

Translation

JAPAN RETAIL FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED FEBRUARY 28, 2019

April 15, 2019

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	https://www.jrf-reit.com/english/
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Katsuji Okamoto, President & CEO & Representative Director
Contact:	Keita Araki, Executive Director, Head of Retail Division Tel: (03)5293-7081
Scheduled date for filing of securities report:	May 28, 2019
Scheduled date for distributions payment:	May 20, 2019
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended February 28, 2019 (September 1, 2018 to February 28, 2019)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended February 28, 2019	30,680	-6.1	13,103	-5.5	11,105	-4.6	11,105	-4.6
August 31, 2018	32,685	2.2	13,871	-4.1	11,645	-4.8	11,644	-4.8

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen	%	Yen	%	Yen	%	Yen	%
For the six months ended February 28, 2019	4,241	2.6		1.2		36.2		
August 31, 2018	4,447	2.7		1.3		35.6		

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended February 28, 2019	4,430	11,597	0	0	104.4	2.7
August 31, 2018	4,430	11,597	0	0	99.6	2.7

Note 1: Total distributions for the six months ended February 28, 2019 consist of 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.

Note 2: Total distributions for the six months ended August 31, 2018 consist of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥78 million.

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2019	897,331	432,701	48.2	165,278
August 31, 2018	887,668	433,229	48.8	165,480

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the six months ended February 28, 2019	14,943	(20,609)	402	39,874
August 31, 2018	17,903	15,769	(25,061)	45,138

2. Outlook for the six months ending August 31, 2019 (March 1, 2019 to August 31, 2019) and February 29, 2020 (September 1, 2019 to February 29, 2020)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2019	34,323	11.9	13,706	4.6	11,794	6.2	11,793	6.2
February 29, 2020	29,878	-13.0	12,392	-9.6	10,603	-10.1	10,603	-10.1

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
August 31, 2019	4,504		4,430		0	
February 29, 2020	4,050		4,430		0	

Note: Total distributions for the six months ending August 31, 2019 consist of retained earnings after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥227 million. Total distributions for the six months ending February 29, 2020 consist of retained earnings after reversals of reserve for reduction entry of property amounting to ¥15 million and retained earnings for temporary difference adjustment amounting to ¥979 million.

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of February 28, 2019 2,618,017 units

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

Number of own investment units at the end of period:

As of February 28, 2019 0 units

As of August 31, 2018 0 units

Note: For the number of investment unit as a basis of calculation of net income per unit, please refer to per unit information on page 28.

Forward-looking Statements and Other Notes

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

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

1. Summary of related corporations of JRF

There have not been any significant changes to the “structure of the investment corporation” in the most recent financial report (submitted on November 27, 2018) and the Extraordinary Report (submitted on December 10, 2018 and April 15, 2019), and hence, description of these matters is omitted.

2. Management policy and results of operation

(1) Management policies

There have not been any significant changes to the “investment policies,” “investment targets” and “distribution policies” in the most recent financial report (submitted on November 27, 2018) and the Extraordinary Report (submitted on December 10, 2018 and April 15, 2019), and hence, description of these matters is omitted.

(2) State of operations

A. Operations during the period

i. Principal activities

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

During the fiscal period ended February 28, 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).

ii. Investment environment and results

(1) 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.

(2) 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.

iii. 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.

iv. 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, from 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.

B. Outlook of next period

i. 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.

ii. 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.

(1) External growth strategy / Replacement strategy

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

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

(2) Internal growth strategy

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

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

JRF is focusing efforts on ESG activities. As a result, JRF was rated “A,” 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.

(3) Financial strategy

JRF constantly works to improve financial stability further.

(i) Effort to secure the financial stability

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

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

(ii) LTV control

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

(iii) Repurchase of own investment units

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

(iv) Issuance of Green Bonds

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

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

(4) Measures for ensuring delivery of stable distributions

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

iii. Earnings forecast

The following forecasts have been made regarding asset management operation in the fiscal period ending August 2019 (35th fiscal period) and the fiscal period ending February 2020 (36th fiscal period).

Please refer to the "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 2019 (35th Fiscal Period: March 1, 2019 to August 31, 2019)" and the Fiscal Period Ending February 2020 (36th Fiscal Period: September 1, 2019 to February 29, 2020)" on the following page for the assumptions of the forecast.

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

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

Operating revenues	34,323 million yen
Ordinary income	11,794 million yen
Net income	11,793 million yen
Distributions per unit	4,430 yen

Fiscal Period Ending February 2020 (36th Fiscal Period: September 1, 2019 to February 29, 2020)

Operating revenues	29,878 million yen
Ordinary income	10,603 million yen
Net income	10,603 million yen
Distributions per unit	4,430 yen

As stated in “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2019 (35th Fiscal Period: March 1, 2019 to August 31, 2019) and the Fiscal Period Ending February 29, 2020 (36th Fiscal Period: September 1, 2019 to February 29, 2020)” below, JRF plans to acquire and dispose of properties after the closing date for the period under review.

(1) Property to be acquired

JRF plans to acquire the trust beneficiary interest in real estate outlined in the chart below after the closing date for the fiscal period under review. (For the details of the property to be acquired, please refer to the announcement released on August 28, 2018: “Notice concerning Acquisition of a Trust Beneficiary Right in the Real Estate in Japan (m-city Kashiwa),” the announcement released on January 30, 2019: “Notice Concerning Change of Scheduled Acquisition Date of a Trust Beneficiary Right in the Real Estate in Japan (m-city Kashiwa),” and the announcement released on March 18, 2019: “Notice Concerning Change of Scheduled Acquisition Date of a Trust Beneficiary Right in the Real Estate in Japan (m-city Kashiwa).”)

Property name	Location	Acquisition price (Scheduled) (million yen)	Acquisition date (Scheduled)
m-city Kashiwa (Trust beneficiary right in the real estate) ^(Note)	Kashiwa-shi, Chiba	5,520	On a date agreed upon by the seller and JRF, no later than September 30, 2019

Note: Sales contract of trust beneficiary right has been concluded for the Property, under which, in the event of cancellation of the Agreement due to breach of the provisions of the Agreement by the seller or the buyer, the non-breaching party is entitled to demand a penalty from the breaching party, equivalent to 20% of the expected purchase price (including consumption tax and local consumption tax).

The appraisal value of the property as of February 28, 2019 determined by a real estate appraiser is 5,990 million yen.

(2) Property to be disposed of

JRF plans to dispose of the trust beneficiary rights outlined in the chart below. (For the details of the assets to be disposed of, please refer to the announcement released on February 20, 2019: “Notice Concerning Disposition of Trust Beneficiary Right in 8953 Osaka Shinsaibashi Building” and the announcement released on April 10, 2019: “Notice Concerning Disposition of Trust Beneficiary Right in AEON Sendai Nakayama.”)

Property name	Location	Acquisition price (Scheduled) (million yen)	Acquisition date (Scheduled)
8953 Osaka Shinsaibashi Building (Trust beneficiary right in the real estate) ^(Note 1)	Chuo-ku, Osaka-shi, Osaka	14,900	August 30, 2019
AEON Sendai Nakayama (Trust beneficiary right in the real estate) ^(Note 2)	Izumi-ku, Sendai-shi, Miyagi	9,920	August 9, 2019

Note 1: Sales contract of trust beneficiary right has been concluded for the Property, under which, in the event of cancellation of the Agreement due to breach of the provisions of the Agreement by the seller or the buyer, the non-breaching party is entitled to demand a penalty from the breaching party, corresponding to 10% of the sales price (including consumption tax and local consumption tax).

The appraisal value of the property as of February 28, 2019 determined by a real estate appraiser is 14,000 million yen.

Note 2: Sales contract of trust beneficiary right has been concluded for the Property, under which, in the event of cancellation of the Agreement due to breach of the provisions of the Agreement by the seller or the buyer, the non-breaching party is entitled to demand a penalty from the breaching party, corresponding to 20% of the sales price (including consumption tax and local consumption tax).

The appraisal value of the property as of February 28, 2019 determined by a real estate appraiser is 9,620 million yen.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2019 (35th fiscal period: March 1, 2019 to August 31, 2019) and the Fiscal Period Ending February 29, 2020 (36th Fiscal Period: September 1, 2019 to February 29, 2020)

Item	Assumption
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending August 31, 2019 (35th fiscal period: March 1, 2019 to August 31, 2019) (184 days) - Fiscal period ending February 29, 2020 (36th fiscal period: September 1, 2019 to February 29, 2020) (182 days)
Assets owned	<ul style="list-style-type: none"> - The assumption is based on JRF's 99 properties comprising the 101 properties JRF owned as of February 28, 2019 plus m-city Kashiwa planned for acquisition as announced on March 18, 2019 in the press release titled "Notice Concerning Change of Scheduled Acquisition Date of a Trust Beneficiary Right in the Real Estate in Japan (m-city Kashiwa)" and minus 8953 Osaka Shinsaibashi Building planned to be disposed of in August 2019, AEON Sendai Nakayama planned to be disposed of in August 2018, and one property assumed to be disposed of during the August 2019 (35th) fiscal period although the disposition has not been determined at this time. - We also assume that no other (anticipated) changes (new property acquisition and disposition of owned properties, etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current properties, etc. will occur prior to the end of the February 2020 (36th) fiscal period.
Issue of units	<ul style="list-style-type: none"> - The number of investment units issued at the end of the fiscal period is 2,618,017 units, assuming that there will not be any additional issuance of new investment units or repurchase/cancellation of own investment units.
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debt as of February 28, 2019 stood at 404,725 million yen, which comprises short-term borrowings of 8,000 million yen, long-term borrowings of 359,225 million yen and investment corporation bonds (including Green Bonds) of 37,500 million yen. Meanwhile, following debt refinancing, for which a loan agreement was concluded on February 22, 2019 and took effect on March 29, 2019, the interest-bearing debt outstanding as of the date of this document stood at 404,725 million yen, which comprises short-term borrowings of 5,500 million yen, long-term borrowings of 361,725 million yen and investment corporation bonds (including Green Bonds) of 37,500 million yen. - Out of the interest-bearing debt outstanding as of the date of this document, short-term debts in the amount of 8,000 million yen and long-term debts in the amount of 35,500 million yen are to be repaid in the August 2019 (35th) and February

Item	Assumption
	2020 (36th) fiscal periods before maturity. We assume that we will repay them through funding including debt financing.
Operating revenues	<ul style="list-style-type: none"> - With respect to gain on sales of property, we assume that gain on sales of property of 3,867 million yen will be recorded for the August 2019 (35th) fiscal period from the disposition of 8953 Osaka Shinsaibashi Building and AEON Sendai Nakayama. - Rental and other operating revenues are calculated based on the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. - We assume that there will be no arrears or nonpayment of rent by our tenants. - The rent level and estimated rents for the parts of properties that are vacant for KAWASAKI Le FRONT, which is undergoing a large-scale renovation, are calculated taking into account the renovation plan as of the date of this document.
Operating expenses	<ul style="list-style-type: none"> - We assume that we will incur loss on sales of property of 1,050 million yen for the August 2019 (35th) fiscal period as a result of disposition of owned properties during the August 2019 (35th) fiscal period, although such disposition has not been determined at this time. The actual amount of loss on sales of property incurred may change depending on success or failure of sale, disposition price, date of delivery and other terms and conditions. - We assume that taxes and public charge of 2,766 million yen and 2,650 million yen in the August 2019 (35th) fiscal period and February 2020 (36th) fiscal period, respectively. - With respect to fixed asset taxes, city planning taxes and depreciable assets taxes ("fixed asset taxes and other taxes") on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as rental expenses. However, should any need arise for settlement, such as a need to pay settlement amount for fixed asset taxes and other taxes, in relation to new property acquisitions to be made during the year in which the period falls ("amounts equivalent to fixed asset taxes and other taxes"), such amounts are taken into account in the purchase price of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to fixed asset taxes and other taxes pertaining to m-city Kashiwa to be acquired in 2019, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2020 onwards. We have assumed the amounts equivalent to fixed asset taxes and other taxes included in the acquisition cost of m-city Kashiwa to be equivalent to 27 million yen in total. - We assume that repair and maintenance will be 2,311 million yen for the August 2019 (35th) fiscal period and 791 million yen for the February 2020 (36th) fiscal period. Of the repair and maintenance expenses, we assume that repair and maintenance expenses of KAWASAKI Le Front, which is undergoing a large-scale renovation, will be 1,721 million yen for the August 2019 (35th) fiscal period and 415 million yen for the February 2020 (36th) fiscal period. - We assume that depreciation will be 5,543 million yen for the August 2019 (35th) fiscal period and 5,459 million yen for the February 2020 (36th) fiscal period.

Item	Assumption
	<ul style="list-style-type: none"> - We assume that property management fees will be 699 million yen for the August 2019 (35th) fiscal period and 715 million yen for the February 2020 (36th) fiscal period, and building management fees will be 1,563 million yen for the August 2019 (35th) fiscal period and 1,586 million yen for the February 2020 (36th) fiscal period. - We assume that we will incur 210 million yen for loss on disposal of fixed assets related to the large-scale renovation at KAWASAKI Le FRONT in the August 2019 (35th) fiscal period and 58 million yen for loss on disposal of fixed assets related to the system update, etc. at mozo wonder city in the February 2020 (36th) fiscal period. With respect to the loss on disposal of fixed assets described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation.
Non-operating expenses	<ul style="list-style-type: none"> - We assume that non-operating expenses (including interest expense, loan-related costs, corporate bonds interest, amortization of unit issuance costs, etc.) will be 1,911 million yen for the August 2019 (35th) fiscal period and 1,788 million yen for the February 2020 (36th) fiscal period.
Distributions per unit	<ul style="list-style-type: none"> - Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - Regarding the distributions for the August 2019 (35th) fiscal period, it is assumed that a total of 11,597 million yen will be distributed (distribution per unit: 4,430 yen), calculated by adding 31 million yen from the reversal of reduction entry of property, and deducting 227 million yen from the reversal of total reserve for dividends from 11,793 million yen in unappropriated retained earnings at the end of the period. - Regarding the distributions for the February 2020 (36th) fiscal period, it is assumed that a total of 11,597 million yen will be distributed (distribution per unit: 4,430 yen), calculated by adding 15 million yen from the reversal of reduction entry of property and 979 million yen from the reversal of retained earnings for temporary difference adjustment to 10,603 million yen in unappropriated retained earnings at the end of the period. - It is assumed that retained earnings for temporary difference adjustment will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period ended in August 2017.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> - We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that the standard tax rate of consumption tax and local consumption tax will rise to 10% effective October 1, 2019. - We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

3. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	August 31, 2018	February 28, 2019
ASSETS		
Current assets:		
Cash and bank deposits	33,188,046	28,161,276
Cash and bank deposits in trust (Note 1)	12,463,801	12,226,978
Rent receivables	720,262	726,355
Income taxes receivable	30	117
Other current assets	1,160,477	1,065,634
Total current assets	47,532,618	42,180,363
Non-current assets:		
Property and equipment:		
Buildings	2,429,058	2,429,418
Accumulated depreciation	(535,114)	(577,957)
Buildings, net	1,893,944	1,851,461
Building improvements	66,113	66,113
Accumulated depreciation	(21,804)	(23,282)
Building improvements, net	44,308	42,830
Furniture and fixtures	16,679	17,588
Accumulated depreciation	(12,498)	(13,032)
Furniture and fixtures, net	4,180	4,555
Land	28,459,580	28,459,580
Buildings in trust (Note 2)	293,591,235	296,373,136
Accumulated depreciation	(98,129,562)	(103,154,214)
Buildings in trust, net (Note 1)	195,461,673	193,218,921
Building improvements in trust	14,207,728	14,387,287
Accumulated depreciation	(5,155,756)	(5,368,953)
Building improvements in trust, net (Note 1)	9,051,971	9,018,334
Machinery and equipment in trust	2,137,823	2,170,857
Accumulated depreciation	(1,185,644)	(1,245,762)
Machinery and equipment in trust, net (Note 1)	952,178	925,095
Furniture and fixtures in trust	4,366,353	4,481,644
Accumulated depreciation	(2,740,670)	(2,855,439)
Furniture and fixtures in trust, net (Note 1)	1,625,683	1,626,204
Land in trust (Note 1)	593,064,027	609,178,997
Construction in progress in trust (Note 1)	226,407	1,778,314
Total property and equipment	830,783,956	846,104,295
Intangible assets:		
Leasehold rights in trust	5,174,359	5,154,286
Other intangible assets in trust	107,589	99,657
Total intangible assets	5,281,949	5,253,943
Investment and other assets:		
Lease deposits in trust	1,658,829	1,644,329
Long-term prepaid expenses	1,641,501	1,419,470
Other investments (Note 1)	520,292	520,292
Total investment and other assets	3,820,622	3,584,091
Total non-current assets	839,886,528	854,942,331
Deferred assets:		
Investment unit issuance costs	71,521	47,680
Investment corporation bond issuance costs	177,670	161,374
Total deferred assets	249,191	209,055
TOTAL ASSETS	887,668,338	897,331,749

(To be continued on the following page)

(Thousands of yen)

	As of	
	August 31, 2018	February 28, 2019
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	2,486,190	2,181,874
Short-term borrowings	-	8,000,000
Current portion of long-term borrowings	49,000,000	55,500,000
Accounts payable – other	16,760	21,973
Accrued expenses	2,060,673	1,988,108
Income taxes payable	605	605
Consumption tax payable	1,113,030	2,243
Rent received in advance	3,223,605	3,194,476
Deposits received	1,490,441	1,280,833
Current portion of tenant leasehold and security deposits in trust (Note 1)	658,065	658,065
Current portion of asset retirement obligations	71,086	71,086
Derivatives liabilities	23,677	35,790
Other current liabilities	103,013	126,557
Total current liabilities	60,247,148	73,061,615
Non-current liabilities:		
Long-term bonds issued – unsecured	37,500,000	37,500,000
Long-term borrowings	306,225,000	303,725,000
Tenant leasehold and security deposits	1,960,747	2,133,556
Tenant leasehold and security deposits in trust (Note 1)	47,722,889	47,279,389
Asset retirement obligations	416,378	541,213
Derivatives liabilities	345,919	369,409
Other non-current liabilities	20,680	20,097
Total non-current liabilities	394,191,615	391,568,665
TOTAL LIABILITIES	454,438,764	464,630,281
Net Assets (Note 6)		
Unitholders' equity:		
Unitholders' capital	411,878,082	411,878,082
Surplus:		
Capital surplus	14,986,826	14,986,826
Deduction from capital surplus (Note 4)	(9,999,980)	(9,999,980)
Capital surplus, net	4,986,845	4,986,845
Voluntary reserve		
Reserve for reduction entry of property	476,272	476,272
Reserve for dividends	1,537,665	1,616,048
Retained earnings for temporary difference adjustment (Note 5)	3,075,489	3,044,107
Total voluntary reserve	5,089,427	5,136,428
Retained earnings	11,644,816	11,105,312
Total surplus	21,721,089	21,228,586
Total unitholders' equity	433,599,171	433,106,668
Valuation and translation adjustments:		
Deferred losses on hedges	(369,597)	(405,199)
Total valuation and translation adjustments	(369,597)	(405,199)
TOTAL NET ASSETS	433,229,574	432,701,468
TOTAL LIABILITIES AND NET ASSETS	887,668,338	897,331,749

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	August 31, 2018	February 28, 2019
Operating revenues		
Rent and other operating revenues (Note 7)	31,898,167	30,680,828
Gain on sales of property (Note 8)	787,366	-
Total operating revenues	32,685,534	30,680,828
Operating expenses		
Property-related expenses (Note 7)	15,481,142	14,558,221
Loss on sales of property (Note 9)	184,549	-
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 operating expenses	18,813,867	17,577,675
Operating income	13,871,666	13,103,152
Non-operating revenues		
Interest income	196	766
Other non-operating revenues	1,853	1,397
Total non-operating revenues	2,050	2,163
Non-operating expenses		
Interest expenses	1,599,601	1,433,180
Interest expenses on investment corporation bonds	134,867	136,080
Amortization of investment corporation bond issuance costs	14,616	16,295
Amortization of investment unit issuance costs	47,908	23,840
Loan-related costs	426,764	385,539
Other non-operating expenses	4,536	4,463
Total non-operating expenses	2,228,295	1,999,399
Ordinary income	11,645,421	11,105,917
Income before income taxes	11,645,421	11,105,917
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	11,644,816	11,105,312
Unappropriated earnings at beginning of period	-	-
Retained earnings at the end of period	11,644,816	11,105,312

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Voluntary reserve													
	Unitholders' capital (Note 6)	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of February 28, 2018	411,878,082	14,986,826	(9,999,980)	4,986,845	476,272	817,906	3,106,872	4,401,051	12,233,831	21,621,728	433,499,810	(518,645)	(518,645)	432,981,165
<u>Changes during the period</u>														
Provision of reserve for dividends	-	-	-	-	-	719,758	-	719,758	(719,758)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,545,454)	(11,545,454)	(11,545,454)	-	-	(11,545,454)
Net income	-	-	-	-	-	-	-	-	11,644,816	11,644,816	11,644,816	-	-	11,644,816
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	149,048	149,048	149,048
<u>Total changes during the period</u>	-	-	-	-	-	719,758	(31,382)	688,376	(589,015)	99,361	99,361	149,048	149,048	248,409
Balance as of August 31, 2018	411,878,082	14,986,826	(9,999,980)	4,986,845	476,272	1,537,665	3,075,489	5,089,427	11,644,816	21,721,089	433,599,171	(369,597)	(369,597)	433,229,574
<u>Changes during the period</u>														
Provision of reserve for dividends	-	-	-	-	-	78,383	-	78,383	(78,383)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,597,815)	(11,597,815)	(11,597,815)	-	-	(11,597,815)
Net income	-	-	-	-	-	-	-	-	11,105,312	11,105,312	11,105,312	-	-	11,105,312
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	(35,602)	(35,602)	(35,602)
<u>Total changes during the period</u>	-	-	-	-	-	78,383	(31,382)	47,000	(539,504)	(492,503)	(492,503)	(35,602)	(35,602)	(528,106)
Balance as of February 28, 2019	411,878,082	14,986,826	(9,999,980)	4,986,845	476,272	1,616,048	3,044,107	5,136,428	11,105,312	21,228,586	433,106,668	(405,199)	(405,199)	432,701,468

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

(4) Statements of cash distributions

		(Yen)	
		For the six months ended	
		August 31, 2018	February 28, 2019
I	Retained earnings at the end of period	11,644,816,162	11,105,312,023
II	Reversal of voluntary reserve		
	<i>Reversal of reserve for reduction entry of property</i>	-	461,120,737
	<i>Reversal of retained earnings for temporary difference adjustment (Note 10)</i>	31,382,550	31,382,550
III	Cash distribution declared	11,597,815,310	11,597,815,310
	<i>(Cash distribution declared per unit)</i>	<i>(4,430)</i>	<i>(4,430)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	78,383,402	-
V	Retained earnings carried forward	-	-

For the six months ended August 31, 2018:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended August 31, 2018 amounting to ¥11,597,815,310 consisted all of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550 and provision of reserve for dividends amounting to ¥78,383,402, a portion of gain on sales of two GMS type properties (Ito-Yokado Kawasaki and AEON Tobata Shopping Center), except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

For the six months ended February 28, 2019:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended February 28, 2019 amounting to ¥11,597,815,310 consisted all of retained earnings at the end of the period after reversals of reserve for reduction entry of property amounting to ¥461,120,737 and retained earnings for temporary difference adjustment amounting to ¥31,382,550 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	August 31, 2018	February 28, 2019
Cash Flows from Operating Activities:		
Income before income taxes	11,645,421	11,105,917
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,712,653	5,553,508
Amortization of investment corporation bond issuance costs	14,616	16,295
Amortization of investment unit issuance costs	47,908	23,840
Gain on sales of property	(787,366)	-
Loss on sales of property	184,549	-
Loss on disposal of fixed assets	164,374	72,253
Interest income	(196)	(766)
Interest expenses	1,734,469	1,569,261
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	(2,431)	(11,589)
(Increase) decrease in income taxes receivable	90	(87)
(Increase) decrease in long-term prepaid expenses	149,160	222,030
Increase (decrease) in accounts payable - operating	553,520	(633,903)
Increase (decrease) in consumption tax payable	509,881	(1,110,786)
Increase (decrease) in accounts payable - other	1,009	5,212
Increase (decrease) in accrued expenses	14,929	(23,992)
Increase (decrease) in rent received in advance	(150,887)	(29,128)
Increase (decrease) in deposits received	(263,047)	(314,848)
Other, net	117,874	118,147
Sub total	19,646,528	16,561,363
Interest received	196	766
Interest expenses paid	(1,742,419)	(1,617,833)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	17,903,701	14,943,691
Cash Flows from Investing Activities:		
Purchase of property and equipment	(5,508)	(956)
Purchase of property and equipment in trust	(1,652,638)	(20,699,096)
Proceeds from sales of property and equipment in trust	19,407,206	-
Payments for sales of property and equipment in trust	-	(7,221)
Purchase of intangible assets in trust	(45,871)	(450)
Payments of tenant leasehold and security deposits	(148,047)	(115,797)
Proceeds from tenant leasehold and security deposits	190,127	442,970
Payments of tenant leasehold and security deposits in trust	(2,339,788)	(867,579)
Proceeds from tenant leasehold and security deposits in trust	356,728	624,214
Proceeds from lease deposits in trust	7,500	14,500
Payments for restricted bank deposits in trust	-	(24)
Net cash provided by (used in) investing activities	15,769,708	(20,609,440)
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	-	21,000,000
Repayments of short-term borrowings	(5,000,000)	(13,000,000)
Proceeds from long-term borrowings	23,800,000	26,000,000
Repayments of long-term borrowings	(40,266,000)	(22,000,000)
Proceeds from issuance of investment corporation bonds	7,949,645	-
Payments for acquisition of own investment units	(1,381)	-
Distribution payments	(11,544,199)	(11,597,868)
Net cash provided by (used in) financing activities	(25,061,934)	402,131
Net change in cash and cash equivalents	8,611,475	(5,263,617)
Cash and cash equivalents at the beginning of period	36,527,112	45,138,588
Cash and cash equivalents at the end of period (Note 11)	45,138,588	39,874,970

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

(6) Note relating to going concern assumption

Not applicable.

(7) Summary of significant accounting policies

(a) Property and equipment

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

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

(b) Other intangible assets in trust

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

(c) Leased assets

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

(d) Long-term prepaid expenses

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

(e) Investment unit issuance costs

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

(f) Investment corporation bond issuance costs

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

(g) Taxes on property and equipment

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

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

Taxes on property and equipment capitalized amounted to ¥133 thousand and ¥3,979 thousand for the six months ended August 31, 2018 and February 28, 2019, respectively.

(h) Hedge accounting

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

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

(i) Cash and cash equivalents

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

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

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

(k) Consumption tax

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

(8) Notes to financial information

Note 1 — Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥20,347,651 thousand and ¥19,807,651 thousand as of August 31, 2018 and February 28, 2019, respectively.

	(Thousands of yen)	
	As of	
	August 31, 2018	February 28, 2019
Cash and bank deposits in trust	513,259	513,284
Buildings in trust	62,510,991	61,337,896
Building improvements in trust	2,920,303	2,857,142
Machinery and equipment in trust	234,679	218,034
Furniture and fixtures in trust	712,920	680,297
Land in trust	147,662,062	147,662,062
Construction in progress in trust	13,000	13,000
Other investments	519,256	519,256
Total	215,086,472	213,800,972

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for amounts of ¥350,000 thousand as of August 31, 2018 and February 28, 2019.

Note 2 — Reduction entry for property

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

	(Thousands of yen)	
	For the six months ended	
	August 31, 2018	February 28, 2019
Buildings in trust	339,581	339,581

Note 3 — Credit facilities and commitment lines

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

	(Thousands of yen)	
	As of	
	August 31, 2018	February 28, 2019
Credit facilities		
Total amount of credit facilities	35,500,000	35,500,000
Borrowings drawn down	-	-
Unused credit facilities	35,500,000	35,500,000
Commitment lines		
Total amount of committed lines of credit	60,000,000	60,000,000
Borrowings drawn down	-	-
Unused committed lines of credit	60,000,000	60,000,000

Note 4 — Cancellation of own investment units

JRF cancelled its own investment units as follows:

	As of	
	August 31, 2018	February 28, 2019
Total number of own investment units cancelled	49,181 units	49,181 units
Total amount of cancellation (Thousands of yen)	9,999,980	9,999,980

Note 5 — Retained earnings for temporary difference adjustment

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

For the six months ended August 31, 2018

(Thousands of yen)

	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period	Reason for provision or reversal
Reserve for dividends ⁽ⁱ⁾	3,138,254	3,106,872	-	(31,382)	3,075,489	Appropriation for dividends

Note:

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

For the six months ended February 28, 2019

(Thousands of yen)

	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period	Reason for provision or reversal
Reserve for dividends ⁽ⁱ⁾	3,138,254	3,075,489	-	(31,382)	3,044,107	Appropriation for dividends

Note:

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

Note 6 — Net assets

(1) Number of investment units

	As of	
	August 31, 2018	February 28, 2019
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,618,017 units	2,618,017 units

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

Note 7 — Analysis of rent and other operating revenues and property-related expenses

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

	(Thousands of yen)	
	For the six months ended	
	August 31, 2018	February 28, 2019
Rent and other operating revenues:		
Rent and parking revenue	27,512,685	26,932,592
Common area charges	1,408,344	1,313,972
Other	2,977,138	2,434,263
Total rent and other operating revenues	31,898,167	30,680,828
Property-related expenses:		
Property management fees	758,798	789,994
Facility management fees	1,460,213	1,498,798
Utilities	1,599,545	1,470,129
Property-related taxes	2,833,337	2,670,034
Repair and maintenance	1,099,682	779,896
Insurance	33,871	31,574
Trust fees	59,133	55,251
Rent expense	770,721	770,182
Other	988,810	866,597
Depreciation	5,712,653	5,553,508
Loss on disposal of property	164,374	72,253
Total property-related expenses	15,481,142	14,558,221
Operating income from property leasing activities	16,417,024	16,122,606

Note 8 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2018	February 28, 2019
Sale of property	6,070,000	-
Cost of property	5,258,782	-
Other sales expenses	23,851	-
Gain on sales of property, net	787,366	-

Note 9 — Analysis of loss on sales of property

Analysis of loss on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2018	February 28, 2019
Sale of property	13,500,000	-
Cost of property	13,538,385	-
Other sales expenses	146,164	-
Loss on sales of property, net	184,549	-

Note 10 — Provision of retained earnings for temporary difference adjustment

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

JRF reversed ¥31,382,550 of retained earnings for temporary difference adjustment for the six months ended August 31, 2018 and February 28, 2019, respectively.

Note 11 — Cash and cash equivalents

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

(Thousands of yen)

	As of	
	August 31, 2018	February 28, 2019
Cash and bank deposits	33,188,046	28,161,276
Cash and bank deposits in trust	12,463,801	12,226,978
Restricted bank deposits in trust ⁽ⁱ⁾	(513,259)	(513,284)
Cash and cash equivalents	45,138,588	39,874,970

Note:

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

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

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

(Thousands of yen)

	As of	
	August 31, 2018	February 28, 2019
Due within one year	21,262,376	20,676,273
Due after one year	90,678,728	84,340,962
Total	111,941,104	105,017,236

(b) Lease commitments

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

Note 13 — Financial instruments**(a) Qualitative information for financial instruments****(i) Policy for financial instrument transactions**

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

(Thousands of yen)

	As of August 31, 2018			As of February 28, 2019		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	33,188,046	33,188,046	-	28,161,276	28,161,276	-
(2) Cash and bank deposits in trust	12,463,801	12,463,801	-	12,226,978	12,226,978	-
Total assets	45,651,848	45,651,848	-	40,388,255	40,388,255	-
(1) Short-term borrowings	-	-	-	8,000,000	8,000,000	-
(2) Current portion of long-term borrowings	49,000,000	48,977,614	(22,385)	55,500,000	55,571,782	71,782
(3) Current portion of tenant leasehold and security deposits in trust	658,065	668,726	10,661	658,065	668,780	10,714
(4) Long-term bonds issued - unsecured	37,500,000	38,329,770	829,770	37,500,000	38,439,460	939,460
(5) Long-term borrowings	306,225,000	308,396,380	2,171,380	303,725,000	305,129,970	1,404,970
(6) Tenant leasehold and security deposits in trust	2,586,120	2,645,619	59,499	1,962,087	1,993,650	31,562
Total liabilities	395,969,185	399,018,111	3,048,925	407,345,153	409,803,644	2,458,491
Derivatives (derivatives liabilities), net	(369,597)	(369,597)	-	(405,199)	(405,199)	-

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

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

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

(4) Long-term bonds issued - unsecured

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

Derivatives

Please refer to "Note 15—Derivatives".

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

(Thousands of yen)

	As of	
	August 31, 2018	February 28, 2019
Tenant leasehold and security deposits	1,960,747	2,133,556
Tenant leasehold and security deposits in trust	45,136,769	45,317,302
Total	47,097,516	47,450,858

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

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

(Thousands of yen)

As of August 31, 2018	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	33,188,046	-	-	-	-	-
Cash and bank deposits in trust	12,463,801	-	-	-	-	-
Total	45,651,848	-	-	-	-	-
As of February 28, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	28,161,276	-	-	-	-	-
Cash and bank deposits in trust	12,226,978	-	-	-	-	-
Total	40,388,255	-	-	-	-	-

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

(Thousands of yen)

As of August 31, 2018	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term borrowings	49,000,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	658,065	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	5,000,000	8,000,000	24,500,000
Long-term borrowings	-	49,800,000	38,575,000	33,000,000	28,500,000	156,350,000
Tenant leasehold and security deposits in trust	-	658,065	658,065	658,065	168,065	443,859
Total	49,658,065	50,458,065	39,233,065	38,658,065	36,668,065	181,293,859
As of February 28, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	8,000,000	-	-	-	-	-
Current portion of long-term borrowings	55,500,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	658,065	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	5,000,000	15,500,000	17,000,000
Long-term borrowings	-	58,875,000	36,000,000	30,500,000	22,000,000	156,350,000
Tenant leasehold and security deposits in trust	-	658,065	658,065	68,065	168,065	409,827
Total	64,158,065	59,533,065	36,658,065	35,568,065	37,668,065	173,759,827

Note 14 — Securities

JRF has no securities to be disclosed as of August 31, 2018 and February 28, 2019.

Note 15 — Derivatives

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

As of August 31, 2018

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	99,575,000	72,075,000	(369,597)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	122,500,000	101,000,000	- ⁽ⁱ⁾	-
Total			222,075,000	173,075,000	(i) (369,597)	-

As of February 28, 2019

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	79,075,000	56,575,000	(405,199)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	121,000,000	99,000,000	- ⁽ⁱ⁾	-
Total			200,075,000	155,575,000	(i) (405,199)	-

Note:

- (i) As disclosed in “(7) Summary of significant accounting policies (h) Hedge accounting”, JRF applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, is determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term borrowings as hedged item is calculated together as one and disclosed as such under Note (i) in “Note 13 Financial instruments (b) Quantitative information for financial instruments”.
- (ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.
- (iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts.

Note 16 — Related-party transaction

There was no related-party transaction to be disclosed for the six months ended August 31, 2018 and February 28, 2019.

Note 17 — Tax effect accounting

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	August 31, 2018	February 28, 2019
Deferred tax assets:		
Tax loss carryforwards	2,094,764	2,094,764
Current portion of asset retirement obligations	153,933	193,368
Loss on disposal of property	17,409	-
Amortization of leasehold rights	106,714	116,592
Depreciation	13,619	18,809
Valuation differences on assets acquired through merger	5,354,225	5,348,796
Deferred losses on hedges	116,708	127,925
Other	38,376	38,376
Sub total	7,895,751	7,938,632
Valuation allowance for tax loss carryforwards (Note)	-	(2,094,764)
Valuation allowance for temporary differences, etc.	-	(5,843,868)
Total valuation allowance	(7,895,751)	(7,938,632)
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Tax loss carry forwards ⁽ⁱ⁾	2,094,764	-	-	-	-	-	2,094,764
Valuation allowance	(2,094,764)	-	-	-	-	-	(2,094,764)
Deferred tax assets	-	-	-	-	-	-	-

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

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

(%)

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

(Additional information)

JRF has adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting (The Accounting Standards Board of Japan Statement No. 28 on February 16, 2018)” from the six months ended February 28, 2019. Certain information for the six months ended August 31, 2018 is omitted partially by applying transitional option.

Note 18 — Asset retirement obligations

JRF has an obligation under a fixed-term leasehold agreement to restore its leased land, which represents a portion of the land where DFS T GALLERIA OKINAWA, owned by JRF, is located, upon the termination of the agreement, and contractual or legal obligations to remove asbestos contained in the buildings of KAWASAKI Le FRONT 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:

(Thousands of yen)

	For the six months ended	
	August 31, 2018	February 28, 2019
Balance at the beginning of the period	492,736	487,464
Increase due to acquisition of properties	-	121,480
Adjustment for passage of time	3,311	3,353
Derecognition due to settlement of obligations	(8,582)	-
Balance at the end of the period	487,464	612,299

Note 19 — Fair value of investment and rental property

JRF has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2018 and February 28, 2019.

	(Thousands of yen)	
	For the six months ended	
	August 31, 2018	February 28, 2019
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	859,041,732	836,065,906
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(22,975,826)	15,292,333
Balance at the end of the period	836,065,906	851,358,239
Fair value⁽ⁱⁱⁱ⁾	985,230,000	1,009,240,000

Note:

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

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

	Increase (decrease) in net book value
(Thousands of yen)	
For the six months ended August 31, 2018:	
Acquisitions:	
G-Bldg. Abeno 01 (additional acquisition).....	191,270
Capital expenditures:	
Renewal construction of Abiko Shopping Plaza.....	256,402
Disposition:	
Ito-Yokado Kawasaki	(13,538,385)
AEON Tobata Shopping Center.....	(5,258,782)
For the six months ended February 28, 2019:	
Acquisitions:	
G-Bldg. Minami Aoyama 03.....	12,310,884
G-Bldg. Jingumae 08.....	2,520,109
Round1 Stadium Kawasaki Daishi.....	2,469,831
Capital expenditures:	
Renewal construction of mozo wonder city.....	421,407

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

Note 20 — 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 JRF is comprised of a single reportable segment engaged in the property rental business.

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

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

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

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

Tangible fixed assets:

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

(c) Information about major customers

Name of customer	Revenues for the six months ended		Related segment
	August 31, 2018	February 28, 2019	
AEON Mall Co., Ltd.	3,349,856	3,325,812	Property rental business
AEON Retail Co., Ltd.	3,323,828	3,257,987	Property rental business

(Thousands of yen)

Note 21 — Per unit information

The net asset value per unit as of August 31, 2018 and February 28, 2019 was ¥165,480 and ¥165,278, respectively. Net income per unit for the six months ended August 31, 2018 and February 28, 2019 was ¥4,447 and ¥4,241, respectively.

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

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

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

	(Thousands of yen)	
	For the six months ended	
	August 31, 2018	February 28, 2019
Net income	11,644,816	11,105,312
Effect of dilutive unit	-	-
Net income available to common unitholders	11,644,816	11,105,312
Weighted-average number of investment units outstanding for the period	2,618,017 units	2,618,017 units

Note 22 — Subsequent events***Disposition of properties***

On April 12, 2019, JRF entered into a sale agreement of the following property.

<i>Property name:</i>	AEON Sendai Nakayama (trust beneficiary interest)
<i>Disposition amount:</i>	¥9,920 million
<i>Completion date of contract:</i>	April 12, 2019
<i>Disposition date:</i>	August 30, 2019 (scheduled)
<i>Purchaser:</i>	Not disclosed ⁽ⁱ⁾
<i>Gains on sales of property:</i>	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.

(Additional information)***Disposition of properties***

On February 21, 2019, JRF entered into a sale agreement of the following property.

<i>Property name:</i>	8953 Osaka Shinsaibashi Building (trust beneficiary interest)
<i>Disposition amount:</i>	¥14,900 million
<i>Completion date of contract:</i>	February 21, 2019
<i>Disposition date:</i>	August 30, 2019 (scheduled)
<i>Purchaser:</i>	Not disclosed ⁽ⁱ⁾
<i>Gains on sales of property:</i>	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.

(9) Changes in investment unit issued and outstanding

The changes in unitholders' capital and number of investment units issued and outstanding for last five years until February 28, 2019 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.

4. Changes in officers

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

5. Additional information

(1) Composition of assets

Classification of Assets	Region	As of August 31, 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
Sub-total		836,065	94.2	851,358	94.9
Bank deposits and other assets		51,602	5.8	45,973	5.1
Total assets		887,668	100.0	897,331	100.0
Total liabilities (Note 2)		454,438	51.2	464,630	51.8
Total net assets		433,229	48.8	432,701	48.2

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

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

(2) Outline of portfolio properties

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

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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Ueno 01	9-14, Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,850	3,451
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	7,130	6,120
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-ku, 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, Shimotsuma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	18,000	15,127
SEIYU Hibiya Gaoka	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, Shinanocho, 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

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)
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, Nakagy o-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, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagy o-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
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, Nakagy o-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 Shinsaibashisuji 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

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

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

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

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

Operating results of each property for the six months ended August 31, 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
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)

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 03 (Note 3)	—	—	—	—	4	59.8	74	0.2
G-Bldg. Jingunae 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
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)

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. 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
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)

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) (%)
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.

(3) Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of February 28, 2019 was as below. The amounts of estimated cost shown in the below table are including expenses which 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 were totaling to ¥2,721 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	Kobe-shi, Hyogo	Painting of outer wall	July, 2018 to December, 2018	65
Other	-	-	-	1,227
Total				1,940