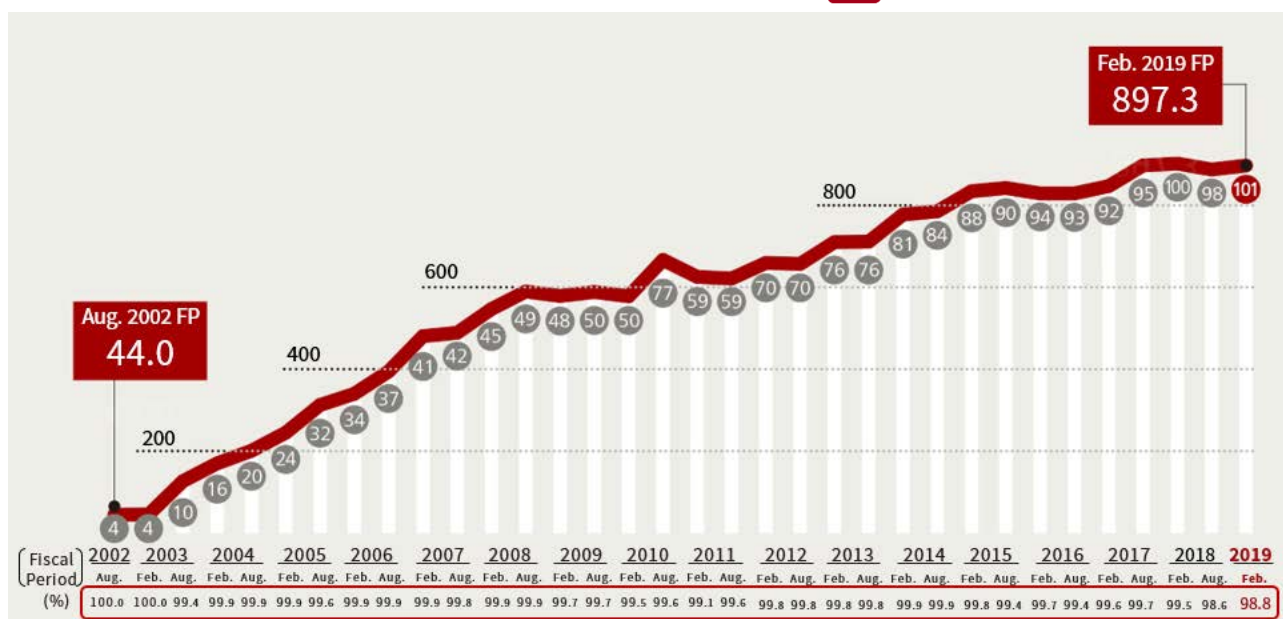


➤ Financial results

	Aug. 2017 fiscal period	Feb. 2018 fiscal period	Aug. 2018 fiscal period	Feb. 2019 fiscal period
Operating Revenue	31.0 billion yen	31.9 billion yen	32.6 billion yen	30.6 billion yen
Operating Income	13.7 billion yen	14.4 billion yen	13.8 billion yen	13.1 billion yen
Net Income	11.4 billion yen	12.2 billion yen	11.6 billion yen	11.1 billion yen
NAV per Unit	165 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 (Note1)



(Note1) 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.

(Note2) Unless otherwise indicated in a note, figures in the text regarding monetary amounts and areas that are less than the unit indicated are rounded down, and figures regarding ratios are rounded to the first digit after the decimal.

Message from the President of the Asset Management Company

Points

- Three Core assets acquired and decision made to dispose of one Sub asset in accordance with the medium-term strategy
- mozo wonder city (Nishi-ku, Nagoya-shi, Aichi) re-opened after renovation
- Renovation of KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa) proceeding at a steady pace

Acquisition of three Core assets and disposal of one Sub asset in accordance with the asset replacement strategy contributed to further stabilization and higher profitability of the portfolio.

On February 1, 2019, I was appointed as President and Representative Director of Mitsubishi Corp.-UBS Realty Inc. I will make every effort to increase unitholder value while maintaining the firm foundation and direction developed under the leadership of previous presidents and responding to changes in the retail facility environment.

As representative of the Asset Management Company, I will describe the state of JRF operations in the February 2019 (34th) fiscal period.

In accordance with the new medium-term strategy announced in the previous term, which provides for disposing of Sub assets and replacing them with Core assets to increase the proportion of Core assets in the portfolio, JRF has worked to build a portfolio centered on urban properties with a focus on Core assets. Specifically, JRF acquired three new Core properties: G-Bldg. Minami Aoyama 03 (Minato-ku, Tokyo), which is located in the Minami Aoyama area where flagship stores of world-leading luxury brands and designer brands are concentrated; G-Bldg. Jingumae 08 (Shibuya-ku, Tokyo), located on Harajuku-dori in the Omotesando-Harajuku-Aoyama area; and Round 1 Stadium Kawasaki Daishi (Kawasaki-ku, Kawasaki-shi, Kanagawa), located in a high-density residential area with good access and an abundant trade population. Following these acquisitions, Core assets account for 72.6% of the portfolio, an increase of 0.6% compared to the end of the previous period. Thus, the portfolio's stability and profitability are steadily increasing.

Furthermore, based on a comprehensive assessment of investment profitability, in February 2019, JRF decided to transfer the 8953 Osaka Shinsaibashi Building (Chuo-ku, Osaka-shi, Osaka), a Sub asset, with substantial gains on the sale. The proceeds acquired from the transfer will be used to acquire Core assets in the future and optimize the asset structure to enable responses to changes in the business environment.

In terms of the JRF's asset holdings, steady progress is being made with multiple projects designed to raise competitiveness over the medium to long term. Renovations are being made at KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa) in stages (see the schedule below), and an aquarium will be a main tenant, attracting numerous customers. The opening is scheduled for the summer of 2020. Prior to that, a portion of the facility opened on April 27, 2019. In addition, at mozo wonder city (Nishi-ku, Nagoya-shi, Aichi), improvements to the west entrance, the route used by the largest number of customers, were completed and multiple new, large-scale tenants were acquired, creating a new facility with strong ability to attract customers. The facility has been

critically acclaimed, winning the Fighting Spirit Prize of the 21st Tenants Choice Developer Awards presented by Senken Shimbun Co., Ltd.



Furthermore, JRF demonstrated its ability to attract customers, developed through its past management experience, created an appealing facility that customers want to visit and leverages JRF's tenant relations capabilities to draw tenants, and organized numerous events that gathered large numbers of people.

In terms of the financial strategies that support portfolio management, JRF has made efforts to further stabilize its financial foundations through continuous initiatives to diversify repayment periods and equalize repayment amounts.

Going forward, JRF will maintain its efforts to continuously increase unitholder value by pursuing further expansion of Core assets and operational capabilities that demonstrate JRF's unique ability to attract customers underpinned by its distinguishing asset scale as a J-REIT and its high-stability, high-growth portfolio centered on urban assets. We will continue to strive in a unified manner to live up to unitholders' expectations and look forward to your continued support.

Katsuji Okamoto
 President & CEO

Mitsubishi Corp. – UBS Realty Inc.

New President Profile

Katsuji Okamoto

1989	Joined Mitsubishi Corporation, Machinery Administration Dept.
2012	Part-time Director of Mitsubishi Corp.- UBS Realty Inc. Part-time Director of MC Real Estate Investment Inc.
2013	Department Head of Real Estate Asset Management Business, Asset Management Business Division, Mitsubishi Corporation Part-time Director of Mitsubishi Corporation Asset Management Ltd.
2014	Part-time Director of Diamond Realty Management Inc.
2016	Department Head of Real Estate Asset Management Department., Real Estate Business Division., Mitsubishi Corporation Part-time Director of UBS MC GENERAL PARTNER - UBS - PREMF LIMITED
2017	Regional Head of Europe & Africa, General Manager Industrial Finance, Logistics & Development Division, Mitsubishi Corporation International (Europe) Plc Part-time Director of MCAP EUROPE LIMITED Part-time Director of Mitsubishi Corporation LT Europe GmbH
2019	President & CEO of Mitsubishi Corp.-UBS Realty Inc.

Q. What are your aspirations upon being appointed?

When JRF became the third REIT to be listed and the first specializing in retail properties in Japan in 2002, I provided support from Mitsubishi Corporation, and as a result of my five and a half years of experience from October 2011 as a part-time director of JRF, I developed a strong sense of dedication to the company. As one of Japan's largest asset management companies, JRF strives to generate new needs in society and create new value that exceeds expectations through investment in and management of real estate based on our corporate philosophy of "Always create new values, for people, the community and the world." With my appointment as president and CEO, I am committed to utilizing my experience in the real estate fund business in Japan and overseas to increase JRF unitholder value while keeping in mind our environmental and social responsibilities in accordance with the corporate philosophy.

Q. What will be your management policy going forward?

To achieve external growth, JRF will steadily replace assets with urban facilities that enable JRF to demonstrate its ability to attract customers at sites where people gather under the medium-term strategy announced in the previous term. For internal growth, JRF will exercise its urban facility management capabilities, raise profitability, and implement cost controls, which will lead to higher unitholder value. Also, JRF will engage in proactive asset management by leveraging its strengths as one of Japan's largest REITs specializing in retail facilities and its organizational abilities, keeping in mind the changes in social structures and the business environment that will occur in the future as a result of the digital revolution, advances in the sharing economy, and other developments.

JRF × ESG

Towards Sustainable Society

1

13 Properties Acquired DBJ Green Building Continuing Certification (as of March 2019)



DBJ Green Building Certification (“Certification”) is a real estate certification that comprehensively determines and assesses consideration for the environment and society. Nineteen of JRF’s properties have acquired Certification, of which 13 recently acquired continuing certification.

- KAMISHIN PLAZA
- La Porte Aoyama
- SEIYU Hibarigaoka
- pivo Izumi Chuo
- mozo wonder city
- KAWASAKI Le FRONT
- Kyoto Family
- Abiko Shopping Plaza
- Nara Family
- DFS T GALLERIA OKINAWA
- Oyama Yuen Harvest Walk
- GYRE
- Bic camera Tachikawa



Kyoto Family
(Kyoto-shi, Kyoto)



Bic camera Tachikawa
(Tachikawa-shi, Tokyo)

2

Community contribution through JRF’s properties

◆ Regional Environmental Festival for Families (Abiko Shopping Plaza)

JRF held an event intended to promote understanding of global environmental preservation and renewable energy (new energy) at the Abiko Shopping Plaza (Abiko-shi, Chiba) in February 2019.

More than 1,000 persons attended the two-day event. Families participated in quizzes, handicrafts, and stage shows while deepening their understanding of the global environment.



◆ mozo jiimo (mozo wonder city)

mozo jiimo is a monthly event held at mozo wonder city (Nagoya-shi, Aichi) in collaboration with local companies and public organizations. The concept is connecting participants with amazing local things, ideas, and people. Many participants comment that they plan to attend again in the future, and the event is developing strong local ties.



I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			30th	31st	32nd	33rd	34th
As of /for the six months ended			February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018	February 28, 2019
Operating revenues	Note 1	(Millions of yen)	31,585	31,011	31,967	32,685	30,680
(Rental revenues)	Note 1	(Millions of yen)	(30,199)	(30,999)	(31,967)	(31,898)	(30,680)
Operating expenses	Note 1	(Millions of yen)	17,603	17,268	17,495	18,813	17,577
(Rental expenses)	Note 1	(Millions of yen)	(14,689)	(14,190)	(14,444)	(15,481)	(14,558)
Operating income		(Millions of yen)	13,981	13,743	14,472	13,871	13,103
Ordinary income		(Millions of yen)	11,665	11,426	12,232	11,645	11,105
Net income	(a)	(Millions of yen)	11,664	11,425	12,232	11,644	11,105
Net assets	(b)	(Millions of yen)	416,655	441,967	432,981	433,229	432,701
(Period-on-period change)		(%)	(+0.3)	(+6.1)	(-2.0)	(+0.1)	(-0.1)
Total assets	(c)	(Millions of yen)	856,627	897,631	902,191	887,668	897,331
(Period-on-period change)		(%)	(-0.2)	(+4.8)	(+0.5)	(-1.6)	(+1.1)
Unitholders' capital		(Millions of yen)	387,198	411,878	411,878	411,878	411,878
(Period-on-period change)		(%)	(0.0)	(+6.4)	(0.0)	(0.0)	(0.0)
Number of investment units issued and outstanding	(d)	(Units)	2,552,198	2,667,198	2,618,017	2,618,017	2,618,017
Net asset value per unit	(b)/(d)	(Yen)	163,253	165,704	165,385	165,480	165,278
Total distributions	(e)	(Millions of yen)	10,846	11,455	11,545	11,597	11,597
Distribution per unit	(e)/(d)	(Yen)	4,250	4,295	4,410	4,430	4,430
(Profit distribution per unit)		(Yen)	(4,250)	(4,295)	(4,410)	(4,430)	(4,430)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 3	(%)	1.4 (2.7)	1.3 (2.6)	1.4 (2.7)	1.3 (2.6)	1.2 (2.5)
Return on unitholders' equity	Note 3	(%)	2.8 (5.7)	2.7 (5.3)	2.8 (5.6)	2.7 (5.3)	2.6 (5.2)
Ratio of net assets to total assets	(b)/(c)	(%)	48.6	49.2	48.0	48.8	48.2
(Period-on-period change)			(+0.2)	(+0.6)	(-1.2)	(+0.8)	(-0.6)
Payout ratio	(e)/(a)	(%)	93.0	100.3	94.4	99.6	104.4
Additional information:							
Rental net operating income (NOI)	Note 3	(Millions of yen)	21,141	22,543	23,290	22,129	21,676
Net profit margin	Notes 3 and 4	(%)	36.9	36.8	38.3	35.6	36.2
Debt service coverage ratio	Notes 3 and 4	(Multiple)	10.4	10.5	11.4	11.0	11.6
Funds from operation (FFO) per unit	Notes 3 and 4	(Yen)	6,234	6,428	6,875	6,399	6,363
FFO multiples	Notes 3 and 4	(Multiple)	18.0	15.9	14.8	15.8	17.5
Distributable income per unit after adjustment for taxes on property and equipment	Note 5	(Yen)	4,558	4,271	4,661	4,457	4,427
FFO per unit after adjustment for taxes on property and equipment	Notes 4 and 5	(Yen)	6,222	6,404	6,852	6,397	6,360

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 181,184,181,184 and 181 days for the 30th, 31st, 32nd, 33rd and 34th fiscal period, respectively. FFO multiples are unaudited.

Ratio of ordinary income to total assets	Ordinary income/Average total assets Average total assets = (Total assets at beginning of period + Total assets at end of period) ÷ 2
Return on unitholders' equity	Net income/Average net assets Average net assets = (Net assets at beginning of period + Net assets at end of period) ÷ 2
Rental net operating income (NOI)	(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 34th fiscal period

(1) Principal activities

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

During the fiscal period ended February 28, 2019, the 17th year after its listing, JRF acquired G-Bldg. Minami Aoyama 03 on October 2018, G-Bldg. Jingumae 08 and Round1 Stadium Kawasaki Daishi On December 2018 through funds gained from the sale of existing properties and new debt financing, as part of the portfolio asset replacement measures.

As a result, the total assets managed by JRF as at the end of the 34th fiscal period (fiscal period ended on February 28, 2019) amounted to 905.7 billion yen (the total acquisition price for 101 properties).

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

In terms of the Japanese economy during this fiscal period, Gross Domestic Product (GDP) for the October to December 2018 quarter returned to positive growth for the first time in two quarters, due to a recovery in private consumption that had fallen in the aftermath of natural disasters such as typhoons and torrential downpours. While the overall economic growth was driven by domestic demand against the backdrop of solid corporate earnings and improvements in the employment and income environments, the growth of external demand was negative due to a slowdown of the Chinese economy. Under these circumstances, the outlook for corporate earnings, which have remained robust, warrants caution.

During this fiscal period, the capital market has continued to experience high volatility, due to confusion in political and policy administration in each country and concerns about a slowdown in the global economy. On the other hand, the J-REIT market was firm on the strength of its defensive nature and steady returns. In particular, prices of investment units, mainly of J-REITs with a large market capitalization, started to rise from November 2018, underpinned by inflows of funds from risk-concerned overseas investors. The TSE REIT Index subsequently fell temporarily in reaction to the across-the-board fall in the global stock market in the latter half of December 2018 but has returned to an upward trend in 2019.

(Trends in the retail sector)

Looking at trends in the retail sector, all household consumption expenditures increased for two consecutive months in December 2018 and January 2019 against the backdrop of solid corporate earnings and improvements in the employment and income environments. The Ministry of Internal Affairs and Communications has upgraded its overall assessment that consumption expenditures show signs of improvement. In addition, there has been an increase in expenditures for maintaining and repairing housing and automobile repairs on the strength of the so-called last-minute surge in demand before the scheduled hike in consumption tax in October 2019. Some forecast that, although there will be a temporarily decline in consumer spending as a backlash to the last-minute surge in demand, the negative impact of consumption tax hike will be smaller than

that of the previous tax hike through adoption of the reduced consumption tax rate system and other measures, and consumption is expected to remain solid. In addition, the number of visitors to Japan in 2018 hit a record, exceeding 30 million, and the value of travel consumption by foreign visitors also hit an all-time high. Amid the rise of e-commerce, retailers are actively working to increase customer contact and enhance customer appeal, by taking measures such as expanding their e-commerce sites and linking their physical stores with online stores, and opening pop-up stores.

(Trends in the real estate sector)

According to the 2019 Prefectural Land Price Survey as of January 1, 2019, released by the Ministry of Land, Infrastructure, commercial land prices have increased for four years in a row. In the three metropolitan areas that are JRF's main investment areas, land prices have continued increasing for six years in a row. In particular, the rate of land price increase in the Osaka metropolitan area rose from 3.9% in the previous year to 5.1%, against a backdrop of increased demand for commercial facilities and hotels due to the effects of inbound tourism. As a result, four sites in Osaka Prefecture and three sites in Kyoto Prefecture made up seven of the top ten sites that marked the highest growth rates nationwide. Commercial land prices in regional areas have also increased for two consecutive years. In particular, the average rate of increase in commercial land prices in four cities—Sapporo, Sendai, Hiroshima, and Fukuoka, was 9.4%, showing a further upward trend, and that the recovery in land prices has spread to regional areas.

ii. Results

Under the market environment described above, JRF acquired three new properties (G-Bldg. Minami Aoyama 03, G-Bldg. Jingumae 08 and Round1 Stadium Kawasaki Daishi) during the period under review.

Furthermore, as one aspect of measures to improve the value of existing properties underpinned by flexible management abilities cultivated through its investment results up until now, JRF is carrying out a large-scale renovation of KAWASAKI Le FRONT. The property is scheduled for reopen in stages after renovation, such as attracting an aquarium as a tenant, from April 2019.

As for occupancy of JRF's portfolio assets as of the end of the fiscal period, the occupancy rate has dropped temporarily to 98.8%, due to the impact of renovation of KAWASAKI Le FRONT, but the overall occupancy rate has remained high.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 101 properties with a total value of 905.7 billion yen on an acquisition price basis and 1,008.3 billion yen on an appraisal value basis. The total leasable area was 2,457,897.95 m² with the total number of tenants standing at 958, and the occupancy rate of the overall portfolio was 98.8%.

The unrealized losses/gains ^(Note) of the overall portfolio at the end of the fiscal period increased by 7.8 billion yen from the end of the previous fiscal period to 156.9 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

JRF borrowed funds in the amount of 12.0 billion yen in total through a short-term borrowing of 9.5 billion yen and a long-term borrowing of 2.5 billion yen in October 2018 for the acquisition of G-Bldg. Minami Aoyama 03 (acquisition price: 12.2 billion yen).

In addition, JRF took on a long-term borrowing of 1.5 billion yen in December 2018 to be allocated to repayment of existing long-term borrowings of 1.5 billion yen. Moreover, JRF obtained a short-term borrowing of 5.5 billion yen and a long-term borrowing of 7.5 billion yen to be allocated to repayment of existing short-term borrowings of 13.0 billion yen in February 2019.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 404.7 billion yen, consisting of 8.0 billion yen of short-term borrowings and 359.2 billion yen of long-term borrowings ^(Note 1) and 37.5 billion yen of investment corporation bonds (including Green Bond).

Consequently, the ratio of long-term borrowings ^(Note 2), ratio of fixed interest rates ^(Note 3), and LTV ^(Note 4) were 98.2%, 93.3% and 50.7%, respectively, as at the end of the fiscal period.

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

Note 2: The long-term debt ratio is calculated by dividing the total of long-term loans, investment corporation bonds, and tenant leasehold and security deposits (including those in trusts) by the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts).

Note 3: 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 30,680 million yen, and operating income was 13,103 million yen after deducting operating expenses such as fixed property tax and asset management fees. Ordinary income was 11,105 million yen, and net income was 11,105 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 461 million yen of the reversal of reserve for reduction entry of property and 31 million yen of the reversal of reserve for temporary difference adjustments, to unappropriated retained earnings at the end of the period of 11,105 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	
September 25, 2014	Global offering	119,500	2,427,698	23,816	362,756	Note 1
October 22, 2014	Allocation of investment units to a third party	2,500	2,430,198	498	363,254	Note 2
September 9, 2015	Global offering	119,500	2,549,698	23,453	386,707	Note 3
October 7, 2015	Allocation of investment units to a third party	2,500	2,552,198	490	387,198	Note 4
March 14, 2017	Global offering	112,500	2,664,698	24,143	411,341	Note 5
March 29, 2017	Allocation of investment units to a third party	2,500	2,667,198	536	411,878	Note 6
February 9, 2018	Retirement	(49,181)	2,618,017	-	411,878	Note 7

Note 1 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 2 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 3 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 4 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 5 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 6 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 7 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	30th	31st	32nd	33rd	34th
As of /for the six months ended	February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018	February 28, 2019
Highest price	250,900	231,000	219,400	214,000	228,500
Lowest price	217,800	198,400	195,200	196,900	200,500
Closing price at end of period	226,000	202,300	205,300	201,000	224,400

4. Distributions

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

For the six months ended February 28, 2019, JRF declared a total of ¥11,597 million cash distributions consisted all of remaining retained earnings at the end of the period after reversals of reserve for reduction entry of property amounting to ¥461 million and retained earnings for temporary difference adjustment amounting to ¥31 million. As a result, distribution per unit amounted to ¥4,430 for the six months ended February 28, 2019. Distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2 is not made.

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	30th	31st	32nd	33rd	34th
As of /for the six months ended	February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018	February 28, 2019
Net income (Thousands of yen)	11,664,748	11,425,723	12,232,341	11,644,816	11,105,312
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	4,432,434	4,402,541	5,089,427	5,136,428	4,643,925
Total distributions (Thousands of yen)	10,846,841	11,455,615	11,545,454	11,597,815	11,597,815
(Distribution per unit) (Yen)	(4,250)	(4,295)	(4,410)	(4,430)	(4,430)
Profit distributions (Thousands of yen)	10,846,841	11,455,615	11,545,454	11,597,815	11,597,815
(Profit distribution per unit) (Yen)	(4,250)	(4,295)	(4,410)	(4,430)	(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, there are concerns about the possibility that clouds may start to overshadow corporate earnings, which have remained robust until now. Looking at the conditions in the global capital market, declines are anticipated in long-term interest rates globally against the backdrop of the FRB's (Federal Reserve Board's) suggestion of suspending interest rate hikes and the ECB (European Central Bank) dropping a plan to raise interest rates by the end of this year. In these conditions, the J-REIT market is expected to remain firm due to inflows of investment funds on the strength of its market appeal of steady and relatively stable returns.

The retail sector is expected to experience a last-minute surge in demand before the consumption tax hike, and there are concerns about the negative impact of a backlash decline in demand following tax hike. However, some forecast that such impact will be smaller than last time due to the adoption of the consumption tax reduction system, and consumption is expected to remain robust.

In terms of the commercial facility rental environment, the motivation to open stores in prime urban areas, where people gather, continues to be strong and rent remains high.

In the real estate trading market for commercial facility, the acquisition environment has remained severe under the favorable funding environment, and acquisition prices are expected to remain high.

(2) Issues to be addressed

JRF is optimizing its asset structure in response to changes in the environment surrounding retail properties including changes in demographics in Japan, expanding inbound tourism, advances in e-commerce, and increasing leisure time.

With this in mind, JRF has divided its portfolio into Core, Secondary core, and Sub assets and is focusing on the portfolio of Core properties in locations where people gather and that enable JRF to demonstrate its ability to attract people.

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, Assets with low investment profitability, etc.

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 tenant relations, creation of atmosphere, and promotion.

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," in the MSCI ESG Ratings. In addition, JRF is included in an ESG index, MSCI Japan ESG Select Leaders 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 benchmark assessment for real estate and fund management companies in 2018. Furthermore, JRF has been designated "Green Star," the highest ranking of the four categories in the GRESB, for four consecutive years.

Amid increasing demands from stakeholders to meet ESG standards, JRF continues to focus on ESG activities.

Note: GRESB is an organization established in 2009 centered by major European pension groups that also led the PRI (Principles for Responsible Investment) into practice, which is committed to assessing the environmental, social and governance (ESG) performance of real assets globally, including real estate portfolios and infrastructure.

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

Disposition of properties

After the end of fiscal period ended February 28, 2019 (until issuance date of this report), JRF determined disposition of the following properties in accordance with the asset management policy in the JRF's article of incorporation.

Property name:	AEON Sendai Nakayama (trust beneficiary interest)
Disposition amount:	¥9,920 million
Completion date of contract:	April 12, 2019
Disposition date:	Scheduled on August 9, 2019
Purchaser:	Not disclosed ⁽ⁱ⁾
Impact on net income:	Gains on sales of property of approximately ¥1,110 million will be recognized in profit as operating revenues for the six months ending August 31, 2019.

Note: _____

(i) Name of purchaser is not disclosed because the consent from the purchaser has not been obtained.

Property name:	Narupark (trust beneficiary interest)
Disposition amount:	¥6,115 million
Completion date of contract:	May 10, 2019
Disposition date:	Scheduled on August 7, 2019
Purchaser:	Not disclosed ⁽ⁱ⁾
Impact on net income:	Loss on sales of property of approximately ¥1,042 million will be charged as operating expenses for the six months ending August 31, 2019.

Note: _____

(i) Name of purchaser is not disclosed because the consent from the purchaser has not been obtained.

(Other information)

(1) Acquisition of property

After the end of fiscal period ended February 28, 2019 (until issuance date of this report), JRF acquired the following property in accordance with the asset management policy in JRF's article of incorporation.

Property name:	m-city Kashiwa
Location:	10, Oyamadai 1-chome, Kashiwa-shi, Chiba, etc.
Acquisition amount:	¥5,520 million
Appraisal value:	¥5,990 million (as of February 28, 2019)
Completion date of contract:	August 30, 2018
Acquisition date:	April 19, 2019
Purchaser:	Not disclosed ⁽ⁱ⁾
Acquisition funds:	Cash on hand
Payment:	Full payment at closing

Note: _____

(i) Name of purchaser is not disclosed because the consent from the purchaser has not been obtained.

(2) Disposition of property

JRF is going to dispose of the following property.

Property name:	8953 Osaka Shinsaibashi Building (trust beneficiary interest)
Disposition amount:	¥ 14,900 million
Completion date of contract:	February 21, 2019
Disposition date:	Scheduled on August 30, 2019
Purchaser:	Not disclosed ⁽ⁱ⁾
Impact on net income:	Gains on sales of property of approximately ¥2,757 million will be recognized in profit as operating revenues for the six months ending August 31, 2019.

Note:

(i) Name of purchaser is not disclosed because the consent from the purchaser has not been obtained.

(3) Conclusion of merger agreement by asset manager

On April 12, 2019, Mitsubishi Corp.-UBS Realty Inc., which is JRF's asset manager ("Asset Manager"), executed the merger agreement with MCUBS MidCity Inc. ("MidCity"), which is a subsidiary of the Asset Manager and the asset manager of MCUBS MidCity Investment Corporation("MMI").

The merger will be effective on July 1, 2019 by an absorption-type merger with the Asset Manager as the surviving company and MidCity as the dissolving company.

In response to the merger, the Board of Directors of the Asset Manager has resolved to reorganize on or after July 1, 2019, because the Asset Manager will manage the assets of MMI as a result of the merger.

Outline of JRF

1. Investment unit

Fiscal period	30th	31st	32nd	33rd	34th
As of	February 28, 2017	August 31, 2017	February 28, 2018	August 31, 2018	February 28, 2019
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	2,667,198	2,618,017	2,618,017	2,618,017
Number of unitholders (People)	17,520	19,055	18,721	18,956	17,413

2. Unitholders

Major unitholders as of February 28, 2019 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) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	415,000	15.85
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	406,198	15.51
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	103,634	3.95
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	101,258	3.86
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	85,256	3.25
JPMorgan Chase and Co.	Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	56,961	2.17
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	48,241	1.84
JP MORGAN CHASE BANK 385771	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	37,551	1.43
SMBC Nikko Securities Inc.	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	37,304	1.42
STATE STREET BANK AND TRUST COMPANY 505103	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A	32,552	1.24
Total		1,323,955	50.57

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended February 28, 2019 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata LLC	-	19,500

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

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

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

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

4. Name of asset manager and other administrator

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

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of August 31, 2018		As of February 28, 2019	
		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	19,007	2.1	18,977	2.1
	Osaka and Nagoya metropolitan areas	6,907	0.8	6,901	0.8
	Other areas	4,486	0.5	4,478	0.5
	Sub-total	30,402	3.4	30,358	3.4
Trust beneficial interest in real property	Tokyo metropolitan area	377,045	42.5	394,679	44.0
	Osaka and Nagoya metropolitan areas	344,779	38.9	343,183	38.2
	Other areas	83,839	9.4	83,136	9.3
	Sub-total	805,663	90.8	820,999	91.5
Bank deposits and other assets		51,602	5.8	45,973	5.1
Total assets		887,668	100.0	897,331	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of February 28, 2019 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)	52,813	86,558.42	85,620.93	98.9	10.6	Retail facilities
Higashi-Totsuka Aurora City (trust beneficial interest)	45,181	109,365.50	109,365.50	100.0	4.5	Retail facilities
Nara Family (Note 4) (trust beneficial interest)	35,224	82,926.71	82,754.94	99.8	5.9	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	31,587	56,149.92	31,837.46	56.7	4.1	Retail facilities
G-Bldg. Shinsaibashi 03 (trust beneficial interest)	30,460	5,319.29	5,319.29	100.0	Note 5	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	25,440	137,466.97	137,466.97	100.0	3.2	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	23,689	138,538.63	138,538.63	100.0	2.9	Retail facilities
GYRE (trust beneficial interest)	21,474	4,843.44	3,989.30	82.4	2.0	Retail facilities
AEON MALL Itami (trust beneficial interest)	18,549	157,904.26	157,904.26	100.0	1.9	Retail facilities
Kawaramachi OPA (trust beneficial interest)	18,090	18,848.20	18,848.20	100.0	1.1	Retail facilities
Total	302,513	797,921.34	771,645.48	96.7	-	

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

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

Note 3 "Occupancy ratio" (percentage of leased area against the leasable area at the end of accounting period) and "Ratio of rent revenue to total rent revenues" are calculated by rounding to the nearest first decimal place.

Note 4 "Leasable area" and "Leased area" for the property which is leased partially in the form of a pass-through master lease is presented on an end-tenant basis.

Note 5 "Ratio of rent revenue to total rent revenues" of the property is not disclosed because the consent from the tenant has not been obtained.

3. Details of property

The retail facilities as of February 28, 2019 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	5,640	5,186
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,610	1,203
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,843.44	27,700	21,474
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	22,100	13,671
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,640	928
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	2,274.60	5,140	2,812
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,730	3,914
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.42	2,980	2,331
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,640	3,383
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,740	2,274
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	9,590	10,067
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,158.53	11,600	9,253
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	8,700	6,537
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,010	5,402
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,066.07	8,280	6,022
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	5,280	2,694
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	2,910	1,842
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	8,520	5,825
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	5,560	3,772
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	6,330	3,631
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	10,400	5,555
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	56,149.92	36,500	31,587
G-Bldg. Shibuya 01	20-13, Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,630.03	4,820	3,153
G-Bldg. Omotesando 02	25-15, Jingumae 4-chome, Shibuya-ku, Tokyo, etc.	Trust beneficial interest	5,555.65	23,050	17,805
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,718.21	4,070	3,554
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.55	10,500	8,523
G-Bldg. Ueno 01	9-14, Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,850	3,451
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	7,130	6,120

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. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	7,580	5,109
G-Bldg. Akihabara 02	113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,053.55	2,910	2,497
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	16,800	15,253
G-Bldg. Ginza Chuo-dori 01	6-16, Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	13,700	13,048
MARINE & WALK YOKOHAMA	3-1, Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	8,347.69	11,300	11,173
G-Bldg. Jingumae 07	26-4 Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	373.12	2,150	2,034
G-Bldg. Minami Aoyama 03 (Note 4)	2-12, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,373.46	12,500	12,305
G-Bldg. Jingumae 08	25-5 Jingumae 3-chome, Shibuya-ku, Tokyo	Trust beneficial interest	802.40	2,580	2,638
Round1 Stadium Kawasaki Daishi	5-1, Tonomachi 1-chome, Kawasaki-shi, Kawasaki-shi, Kanagawa	Trust beneficial interest	13,559.17	2,940	2,463
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	41,293.90	12,700	9,591
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,950	1,280
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	14,500	10,050
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,070	4,550
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,700	10,550
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	18,000	15,127
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	7,940	4,653
Higashi-Totsuka Aurora City	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,365.50	43,400	45,181
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	10,900	12,455
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,900	25,440
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,810	5,514
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,410	2,284
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,400	2,194
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,670	3,046
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	4,260	3,227
8953 Osaka Shinsaibashi Building	4-12, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	13,666.96	14,000	12,074
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,200	18,090
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	3,010	1,583
Round1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	12,200	8,091
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	948.72	7,910	4,288
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	3,920	2,714
G-Bldg. Shinsaibashi 03	2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	5,319.29	40,500	30,460

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. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	1,890	1,936
EDION Kyobashi (Land with leasehold interest)	53-1, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	4,307.16	5,960	5,756
G-Bldg. Abeno 01	4-7, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka	Trust beneficial interest	4,757.35	5,260	4,471
G Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	10,700	9,768
G-Bldg. Shinsaibashi 04	10-5, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,300	3,319
G-Bldg. Kyoto Kawaramachi 01	235, Yamazakicho 2-chome, Sanjo-sagaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	2,398.34	2,540	2,199
G-Bldg. Midosuji 01	10-25, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	2,446.00	10,300	10,423
Round1 Sannomiya Station	1-17 Onoe-dori 6-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	10,054.52	3,380	3,217
G-Bldg. Kobe Sannomiya 01	1-15 Kitanagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	3,750.40	3,310	3,025
G-Bldg. Midosuji 02	8-18 Shinsaibashisuiji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	1,428.28	16,200	15,572
Narupark (Note 4)	232, Urasato 3-chome, Midori-ku, Nagoya-shi, Aichi	Trust beneficial interest	15,227.61	5,310	7,212
Nara Family (Note 6)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,926.71	39,000	35,224
AEON Takatsuki	47-2, Haginoshio 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,900	9,961
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,702.48	3,620	3,228
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,628.00	5,490	6,223
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,700	23,689
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,900	18,549
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	15,900	14,709
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	12,180	8,750
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,020	1,942
LIFE Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	1,950	1,717
LIFE Taiheiji (Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,280	1,304
Izumisano Shofudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,730	2,657
mozo wonder city (Note 6)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,558.42	64,500	52,813
Round1 Stadium Sakai Chuo Kanjyo	241, Ishiara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,520	1,628
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,950	5,437
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	11,985.41	5,200	4,303
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	2,980	1,989
m-city Toyonaka	2-18, Hinode-cho, 2-chome, Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,530	5,333
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	4,250	2,820
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,500	15,220
G-Bldg. Sendai Ichibancho 01	5-12, Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi	Real property	2,387.17	4,720	4,478
G-Bldg. Naha-shintoshin 01	5-33, Omoromachi 2-chome, Naha-shi, Okinawa	Trust beneficial interest	Note 5	6,900	5,635

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. Tenjin Nishi-dori 01 (Note 4)	8-22, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	2,667.42	4,880	4,961
AEON Sendai Nakayama	35-40, Minami Nakayama 1-chome, Izumi-ku, Sendai-shi, Miyagi, etc.	Trust beneficial interest	46,248.96	9,620	8,500
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,840	6,354
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,900	9,688
Oyama Yuen Harvest Walk (Note 4)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,561.11	9,820	8,754
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,162.16	19,200	15,101
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,300	2,407
Tecc Land Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuyagun, Fukuoka	Trust beneficial interest	Note 5	5,590	3,691
Total			2,457,897.95	1,008,340	851,358

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

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

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

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

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

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

Operating results of each retail facility for the six months ended August 31, 2018 and February 28, 2019 were as follows:

Name of property	For the six months ended August 31, 2018				For the six months ended February 28, 2019			
	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	86	0.3	4	100.0	90	0.3
G-Bldg. Daikanyama 01	1	100.0	40	0.1	1	100.0	40	0.1
GYRE	19	97.4	598	1.9	13	82.4	605	2.0
Bic Camera Tachikawa	2	100.0	628	2.0	2	100.0	628	2.0
G-Bldg. Kita Aoyama 01	3	100.0	32	0.1	3	100.0	34	0.1
G-Bldg. Jiyugaoka 01	3	100.0	109	0.3	3	100.0	107	0.4
Cheers Ginza	10	100.0	108	0.3	10	100.0	108	0.4
G-Bldg. Jingumae 06	4	100.0	47	0.2	4	100.0	53	0.2
G-Bldg. Jingumae 01	2	100.0	82	0.3	2	100.0	82	0.3
G-Bldg. Jingumae 02	3	100.0	31	0.1	3	100.0	32	0.1
G-Bldg. Minami Aoyama 01	3	100.0	165	0.5	3	100.0	168	0.5
La Porte Aoyama (Note 3)	23	99.3	300	0.9	24	100.0	296	1.0
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	161	0.5
G-Bldg. Jingumae 03	8	100.0	81	0.3	8	100.0	81	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	251	0.8	8	100.0	317	1.0
Urban Terrace Jingumae	1	60.5	77	0.2	2	100.0	99	0.3
Arkangel Daikanyama (Land with leasehold interest)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Omotesando 01	1	100.0	135	0.4	1	100.0	135	0.4
Round1 Yokohama Station West	1	100.0	114	0.4	1	100.0	114	0.4
G-Bldg. Sangenjaya 01	3	100.0	180	0.6	3	100.0	178	0.6
G-Bldg. Ginza 01	6	100.0	171	0.5	6	100.0	178	0.6
KAWASAKI Le FRONT	41	54.1	2,167	6.8	37	56.7	1,250	4.1
G-Bldg. Shibuya 01	2	100.0	86	0.3	2	100.0	99	0.3
G-Bldg. Omotesando 02	6	100.0	383	1.2	5	97.6	373	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	204	0.6	10	100.0	203	0.7

Name of property	For the six months ended August 31, 2018				For the six months ended February 28, 2019			
	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	76	0.2	1	100.0	76	0.2
G-Bldg. Takadanobaba 01	14	100.0	160	0.5	14	100.0	161	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	209	0.7
MARINE & WALK YOKOHAMA	27	100.0	396	1.2	24	94.3	448	1.5
G-Bldg. Jingumae 07	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Minami Aoyama 03 (Note 3)	—	—	—	—	4	59.8	74	0.2
G-Bldg. Jingumae 08	—	—	—	—	3	100.0	21	0.1
Round1 Stadium Kawasaki Daishi	—	—	—	—	1	100.0	(Note 4)	(Note 4)
Ito-Yokado Kawasaki (Note 5)	—	—	381	1.2	—	—	—	—
Abiko Shopping Plaza	59	100.0	584	1.8	59	100.0	603	2.0
Ito-Yokado Yabashira	1	100.0	78	0.2	1	100.0	78	0.3
Ito-Yokado Nishikicho	1	100.0	444	1.4	1	100.0	448	1.5
Ito-Yokado Tsunashima	1	100.0	168	0.5	1	100.0	168	0.5
AEON Itabashi Shopping Center	1	100.0	673	2.1	1	100.0	665	2.2
AEON MALL Yamato	1	100.0	542	1.7	1	100.0	529	1.7
SEIYU Hibarigaoka	1	100.0	249	0.8	1	100.0	249	0.8
Higashi-Totsuka Aurora City	4	100.0	1,367	4.3	4	100.0	1,370	4.5
Ito-Yokado Yotsukaido	2	100.0	299	0.9	2	100.0	301	1.0
AEON MALL Musashi Murayama	1	100.0	919	2.9	1	100.0	969	3.2
Makuhari Plaza	5	100.0	219	0.7	5	100.0	209	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	140	0.5

Name of property	For the six months ended August 31, 2018				For the six months ended February 28, 2019			
	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) (%)
8953 Osaka Shinsaibashi Building	1	100.0	364	1.1	1	100.0	365	1.2
Kawaramachi OPA	1	100.0	364	1.1	1	100.0	347	1.1
G-Bldg. Shinsaibashi 01	2	100.0	73	0.2	2	100.0	73	0.2
Round1 Stadium Sennichimae (Land with leasehold interest)	1	100.0	240	0.8	1	100.0	240	0.8
G-Bldg. Shinsaibashi 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Round1 Kyoto Kawaramachi	1	100.0	104	0.3	1	100.0	104	0.3
G-Bldg. Shinsaibashi 03	4	100.0	(Note 4)	(Note 4)	4	100.0	(Note 4)	(Note 4)
G-Bldg. Nagoya Sakae 01	2	100.0	47	0.1	2	100.0	47	0.2
EDION Kyobashi (Land with leasehold interest)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
G-Bldg. Abeno 01	10	100.0	149	0.5	10	100.0	151	0.5
G Bldg. Umeda 01	12	100.0	210	0.7	12	100.0	223	0.7
G-Bldg. Shinsaibashi 04	5	100.0	85	0.3	5	100.0	86	0.3
G-Bldg. Kyoto Kawaramachi 01	3	90.5	71	0.2	4	100.0	70	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)	48	100.0	335	1.1	48	100.0	341	1.1
Nara Family (Note 6)	114	99.5	1,817	5.8	116	99.8	1,820	5.9
AEON Takatsuki	1	100.0	403	1.3	1	100.0	395	1.3
AEON Yagoto	1	100.0	127	0.4	1	100.0	125	0.4
Kyoto Family	63	99.5	576	1.8	60	99.2	575	1.9
AEON MALL Tsurumi Ryokuchi	1	100.0	894	2.8	1	100.0	892	2.9
AEON MALL Itami	1	100.0	584	1.8	1	100.0	584	1.9
Ario Otori	1	100.0	549	1.7	1	100.0	591	1.9
AEON MALL Kobe Kita	1	100.0	415	1.3	1	100.0	403	1.3
LIFE Kishibe (Land with leasehold interest)	1	100.0	68	0.2	1	100.0	68	0.2

Name of property	For the six months ended August 31, 2018				For the six months ended February 28, 2019			
	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) (%)
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)	209	94.4	3,186	10.0	214	98.9	3,258	10.6
Round1 Stadium Sakai Chuo Kanjyo	1	100.0	82	0.3	1	100.0	83	0.3
pivo Izumi Chuo	17	100.0	(Note 4)	(Note 4)	17	100.0	(Note 4)	(Note 4)
KAMISHIN PLAZA	38	100.0	309	1.0	38	100.0	318	1.0
Round1 Stadium Takatsuki	1	100.0	91	0.3	1	100.0	92	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)	7	88.8	130	0.4	7	88.8	120	0.4
AEON Sendai Nakayama	2	100.0	377	1.2	2	100.0	369	1.2
AEON MALL Sapporo Naebo	1	100.0	378	1.2	1	100.0	372	1.2
AEON Tobata Shopping Center (Note 7)	—	—	312	1.0	—	—	—	—
AEON Naha Shopping Center	1	100.0	377	1.2	1	100.0	369	1.2
Oyama Yuen Harvest Walk (Note 3)	71	99.1	802	2.5	68	99.0	798	2.6
AEON MALL Sapporo Hassamu	1	100.0	584	1.8	1	100.0	570	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	960	98.6	31,898	100.0	958	98.8	30,680	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 February 28, 2019 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)	200,075	155,575	(2,463)
Total		200,075	155,575	(2,463)

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

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

5. Other assets

Real property and trust beneficial interests in real property are included in the above table "3. Details of property". There were no other significant specified assets as of February 28, 2019.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended February 28, 2019	Total of advanced payment
For the six months ending August 31, 2019 (the 35th fiscal period from March 1, 2019 to August 31, 2019)						
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal construction	October, 2018 to August, 2019	2,157	-	-
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal of air conditioner	March, 2019 to June, 2019	227	-	10
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	June, 2019 to August, 2019	222	-	13
GYRE	Shibuya-ku, Tokyo	Rezoning construction of event floor	February, 2019 to April, 2019	92	25	25
AEON MALL Sapporo Hassamu	Nishi-ku, Sapporo-shi, Hokkaido	Painting of outer wall	May, 2019 to July, 2019	91	-	-
AEON MALL Musashi Murayama	Musashimurayama-shi, Tokyo	Renewal of kitchen piping at food court	May, 2019 to July, 2019	81	-	-
AEON MALL Kobe Kita	Kita-ku, Kobe-shi, Hyogo	Painting of outer wall	February, 2019 to July, 2019	51	-	-
For the six months ending February 29, 2020 (the 36th fiscal period from September 1, 2019 to February 29, 2020)						
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal construction	October, 2018 to February, 2020	2,804	1,393	1,572
GYRE	Shibuya-ku, Tokyo	Renewal construction	May, 2019 to October, 2019	390	14	14
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Repair of outer wall	June, 2019 to December, 2019	202	-	-
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Repair of outer wall	September, 2019 to February, 2020	92	-	-
AEON MALL Musashi Murayama	Musashimurayama-shi, Tokyo	Painting of outer wall	September, 2019 to January, 2020	92	-	-
AEON MALL Sapporo Hassamu	Nishi-ku, Sapporo-shi, Hokkaido	Painting of outer wall	September, 2019 to November, 2019	91	-	-
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal of central monitoring system	September, 2019 to December, 2019	86	-	-
Other		Application development for commercial facility	February, 2019 to September, 2019	75	12	12
G-Bldg. Minami Aoyama 02	Minato-ku, Tokyo	Repair of outer wall	November, 2019 to January, 2020	68	-	-
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Repair of rooftop cubicle	October, 2019 to February, 2020	64	-	-
AEON MALL Kobe Kita	Kita-ku, Kobe-shi, Hyogo	Painting of outer wall	July, 2019 to December, 2019	52	-	-

2. Capital expenditures for the six months ended February 28, 2019

Maintenance expenditures on property for the six months ended February 28, 2019 amounted to ¥2,720 million, consisting of ¥1,940 million of capital expenditures stated as below and ¥779 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	June, 2018 to February, 2019	421
Abiko Shopping Plaza	Abiko-shi, Chiba	Renewal of air conditioner	May, 2018 to February, 2019	225
AEON MALL Kobe Kita	Kita-ku, Kobe-shi, Hyogo	Painting of outer wall	July, 2018 to December, 2018	65
Other	-	-	-	1,227
Total				1,940

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	33rd fiscal period	34th fiscal period
	For the six months ended August 31, 2018	For the six months ended February 28, 2019
Asset management fees	2,706,856	2,673,663
Custodian fees	30,503	29,734
General administration fees	130,480	127,073
Compensation for Directors	5,940	5,940
Other operating expenses	274,394	183,041
Total	3,148,175	3,019,454

2. Borrowings

Borrowings as of February 28, 2019 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 4)	Use (Note 5)	Remarks
			August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
Short-term	MUFG Bank, Ltd.	October 30, 2018	-	2,500	0.2	March 31, 2019	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	February 28, 2019	-	5,500	0.2	August 30, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sub-total		-	8,000					
Long-term	Aflac Life Insurance Japan Ltd. (Note 2)	September 4, 2009	5,000	5,000	3.0	September 4, 2019	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 31, 2011	10,260	-	0.7 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		3,740	-					
	MUFG Bank, Ltd. (Note 2)	March 31, 2011	14,660	14,660	1.5 (Note 3)	March 29, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		5,340	5,340					
	MUFG Bank, Ltd.	September 22, 2011	3,665	3,665	1.0 (Note 3)	September 22, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	MUFG Bank, Ltd.	September 22, 2011	7,330	7,330	0.9 (Note 3)	March 22, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	MUFG Bank, Ltd.	September 22, 2011	7,362	7,362	0.8 (Note 3)	September 18, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,712	2,712					
	MUFG Bank, Ltd.	September 22, 2011	9,500	9,500	0.7 (Note 3)	March 19, 2020	Lump sum (Note 4)	(Note 6)	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 3)	September 30, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed

Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
		August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
Name of lender								
Shinsei Bank, Limited	September 30, 2011	2,500	-	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Shinsei Bank, Limited	September 30, 2011	4,000	-	0.8 (Note 3)	September 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
MUFG Bank, Ltd. (Note 2)	December 21, 2011	5,864	5,864	0.7 (Note 3)	December 20, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,136	2,136					
MUFG Bank, Ltd. (Note 2)	December 21, 2011	5,131	5,131	0.6 (Note 3)	June 21, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited (Note 2)		1,869	1,869					
MUFG Bank, Ltd.	May 22, 2012	4,030	4,030	1.0 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 7)	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 3)	May 20, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
Development Bank of Japan Inc.	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 5)	Unsecured and unguaranteed
MUFG Bank, Ltd.	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation	October 2, 2012	2,000	2,000	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
MUFG Bank, Ltd.	October 2, 2012	2,200	2,200	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited		800	800					
MUFG Bank, Ltd.	October 2, 2012	3,298	3,298	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 5)	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 3)	April 2, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
MUFG Bank, Ltd. (Note 2)	October 2, 2012	5,498	5,498	0.5 (Note 3)	October 2, 2019	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,002	2,002					
The Gunma Bank, Ltd.	December 28, 2012	500	-	0.6 (Note 3)	December 28, 2018	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
The Yamaguchi Bank, Ltd.		500	-					
The Higashi-Nippon Bank, Limited		500	-					
Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 3)	February 28, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 3)	March 31, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 6)	Unsecured and unguaranteed
MUFG Bank, Ltd.	October 7, 2013	1,000	1,000	2.2 (Note 3)	October 6, 2028	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 6)	Unsecured and unguaranteed

Long-term

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
Long-term	MUFG Bank, Ltd.	October 7, 2013	1,000	1,000	1.3	October 6, 2023	Lump sum	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 7, 2013	2,199	2,199	1.4 (Note 3)	October 6, 2023	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	MUFG Bank, Ltd.	October 7, 2013	2,565	2,565	1.3 (Note 3)	April 7, 2023	Lump sum (Note 4)	(Note 5)	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 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 7, 2013	1,500	1,500	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	1,000	1,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 7, 2013	2,000	2,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	October 7, 2013	1,000	1,000	1.0 (Note 3)	October 7, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 7, 2013	2,199	2,199	0.9 (Note 3)	April 7, 2021	Lump sum (Note 4)	(Note 5)	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 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	1,500	1,500	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Jyo Bank, Ltd.	October 7, 2013	1,000	1,000	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd. (Note 2)	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd. (Note 2)	October 7, 2013	1,000	1,000	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	April 1, 2014	1,099	1,099	1.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 5)	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 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 1, 2014	1,466	1,466	1.1 (Note 3)	October 1, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		534	534					
	MUFG Bank, Ltd.	October 1, 2014	800	800	1.1	October 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed

Classification		Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
	Name of lender								
Long-term	MUFG Bank, Ltd.	October 1, 2014	2,199	2,199	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 5)	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 3)	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 1, 2014	2,000	2,000	0.7 (Note 3)	April 1, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 1, 2014	2,565	2,565	0.7 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	The Norinchukin Bank	October 1, 2014	1,500	1,500	0.6 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 1, 2014	3,000	3,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 1, 2014	1,000	1,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		1,000	1,000					
	MUFG Bank, Ltd.	February 5, 2015	2,928	2,928	0.8 (Note 3)	February 5, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	MUFG Bank, Ltd.	February 5, 2015	2,928	2,928	0.7 (Note 3)	February 3, 2023	Lump sum (Note 4)	(Note 7)	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 3)	March 30, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	7,000	7,000	1.0 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.9 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.7 (Note 3)	March 31, 2023	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 18, 2016	6,000	6,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	February 18, 2016	1,000	1,000	0.5 (Note 3)	July 31, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
Long-term	MUFG Bank, Ltd.	March 1, 2016	733	733	0.5 (Note 3)	March 31, 2026	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		267	267					
	Mizuho Bank, Ltd.	March 1, 2016	2,000	2,000	0.4 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	1,000	1,000	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	1,000	1,000	0.3	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	March 31, 2016	1,000	1,000	0.5	March 31, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	April 28, 2016	4,031	4,031	0.5	September 30, 2024	Lump sum	(Note 5)	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 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 21, 2016	2,000	2,000	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2016	2,500	2,500	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2016	1,000	1,000	0.4	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	December 21, 2016	3,000	3,000	0.7	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2016	2,000	2,000	0.6	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2017	2,000	2,000	0.6	January 29, 2027	Lump sum	(Note 5)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification		Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
Name of lender									
Long-term	MUFG Bank, Ltd.	May 1, 2017	1,099	1,099	0.4	November 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	MUFG Bank, Ltd.	May 1, 2017	1,000	1,000	0.4	May 1, 2025	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 1, 2017	2,000	2,000	0.4	May 1, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	May 1, 2017	2,000	2,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Toho Bank, Ltd.	May 19, 2017	2,000	2,000	0.3	May 16, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.		1,800	1,800					
	The Hyakugo Bank, Ltd.		1,350	1,350					
	Taiyo Life Insurance Company		1,000	1,000					
	The Daishi Bank, Ltd.		950	950					
	The Akita Bank, Ltd.		450	450					
	The Iyo Bank, Ltd.		450	450					
	The Bank of Fukuoka, Ltd.		September 14, 2017	3,000					
	MUFG Bank, Ltd.	September 29, 2017	2,000	2,000	0.5	September 30, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2017	1,000	1,000	0.6	September 30, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Daishi Bank, Ltd.	October 2, 2017	1,500	1,500	0.3	September 30, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	1,000					
	The Juroku Bank, Ltd.		500	500					
	MUFG Bank, Ltd.	October 6, 2017	4,764	4,764	0.5	July 31, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,735	1,735					
	MUFG Bank, Ltd.	November 22, 2017	3,300	3,300	0.5	November 21, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200	1,200					
	MUFG Bank, Ltd.	November 22, 2017	3,300	3,300	0.5	May 22, 2026	Lump sum (Note 4)	(Note 6)	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 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	November 22, 2017	2,000	2,000	0.6	November 22, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	December 29, 2017	2,500	2,500	0.6	December 28, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
Long-term	Mizuho Bank, Ltd.	January 12, 2018	2,000	2,000	0.6	January 12, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	5,500	5,500	0.4	September 30, 2025 (Note 8)	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	3,000	3,000	0.4	March 31, 2025 (Note 8)	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2018	4,300	4,300	0.2	July 31, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2018	8,500	8,500	0.8	July 31, 2029	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	September 28, 2018	-	6,000	0.2	February 28, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	September 28, 2018	-	2,000	0.2	September 30, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 28, 2018	-	3,500	0.6	March 31, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 28, 2018	-	3,000	0.6	September 30, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 30, 2018	-	2,500	0.2	April 30, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.	December 28, 2018	-	500	0.2	December 26, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Tochigi Bank, Ltd.		-	500					
	The Yamaguchi Bank, Ltd.	December 28, 2018	-	500	0.5	December 28, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	February 28, 2019	-	5,500	0.2	February 26, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 28, 2019	-	2,000	0.2	August 31, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Sub-total			355,225	359,225					
Total			355,225	367,225					

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

Note 2 The balances as of February 28, 2019 are included in current portion of long-term borrowings in the balance sheets.

Note 3 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 4 JRF may repay all or part of principal of the borrowings on interest payment date.

Note 5 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.

Note 6 The funds were mainly appropriated to repayment of borrowings.

Note 7 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
			August 31, 2018 (Millions of yen)	February 28, 2019 (Millions of yen)					
Unsecured 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	8,000	0.210	May 23, 2023	Lump sum (Note 1)	(Note 4)	Unsecured and unguaranteed
	Sub-total		8,000	8,000					
Total			37,500	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. Minami Aoyama 03	October 25, 2018	12,200	-	-	-	-
G-Bldg. Jingumae 08	December 21, 2018	2,490	-	-	-	-
Round1 Stadium Kawasaki Daishi	December 25, 2018	2,370	-	-	-	-
Total		17,060				

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

2. Transactions of other assets

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

3. Research for specified assets value

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Acquisition	G-Bldg. Minami Aoyama 03	October 25, 2018	12,200	12,400	CBRE K.K.	September 30, 2018
Acquisition	G-Bldg. Jingumae 08	December 21, 2018	2,490	2,580	CBRE K.K.	December 1, 2018
Acquisition	Round1 Stadium Kawasaki Daishi	December 25, 2018	2,370	2,930	Tanizawa Sōgō Appraisal Co., Ltd.	December 1, 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 (Note 1)

(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	¥1,498,798 thousand	Mitsubishi UFJ Lease & Finance Company Limited	¥443 thousand	0.0%
Property management fees	¥789,994 thousand	Mitsubishi Corporation Urban Development, Inc.	¥19,000 thousand	2.4%
Other rental expenses	¥866,597 thousand	Mitsubishi Corporation Urban Development, Inc.	¥2,633 thousand	0.3%
		Mitsubishi Shoji & Sun Co., Ltd.	¥1,003 thousand	0.1%

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

Note 2 In addition to the above transaction, JRF paid Mitsubishi Corporation Urban Development, Inc. repair costs which were capitalized as property costs amounting to ¥ 792 thousand.

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 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%
The 34th fiscal period (September 1, 2018 to February 28, 2019)	3,200	718,080	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

None



Independent Auditor's Report

To the Board of Directors of Japan Retail Fund Investment Corporation

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as of February 28, 2019, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2019, and its financial performance and cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended February 28, 2019 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into the U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata LLC

May 27, 2019

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEET
As of August 31, 2018 and February 28, 2019

	As of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 45,138	¥ 39,874	\$ 359,646
Restricted bank deposits (Note 4).....	513	513	4,627
Rent receivables	720	726	6,548
Other current assets	1,160	1,065	9,605
Total current assets	47,532	42,180	380,445
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	621,523	637,638	5,751,222
Buildings.....	296,020	298,802	2,695,066
Building improvements.....	14,273	14,453	130,359
Machinery and equipment.....	2,137	2,170	19,572
Furniture and fixtures.....	4,383	4,499	40,579
Construction in progress.....	226	1,778	16,036
Total property and equipment	938,565	959,342	8,652,854
Less: Accumulated depreciation.....	(107,781)	(113,238)	(1,021,358)
Net property and equipment	830,783	846,104	7,631,496
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	5,174	5,154	46,486
Other intangible assets (Notes 4, 7 and 8).....	107	99	892
Lease deposits (Note 4).....	1,658	1,644	14,828
Long-term prepaid expenses	1,641	1,419	12,798
Investment unit issuance costs	71	47	423
Investment corporation bond issuance costs	177	161	1,452
Other	520	520	4,690
Total other assets	9,351	9,047	81,600
TOTAL ASSETS	¥ 887,668	¥ 897,331	\$ 8,093,541

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEET
As of August 31, 2018 and February 28, 2019

	As of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 9).....	¥ -	¥ 8,000	\$ 72,156
Current portion of long-term borrowings (Note 9).....	49,000	55,500	500,586
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	658	658	5,934
Accounts payable—operating	2,486	2,181	19,671
Accounts payable—other	16	21	189
Accrued expenses	2,060	1,988	17,930
Consumption tax payable	1,113	2	18
Rent received in advance	3,223	3,194	28,808
Deposits received	1,490	1,280	11,545
Current portion of asset retirement obligations (Note 21).....	71	71	640
Other current liabilities	127	162	1,461
Total current liabilities	60,247	73,061	658,978
Non-current liabilities:			
Long-term borrowings (Note 9).....	306,225	303,725	2,739,469
Long-term bonds issued—unsecured (Note 10).....	37,500	37,500	338,233
Tenant leasehold and security deposits (Notes 4 and 11).....	49,683	49,412	445,675
Asset retirement obligations (Note 21).....	416	541	4,879
Derivatives liabilities (Note 20).....	345	369	3,328
Other	20	20	180
Total non-current liabilities	394,191	391,568	3,531,775
TOTAL LIABILITIES	454,438	464,630	4,190,763
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,618,017 units as of August 31, 2018 and February 28, 2019 issued and outstanding	411,878	411,878	3,714,963
Capital surplus.....	14,986	14,986	135,167
Deduction from capital surplus.....	(9,999)	(9,999)	(90,186)
Capital surplus, net.....	4,986	4,986	44,971
Reserve for reduction entry of property.....	476	476	4,293
Reserve for dividends.....	1,537	1,616	14,575
Retained earnings for temporary difference adjustment (Note 13).....	3,075	3,044	27,455
Retained earnings.....	11,644	11,105	100,162
Total unitholders' equity	433,599	433,106	3,906,430
Valuation and translation adjustments:			
Deferred losses on hedges.....	(369)	(405)	(3,652)
Total valuation and translation adjustments	(369)	(405)	(3,652)
TOTAL NET ASSETS	433,229	432,701	3,902,778
TOTAL LIABILITIES AND NET ASSETS	¥ 887,668	¥ 897,331	\$ 8,093,541

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the six months ended August 31, 2018 and February 28, 2019

	For the six months ended		
	August 31,	February 28,	February 28,
	2018	2019	2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rent and other operating revenues (Note 15).....	¥ 31,898	¥ 30,680	\$ 276,720
Gain on sales of property (Note 16).....	787	-	-
	<u>32,685</u>	<u>30,680</u>	<u>276,720</u>
Operating expenses			
Property-related expenses (Note 15).....	15,481	14,558	131,306
Loss on sales of property (Note 16).....	184	-	-
Asset management fees	2,706	2,673	24,109
Custodian fees	30	29	261
General administration fees	130	127	1,145
Other	280	188	1,695
	<u>18,813</u>	<u>17,577</u>	<u>158,537</u>
Operating income	<u>13,871</u>	<u>13,103</u>	<u>118,183</u>
Non-operating revenues			
Non-operating revenues.....	2	2	18
	<u>2</u>	<u>2</u>	<u>18</u>
Non-operating expenses			
Interest expenses	1,599	1,433	12,925
Interest expenses on investment corporation bonds.....	134	136	1,226
Amortization of investment corporation bond issuance costs	14	16	144
Amortization of investment unit issuance costs	47	23	207
Loan-related costs	426	385	3,472
Other non-operating expenses	4	4	36
	<u>2,228</u>	<u>1,999</u>	<u>18,030</u>
Ordinary income	<u>11,645</u>	<u>11,105</u>	<u>100,162</u>
Income before income taxes	<u>11,645</u>	<u>11,105</u>	<u>100,162</u>
Income taxes (Note 17):			
Current.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income	<u>11,644</u>	<u>11,105</u>	<u>100,162</u>
Unappropriated earnings at beginning of period	<u>-</u>	<u>-</u>	<u>-</u>
Retained earnings at the end of period (Note 14)	<u>¥ 11,644</u>	<u>¥ 11,105</u>	<u>\$ 100,162</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
For the six months ended August 31, 2018 and February 28, 2019

	Unitholders' equity											Valuation and translation adjustments		
	Surplus													
	Voluntary reserve													
	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	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in millions)													
Balance as of February 28, 2018.....	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 476	¥ 817	¥ 3,106	¥ 4,401	¥ 12,233	¥ 21,621	¥ 433,499	¥ (518)	¥ (518)	¥ 432,981
Changes during the period														
Provision of reserve for dividends.....	-	-	-	-	-	719	-	719	(719)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(31)	(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)	688	(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	¥ 5,089	¥ 11,644	¥ 21,721	¥ 433,599	¥ (369)	¥ (369)	¥ 433,229
Changes during the period														
Provision of reserve for dividends.....	-	-	-	-	-	78	-	78	(78)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(31)	(31)	31	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	-	(11,597)	(11,597)	(11,597)	-	-	(11,597)
Net income.....	-	-	-	-	-	-	-	-	11,105	11,105	11,105	-	-	11,105
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	(35)	(35)	(35)
Total changes during the period	-	-	-	-	-	78	(31)	47	(539)	(492)	(492)	(35)	(35)	(528)
Balance as of February 28, 2019.....	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 476	¥ 1,616	¥ 3,044	¥ 5,136	¥ 11,105	¥ 21,228	¥ 433,106	¥ (405)	¥ (405)	¥ 432,701

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
For the six months ended August 31, 2018 and February 28, 2019

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Voluntary reserve													
	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	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	(in thousands of U.S. dollars (Note 3))													
Balance as of August 31, 2018.....	\$ 3,714,963	\$ 135,167	\$ (90,186)	\$ 44,971	\$ 4,293	\$ 13,863	\$ 27,735	\$ 45,900	\$ 105,023	\$ 195,914	\$ 3,910,877	\$ (3,328)	\$ (3,328)	\$ 3,907,540
Changes during the period														
Provision of reserve for dividends.....	-	-	-	-	-	703	-	703	(703)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(279)	(279)	279	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	-	(104,599)	(104,599)	(104,599)	-	-	(104,599)
Net income.....	-	-	-	-	-	-	-	-	100,162	100,162	100,162	-	-	100,162
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	(315)	(315)	(315)
Total changes during the period	-	-	-	-	-	703	(279)	423	(4,861)	(4,437)	(4,437)	(315)	(315)	(4,762)
Balance as of February 28, 2019.....	\$ 3,714,963	\$ 135,167	\$ (90,186)	\$ 44,971	\$ 4,293	\$ 14,575	\$ 27,455	\$ 46,324	\$ 100,162	\$ 191,467	\$ 3,906,430	\$ (3,652)	\$ (3,652)	\$ 3,902,778

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
For the six months ended August 31, 2018 and February 28, 2019

	For the six months ended		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S.dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 11,645	¥ 11,105	\$ 100,162
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,712	5,553	50,085
Amortization of investment corporation bond issuance costs.....	14	16	144
Amortization of investment unit issuance costs.....	47	23	207
Gain on sales of property.....	(787)	-	-
Loss on sales of property.....	184	-	-
Loss on disposal of fixed assets.....	164	72	649
Interest income.....	-	-	-
Interest expenses.....	1,734	1,569	14,151
Changes in assets and liabilities:			
(Increase) decrease in rent receivables.....	(2)	(11)	(99)
(Increase) decrease in long-term prepaid expenses.....	149	222	2,002
Increase (decrease) in accounts payable - operating.....	553	(633)	(5,709)
Increase (decrease) in accounts payable - other.....	1	5	45
Increase (decrease) in accrued expenses.....	14	(23)	(207)
Increase (decrease) in consumption tax payable.....	509	(1,110)	(10,011)
Increase (decrease) in rent received in advance.....	(150)	(29)	(261)
Increase (decrease) in deposits received.....	(263)	(314)	(2,832)
Other, net.....	117	118	1,064
Sub total.....	19,646	16,561	149,373
Interest received.....	-	-	-
Interest expenses paid.....	(1,742)	(1,617)	(14,584)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	17,903	14,943	134,779
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(1,658)	(20,700)	(186,705)
Proceeds from sales of property and equipment.....	19,407	-	-
Payments for sales of property and equipment.....	-	(7)	(63)
Purchase of intangible assets.....	(45)	-	-
Payments of tenant leasehold and security deposits.....	(2,487)	(983)	(8,866)
Proceeds from tenant leasehold and security deposits.....	546	1,067	9,623
Proceeds from deposits and others.....	7	14	126
Net cash provided by (used in) investing activities.....	15,769	(20,609)	(185,884)
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings.....	-	21,000	189,411
Repayments of short-term borrowings.....	(5,000)	(13,000)	(117,254)
Proceeds from long-term borrowings.....	23,800	26,000	234,508
Repayments of long-term borrowings.....	(40,266)	(22,000)	(198,430)
Proceeds from issuance of investment corporation bonds.....	7,949	-	-
Payments for acquisition of own investment units.....	(1)	-	-
Distribution payments.....	(11,544)	(11,597)	(104,599)
Net cash provided by (used in) financing activities.....	(25,061)	402	3,625
Net change in cash and cash equivalents.....	8,611	(5,263)	(47,470)
Cash and cash equivalents at the beginning of period.....	36,527	45,138	407,125
Cash and cash equivalents at the end of period.....	¥ 45,138	¥ 39,874	\$ 359,646

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended August 31, 2018 and February 28, 2019

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 34th fiscal period (February 28, 2019) amounted to ¥905.7 billion (US\$8,169 million) (the total acquisition price of 101 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 ¥0 million and ¥3 million (US\$27 thousand) for the six months ended August 31, 2018 and February 28, 2019, 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 ¥110.87 = US\$1, the effective rate of exchange prevailing at February 28, 2019. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended February 28, 2019 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interest in Real Estate Trusts

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

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

	As of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 11,950	¥ 11,713	\$ 105,646
Restricted bank deposits.....	513	513	4,627
Property and equipment, at cost:			
Land.....	593,064	609,178	5,494,525
Buildings.....	293,591	296,373	2,673,157
Building improvements.....	14,207	14,387	129,764
Machinery and equipment.....	2,137	2,170	19,572
Furniture and fixtures.....	4,366	4,481	40,416
Construction in progress.....	226	1,778	16,036
<i>Total property and equipment.....</i>	<i>907,593</i>	<i>928,370</i>	<i>8,373,500</i>
Less: Accumulated depreciation.....	(107,211)	(112,624)	(1,015,820)
<i>Net property and equipment.....</i>	<i>800,381</i>	<i>815,745</i>	<i>7,357,671</i>
Other assets:			
Leasehold rights.....	5,174	5,154	46,486
Other intangible assets.....	107	99	892
Lease deposits.....	1,658	1,644	14,828
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	658	658	5,934
Non-current liabilities:			
Tenant leasehold and security deposits.....	47,722	47,279	426,436

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction for the six months ended August 31, 2018 and February 28, 2019 were ¥339 million and ¥339 million (US\$3,057 thousand), respectively.

Note 6 — Schedule of Property and Equipment

(i) 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

(ii) Schedule of Property and Equipment as of February 28, 2019 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.....	¥ 621,523	¥ 16,114	¥ -	¥ 637,638	¥ -	¥ -	¥ 637,638
Buildings.....	296,020	2,895	113	298,802	103,732	5,116	195,070
Building improvements.....	14,273	179	-	14,453	5,392	214	9,061
Machinery and equipment.....	2,137	33	-	2,170	1,245	60	925
Furniture and fixtures.....	4,383	133	16	4,499	2,868	128	1,630
Construction in progress.....	226	1,577	25	1,778	-	-	1,778
Total.....	¥ 938,565	¥ 20,933	¥ 155	¥ 959,342	¥ 113,238	¥ 5,519	¥ 846,104

	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.....	\$ 5,605,871	\$ 145,341	\$ -	\$ 5,751,222	\$ -	\$ -	\$ 5,751,222
Buildings.....	2,669,973	26,111	1,019	2,695,066	935,618	46,144	1,759,448
Building improvements.....	128,736	1,614	-	130,359	48,633	1,930	81,726
Machinery and equipment.....	19,274	297	-	19,572	11,229	541	8,343
Furniture and fixtures.....	39,532	1,199	144	40,579	25,868	1,154	14,701
Construction in progress.....	2,038	14,223	225	16,036	-	-	16,036
Total.....	\$ 8,465,455	\$ 188,806	\$ 1,398	\$ 8,652,854	\$ 1,021,358	\$ 49,779	\$ 7,631,496

Note 7 — Schedule of Intangible Assets

(i) 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

(ii) Schedule of Intangible Assets as of February 28, 2019 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	¥ 230	¥ 20	¥ 5,154
Other intangible assets.....	359	6	-	365	265	14	99
Total.....	¥ 5,743	¥ 6	¥ -	¥ 5,749	¥ 495	¥ 34	¥ 5,253

	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.....	\$ 48,561	\$ -	\$ -	\$ 48,561	\$ 2,074	\$ 180	\$ 46,486
Other intangible assets.....	3,238	54	-	3,292	2,390	126	892
Total.....	\$ 51,799	\$ 54	\$ -	\$ 51,853	\$ 4,464	\$ 306	\$ 47,379

Note 8 — Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2018 and February 28, 2019.

	As of / For the six months ended		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 859,041	¥ 836,065	\$ 7,540,948
Net increase(decrease) during the period ⁽ⁱⁱ⁾	(22,975)	15,292	137,927
Balance at the end of the period.....	¥ 836,065	¥ 851,358	\$ 7,678,885
Fair value⁽ⁱⁱⁱ⁾	¥ 985,230	¥ 1,009,240	\$ 9,102,913

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):

<i>For the six months ended August 31, 2018:</i>		Increase (decrease) in net book value (in millions)	
Acquisitions:			
G-Bldg. Abeno 01 (additional acquisition).....	¥		191
Capital expenditures:			
Renewal construction of Abiko Shopping Plaza.....			256
Disposition:			
Ito-Yokado Kawasaki.....			(13,538)
AEON Tobata Shopping Center.....			(5,258)
<i>For the six months ended February 28, 2019:</i>		Increase (decrease) in net book value	
		(in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:			
G-Bldg. Minami Aoyama 03.....	¥	12,310	\$ 111,030
G-Bldg. Jingu mae 08.....		2,520	22,729
Round 1 Stadium Kawasaki Daishi.....		2,469	22,269
Capital expenditures:			
Renewal construction of mozo wonder city.....		421	3,797

- (iii) Fair value has been determined based on appraisals or researched value by independent appraisers. For 8953 Osaka Shinsaibashi Building signed disposition contract on February 21, 2019, the selling price is used for the six months ended February 28, 2019.

For rent revenues and expenses for the six months ended August 31, 2018 and February 28, 2019, please refer to “Note 15 — Analysis of Rent and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of August 31, 2018 and February 28, 2019 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ -	¥ 8,000	\$ 72,156
Long-term borrowings.....	355,225	359,225	3,240,055
Total.....	¥ 355,225	¥ 367,225	\$ 3,312,212
Average interest rates range for the period.....			
	From 0.1% to 3.0%	From 0.2% to 3.0%	

As of August 31, 2018 and February 28, 2019, the Company entered into credit facilities and committed lines of credit as follows:

	As of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 320,194
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 320,194
Commitment Lines			
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 541,174
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 541,174

Note 10 — Investment Corporation Bonds

The details of unsecured investment corporation bonds issued and outstanding as of August 31, 2018 and February 28, 2019 are as follows:

	Balance as of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(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	\$ 67,646
¥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	72,156
¥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	63,137
¥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	45,097
¥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	18,039
¥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	8,000	72,156
Total.....	¥ 37,500	¥ 37,500	\$ 338,233

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥215,086 million and ¥213,800 million (US\$1,928,384 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥20,347 million and ¥19,807 million (US\$178,650 thousand) as of August 31, 2018 and February 28, 2019, 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\$6,232 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,156 thousand) as of August 31, 2018 and February 28, 2019, 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 August 31, 2018 and February 28, 2019. 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:

	Initial amount	Balance at beginning of the period	Provision (in millions)	Reversal	Balance at end of the period
<i>For the six months ended August 31, 2018:</i>					
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ 3,106	¥ -	¥ (31)	¥ 3,075
<i>For the six months ended February 28, 2019:</i>					
	Initial amount	Balance at beginning of the period	Provision (in millions)	Reversal	Balance at end of the period
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ 3,075	¥ -	¥ (31)	¥ 3,044
(in thousands of U.S. dollars (Note 3))					
	\$ 28,303	\$ 27,735	\$ -	\$ (279)	\$ 27,455

Notes:

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

Note 14 — Appropriation of Retained Earnings

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

The following table shows the distributions of retained earnings for the six months ended August 31, 2018 and February 28, 2019, respectively.

	For the six months ended		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 11,644	¥ 11,105	\$ 100,162
Reversal of reserve for reduction entry of property.....	-	461	4,158
Reversal of retained earnings for temporary difference adjustment.....	31	31	279
Cash distribution declared.....	(11,597)	(11,597)	(104,599)
Provision of reserve for dividends.....	(78)	-	-
Retained earnings carried forward.....	¥ -	¥ -	\$ -

For the six months ended August 31, 2018, the Company 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 of ¥11,644 million at the end of the period then ended and declared a total distribution of ¥11,597 million, representing all of retained earnings 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 February 28, 2019, the Company declared a total distribution of ¥11,597 million (US\$104,599 thousand), representing all of retained earnings at the end of the period then ended after reversals of reserve for reduction entry of property amounting to ¥461 million (US\$4,158 thousand) and 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 ¥4,430 and ¥4,430 (US\$39) for the six months ended August 31, 2018 and February 28, 2019, respectively.

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

Rent and other operating revenues and property-related expenses for the six months ended August 31, 2018 and February 28, 2019 consist of the following:

	For the six months ended		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rent and other operating revenues:			
Rent and parking revenue.....	¥ 27,512	¥ 26,932	\$ 242,915
Common area charges.....	1,408	1,313	11,842
Other.....	2,977	2,434	21,953
Total rent and other operating revenues.....	¥ 31,898	¥ 30,680	\$ 276,720
Property-related expenses:			
Property management fees.....	¥ 758	¥ 789	\$ 7,116
Facility management fees.....	1,460	1,498	13,511
Utilities.....	1,599	1,470	13,258
Property-related taxes.....	2,833	2,670	24,082
Repair and maintenance.....	1,099	779	7,026
Insurance.....	33	31	279
Trust fees.....	59	55	496
Rent expense ⁽ⁱ⁾	770	770	6,945
Other.....	988	866	7,810
Depreciation.....	5,712	5,553	50,085
Loss on disposal of property.....	164	72	649
Total property-related expenses.....	¥ 15,481	¥ 14,558	\$ 131,306
Operating income from property leasing activities.....	¥ 16,417	¥ 16,122	\$ 145,413

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

There was no gain or loss on sales of property for the six months ended February 28, 2019. Analysis of gain or loss on sales of property for the six months ended August 31, 2018 is as follows:

	For the six months ended	
	August 31, 2018	
	Gain on sales of property	Loss on sales of property
	(in millions)	
Sales of property.....	¥ 6,070	¥ 13,500
Costs of property.....	5,258	13,538
Other sales expenses.....	23	146
Gain (Loss) on sales of property, net.....	¥ 787	¥ (184)

Note 17 — Income Taxes

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

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

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

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

	For the six months ended	
	August 31, 2018	February 28, 2019
	(Rate)	
Statutory tax rate.....	31.74%	31.51%
Deductible cash distributions.....	(31.61)	(32.83)
Change in valuation allowance (for deferred tax assets).....	(0.30)	0.33
Reversal of retained earnings for temporary difference adjustment.....	0.09	0.09
Other.....	0.09	0.90
Effective tax rate.....	0.01%	0.01%

Deferred tax assets and liabilities consist of the following:

	As of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Tax loss carryforwards (Note).....	¥ 2,094	¥ 2,094	\$ 18,886
Asset retirement obligations.....	153	193	1,740
Loss on disposal of property.....	17	-	-
Amortization of leasehold rights.....	106	116	1,046
Depreciation.....	13	18	162
Valuation differences on assets acquired through the merger.....	5,354	5,348	48,236
Deferred losses on hedges.....	116	127	1,145
Other.....	38	38	342
Sub total.....	7,895	7,938	71,597
Valuation allowance for tax loss carryforwards (Note).....	-	(2,094)	(18,886)
Valuation allowance for temporary differences, etc.....	-	(5,843)	(52,701)
Total valuation allowance.....	(7,895)	(7,938)	(71,597)
Total deferred tax assets.....	-	-	-
Net deferred tax assets.....	¥ -	¥ -	\$ -

Note: Details of valuation allowance for tax loss carryforwards as of February 28, 2019 are as follows.

	Up to 1 year	1-2 years	2-3 years	3-4 years (in millions)	4-5 years	Over 5 years	Total
Tax loss carryforwards ⁽ⁱ⁾	¥ 2,094	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 2,094
Valuation allowance.....	(2,094)	-	-	-	-	-	(2,094)
Deferred tax assets.....	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -
	Up to 1 year	1-2 years	2-3 years	3-4 years (in thousands of U.S. dollars (Note 3))	4-5 years	Over 5 years	Total
Tax loss carryforwards ⁽ⁱ⁾	\$ 18,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 18,886
Valuation allowance.....	(18,886)	-	-	-	-	-	(18,886)
Deferred tax assets.....	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

(i): Amounts of tax loss carryforwards are after multiplying statutory tax rate.

(Additional information)

The Company has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting (The Accounting Standards Board of Japan Statement No. 28 on February 16, 2018)” (hereinafter the “Revised Accounting Standard”) for the six months ended February 28, 2019. In accordance with Paragraphs 3 to 5 of the Revised Accounting Standard, notes relating to deferred tax accounting which are required under Annotation 8 (except for total of valuation allowance) and Annotation 9 of the Accounting Standard for Tax Effect Accounting are added. However, these notes for the six months ended August 31, 2018 are omitted by applying transitional option as defined in Paragraph 7 of the Revised Accounting Standard.

Note 18 — Leases

(a) Lease Rental Revenues

The Company leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2018 and February 28, 2019 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	As of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 21,262	¥ 20,676	\$ 186,488
Due after one year.....	90,678	84,340	760,710
Total.....	¥ 111,941	¥ 105,017	\$ 947,208

(b) Lease Commitments

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

Note 19 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of August 31, 2018 and February 28, 2019.

	As of								
	August 31, 2018			February 28, 2019			February 28, 2019		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands of U.S. dollars (Note 3))		
Assets:									
(1) Cash and cash equivalents.....	¥ 45,138	¥ 45,138	¥ -	¥ 39,874	¥ 39,874	¥ -	\$ 359,646	\$ 359,646	\$ -
(2) Restricted bank deposits.....	513	513	-	513	513	-	4,627	4,627	-
Total.....	¥ 45,651	¥ 45,651	¥ -	¥ 40,388	¥ 40,388	¥ -	\$ 364,282	\$ 364,282	\$ -
Liabilities:									
(1) Short-term borrowings.....	¥ -	¥ -	¥ -	¥ 8,000	¥ 8,000	¥ -	\$ 72,156	\$ 72,156	\$ -
(2) Current portion of long-term borrowings.....	49,000	48,977	22	55,500	55,571	(71)	500,586	501,226	(640)
(3) Current portion of tenant leasehold and security deposits.....	658	668	(10)	658	668	(10)	5,934	6,025	(90)
(4) Long-term borrowings.....	306,225	308,396	(2,171)	303,725	305,129	(1,404)	2,739,469	2,752,133	(12,663)
(5) Long-term bonds issued—unsecured.....	37,500	38,329	(829)	37,500	38,439	(939)	338,233	346,703	(8,469)
(6) Tenant leasehold and security deposits.....	2,586	2,645	(59)	1,962	1,993	(31)	17,696	17,976	(279)
Total.....	¥ 395,969	¥ 399,018	¥ (3,048)	¥ 407,345	¥ 409,803	¥ (2,458)	\$ 3,674,077	\$ 3,696,247	\$ (22,170)
Derivative instruments*	¥ (369)	¥ (369)	¥ -	¥ (405)	¥ (405)	¥ -	\$ (3,652)	\$ (3,652)	\$ -

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

Notes:

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

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

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

(5) Long-term bonds issued—unsecured

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

Derivative instruments

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

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

	As of		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Tenant leasehold and security deposits.....	¥ 47,097	¥ 47,450	\$ 427,978
Total liabilities.....	¥ 47,097	¥ 47,450	\$ 427,978

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

<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)					
Cash and cash equivalents.....	¥ 45,138	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total.....	¥ 45,651	¥ -	¥ -	¥ -	¥ -	¥ -
<i>As of February 28, 2019:</i>	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.....	¥ 39,874	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total.....	¥ 40,388	¥ -	¥ -	¥ -	¥ -	¥ -
<i>As of February 28, 2019:</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))					
Cash and cash equivalents.....	\$ 359,646	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits.....	4,627	-	-	-	-	-
Total.....	\$ 364,282	\$ -	\$ -	\$ -	\$ -	\$ -

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

<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 February 28, 2019:</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.....	¥ 8,000	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings.....	55,500	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	658	-	-	-	-	-
Long-term borrowings.....	-	58,875	36,000	30,500	22,000	156,350
Long-term bonds issued.....	-	-	-	5,000	15,500	17,000
Tenant leasehold and security deposits.....	-	658	658	68	168	409
Total.....	¥ 64,158	¥ 59,533	¥ 36,658	¥ 35,568	¥ 37,668	¥ 173,759
<i>As of February 28, 2019:</i>	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Short-term borrowings.....	\$ 72,156	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term borrowings.....	500,586	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	5,934	-	-	-	-	-
Long-term borrowings.....	-	531,027	324,704	275,096	198,430	1,410,210
Long-term bonds issued.....	-	-	-	45,097	139,803	153,332
Tenant leasehold and security deposits.....	-	5,934	5,934	613	1,515	3,689
Total.....	\$ 578,677	\$ 536,962	\$ 330,639	\$ 320,808	\$ 339,749	\$ 1,567,231

Note 20 — Derivatives

Information on derivative transactions undertaken by the Company as of August 31, 2018 and February 28, 2019 is as follows. Derivative transactions are carried out for hedging purposes only and are subject to hedge accounting.

As of August 31, 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	¥ 99,575	¥ 72,075	¥ (369)
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)
Total.....			¥ 222,075	¥ 173,075	¥ (2,034)

As of February 28, 2019:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾			Notional amounts ⁽ⁱⁱ⁾		
			Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾	Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾
			(in millions)			(in thousands of U.S. dollars (Note 3))		
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 79,075	¥ 56,575	¥ (405)	\$ 713,222	\$ 510,282	\$ (3,652)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	121,000	99,000	(2,058)	1,091,368	892,937	(18,562)
Total.....			¥ 200,075	¥ 155,575	¥ (2,463)	\$ 1,804,590	\$ 1,403,219	\$ (22,215)

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 and G-Bldg. Jingumae 08.

Based on the lease period per the agreement or the useful life of each building containing asbestos, the estimated period of use of the properties are estimated at 9 years, 24 years and 22 years, respectively. The asset retirement obligations for the restoration or removal of asbestos are recognized as a liability using discount rates at 0.458%, 1.584% and 0.596%, respectively.

Movements of asset retirement obligations for the six months ended August 31, 2018 and February 28, 2019 are as follows:

	For the six months ended		
	August 31, 2018	February 28, 2019	February 28, 2019
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 492	¥ 487	\$ 4,392
Increase due to acquisition of properties.....	-	121	1,091
Adjustment for passage of time.....	3	3	27
Derecognition due to execution of obligations.....	(8)	-	-
Balance at the end of the period.....	¥ 487	¥ 612	\$ 5,519

Note 22 — Related-Party Transactions

For the six months ended August 31, 2018 and February 28, 2019, 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

There was no acquisition of property from related parties for the six months ended August 31, 2018 and February 28, 2019.

(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 ¥2,706 million and ¥2,673 million (US\$24,109 thousand) were paid by the Company for the six months ended August 31, 2018 and February 28, 2019, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥136 million (US\$1,226 thousand) were paid by the Company for the six months ended February 28, 2019. 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 ¥130 million and ¥127 million (US\$1,145 thousand) for general administration fees, and ¥33 million and ¥31 million (US\$279 thousand) for custodian fees for the six months ended August 31, 2018 and February 28, 2019, respectively. These fees have been decided based on standard terms commensurate with arm's length transactions.

The ending balances of accrued general administration fees and accounts payable for custodian fees as of February 28, 2019 were ¥43 million (US\$387 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) The lender of the borrowings succeeded to MUFG Bank, Ltd. from Mitsubishi UFJ Trust and Banking Corporation on April 16, 2018.

Note 23 — Per Unit Information

The following table shows the net asset value per unit as of August 31, 2018 and February 28, 2019 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 month period. The Company has no dilutive potential investment units.

	As of / For the six months ended		
	August 31, 2018	February 28, 2019	February 28, 2019
	(Yen)		(US\$ (Note 3))
Net asset value per unit.....	¥ 165,480	¥ 165,278	\$ 1,490
Net income per unit.....	¥ 4,447	¥ 4,241	\$ 38
Weighted average number of investment units.....	2,618,017	2,618,017	

Note 24 — Segment Information

Segment information for the six months ended August 31, 2018 and February 28, 2019 is as follows:

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(iii) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	August 31,	February 28,	February 28,	
	2018	2019	2019	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
AEON Mall Co., Ltd.	¥ 3,349	¥ 3,325	\$ 29,990	Property rental business
AEON Retail Co., Ltd.	3,323	3,257	29,376	Property rental business

Note 25 — Subsequent Events

Disposition of properties

After the end of fiscal period ended February 28, 2019 (until May 27, 2019), the Company determined disposition of the following properties in accordance with the asset management policy in the Company's article of incorporation.

Property name:	AEON Sendai Nakayama (trust beneficiary interest)
Disposition amount:	¥9,920 million (US\$89,474 thousand)
Completion date of contract:	April 12, 2019
Disposition date:	Scheduled on August 9, 2019
Purchaser:	Not disclosed ⁽ⁱ⁾
Impact on net income:	Gains on sales of property of approximately ¥1,110 million (US\$10,011 thousand) will be recognized in profit as operating revenues for the six months ending August 31, 2019.

Note: _____

(i) Name of purchaser is not disclosed because the consent from the purchaser has not been obtained.

Property name:	Narupark (trust beneficiary interest)
Disposition amount:	¥6,115 million (US\$55,154 thousand)
Completion date of contract:	May 10, 2019
Disposition date:	Scheduled on August 7, 2019
Purchaser:	Not disclosed ⁽ⁱ⁾
Impact on net income:	Loss on sales of property of approximately ¥1,042 million (US\$9,398 thousand) will be charged as operating expenses for the six months ending August 31, 2019.

Note: _____

(i) Name of purchaser is not disclosed because the consent from the purchaser has not been obtained.

(Additional information)

Disposition of property

The Company is going to dispose of the following property.

Property name:	8953 Osaka Shinsaibashi Building (trust beneficiary interest)
Disposition amount:	¥ 14,900 million (US\$134,391 thousand)
Completion date of contract:	February 21, 2019
Disposition date:	Scheduled on August 30, 2019
Purchaser:	Not disclosed ⁽ⁱ⁾
Impact on net income:	Gains on sales of property of approximately ¥2,757 million (US\$24,866 thousand) will be recognized in profit as operating revenues for the six months ending August 31, 2019.

Note: _____

(i) Name of purchaser is not disclosed because the consent from the purchaser has not been obtained.