

Think bold today for a brighter tomorrow.



Japan Retail Fund Investment Corporation

35th Semi-Annual Report

March 1, 2019 – August 31, 2019

Japan Retail Fund Investment Corporation (JRF)

J-REIT Specializing in Retail Properties

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 100 properties throughout Japan, with a value of 883.2 billion yen, making it the largest J-REIT specializing in retail properties, and one of the REITs listed in Japan. (As of August 31, 2019)

Priority Investment in Urban Properties

More than 70% of JRF's assets are urban properties. In addition to focusing investment in locations where people gather, JRF manages facilities that concentrate its unique ability to attract people. When selecting properties, JRF thoroughly examines investment yields, as well as other criteria such as the business area, tenant mix, traffic access and building conditions from a professional viewpoint.

Stable Distributions

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

Strong Sponsors

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

To Our Unitholders

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

In terms of domestic macroeconomic trends during the six months ended August 31, 2019 (35th fiscal period), although stagnation was seen in exports and capital investment by private companies due to factors such as U.S.-China trade friction, there was a steady increase in leisure-related household consumption during the extended holiday period following the change of the era name. As a result, Gross Domestic Product (GDP) recorded growth in two consecutive quarters: the January to March 2019 quarter and April to June 2019 quarter. The J-REIT market was firm, underpinned by inflows of investment funds on the strength of its defensive nature and steady returns. Consequently, the TSE REIT Index surpassed 2,090 points at the end of August for the first time since August 2007.

Under the market environment described above, JRF acquired two new properties (m-city Kashiwa and G-Bldg. Jingumae 09) and sold four properties (8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Narupark and Ito-Yokado Nishikicho (15% quasi-co-ownership of trust beneficiary interest)) as a part of portfolio asset replacement measures. Furthermore, as one aspect of measures to improve the value of existing properties, JRF is carrying out a large-scale renovation of KAWASAKI Le FRONT. Good progress is being made on the renovation, and the Property is being reopened in stages starting in April 2019 prior to the scheduled opening of an aquarium in the August 2020 fiscal period. As a result, during this fiscal period, operating revenue increased by 15.5% compared to the previous fiscal period to 35,432 million yen and net income increased by 15.4% to 12,814 million yen. Total distributions for the six months ended August 31, 2019 amounted to 11,597 million yen by adding 31 million yen in reversal of reserves for temporary difference adjustments and by deducting reserve for dividends amounting to 1,248 million yen from unappropriated retained earnings at the end of the period. As a result, distributions per unit were 4,430 yen, the same as in the previous period.

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

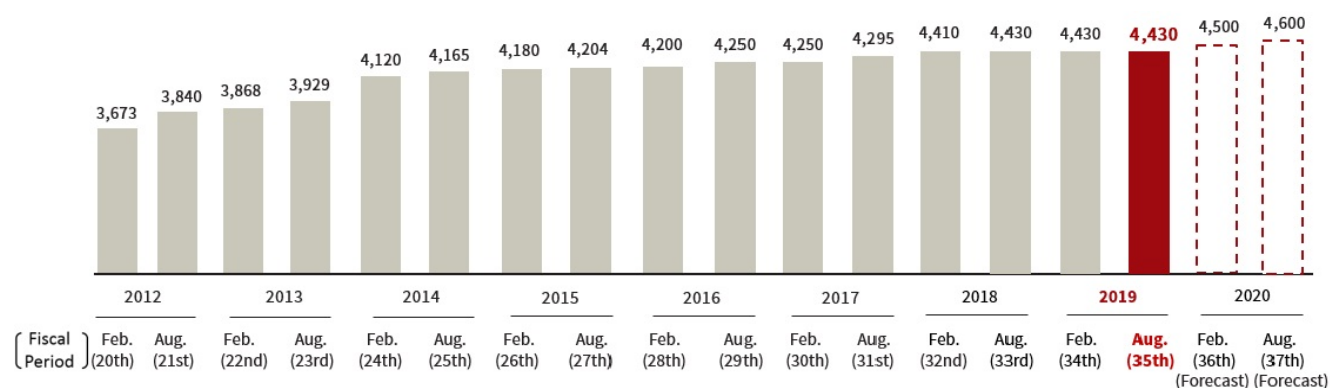
We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 35th Fiscal Period

➤ **Distribution per unit (Japanese Yen)**

4,430 yen

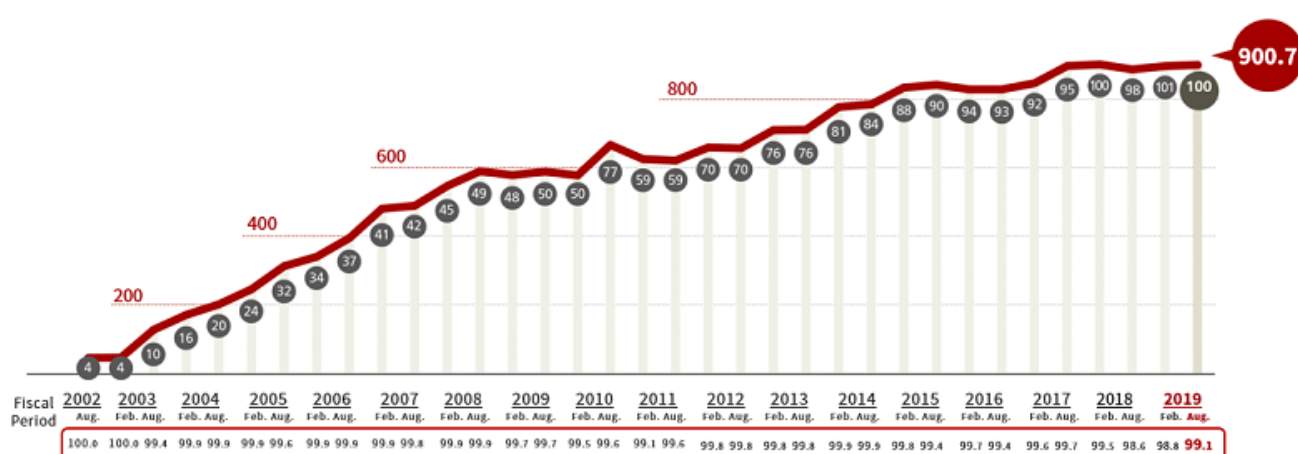


➤ Financial results

| | Feb. 2018 fiscal period | Aug. 2018 fiscal period | Feb. 2019 fiscal period | Aug. 2019 fiscal period |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Operating Revenue | 31.9 billion yen | 32.6 billion yen | 30.6 billion yen | 35.4 billion yen |
| Operating Income | 14.4 billion yen | 13.8 billion yen | 13.1 billion yen | 14.7 billion yen |
| Net Income | 12.2 billion yen | 11.6 billion yen | 11.1 billion yen | 12.8 billion yen |
| NAV per Unit | 165 thousand yen | 165 thousand yen | 165 thousand yen | 165 thousand yen |

➤ **Total assets, the number of properties and the occupancy ratio**

— Total assets (billion yen) ● Number of properties □ Occupancy ratio ^(Note1)



(Note1) Figures are as of the end of each fiscal period. The occupancy rate for the 17th fiscal period ended August 31, 2010 excludes non-core assets.

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

Message from the President of the Asset Management Company

Points

- One Core asset acquired in the Omotesando-Harajuku-Aoyama area
- Four Sub assets disposed of under the favorable conditions in the real estate trading market
- Renovation of KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa) proceeding at a steady pace

Acquisition of one Core asset and disposal of four Sub assets achieved an increase in the proportion of Core assets as planned and contributed to further stabilization and higher profitability of the portfolio.

JRF, continuing from the previous fiscal period, is optimizing its portfolio in response to changes in the environment surrounding retail properties in order to further increase unitholder value. In line with this strategy, JRF implemented strategic asset replacement from Sub assets to Core assets and carried out renovation of properties and replacement of tenants by demonstrating its strength in the ability to attract people.

Regarding the acquisition of new assets, JRF acquired G-Bldg. Jingumae 09 (Shibuya-ku, Tokyo), an urban retail property located along Cat Street, the main thoroughfare for the Ura-Harajuku Area, which attracts many young people and foreign tourists, in the Omotesando-Harajuku-Aoyama area, one of Japan's key retail centers. JRF has many properties in this area and is highly familiar with market trends. There is a gap between current rents and market rents, and JRF expects that the acquisition of the Property with room for increases in rent will contribute to increasing rent revenues. Acquisition of the Property will bring JRF's investment in the Omotesando-Harajuku-Aoyama area to 146.5 billion yen (total of appraisal value) in 18 properties.

Under this favorable real estate trading market environment, JRF announced the disposal of four properties as part of its asset replacement measures and carried out partial disposal of the properties (AEON Sendai Nakayama (Izumi-ku, Sendai-shi, Miyagi), Narupark (Midori-ku, Nagoya-shi, Aichi), Ito-Yokado Nishikicho (Warabi-shi, Saitama) and 8953 Osaka Shinsaibashi Building (Chuo-ku, Osaka-shi, Osaka)). As a result, JRF secured a total of approximately 7.4 billion yen in gains from disposition. JRF will utilize part of the gains from disposition to stabilize distribution levels in the future through the provision of reserves for dividends.

In terms of the JRF's asset management operation, new shops have opened as scheduled at KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa), which is being renovated in stages, with 49 shops including a supermarket opened as of the end of August 2019. The Property got off the ground smoothly after renovation with sales slightly above initial expectations. An unconventional, entertaining aquarium that adopts a unique exhibition method by leveraging AI and IoT technologies is scheduled to open in the summer of 2020. The Property is expected to evolve into a more attractive facility.

In terms of the financial strategies that support portfolio management, JRF issued the 2nd Green Bonds following the issuance of the 1st Green Bonds last year. The 2nd Green Bonds were issued at the lowest interest rate among J-REIT bonds with a five-year term. In addition, JRF has made efforts to further stabilize its financial foundations through continuous initiatives to diversify repayment periods and equalize repayment amounts.

Going forward, JRF will maintain its efforts to build a high-stability, high-growth portfolio and continuously increase unitholder value by pursuing asset replacement from Sub assets to Core assets and operational capabilities that demonstrate JRF's unique ability to attract customers based on its financial stability, underpinned by its distinguished asset scale as a J-REIT and diversified investment in retail properties in terms of type of business, business category and location.

We will continue to strive in a unified manner to live up to unitholders' expectations and look forward to your continued support and encouragement.

Katsuji Okamoto
President & CEO
Mitsubishi Corp. – UBS Realty Inc.

Progress of Renovations at KAWASAKI Le FRONT **Renovations are proceeding according to plan with tenant leasing arrangements almost completed.**



An open atrium space, surrounded by white walls and wooden louvers, will be used to hold events, mainly on holidays, attracting numerous people.



The food court created on the 2nd floor has the largest seating capacity (about 350 seats) in the Kawasaki Station East Exit area and is crowded every day with shopping customers as well as local residents and office workers.



Benches for families to sit and a play space for children are provided along the wall beside the escalators on the 6th floor, offering a relaxing spot for families.



The supermarket that opened in August offers a wide variety of freshly made dishes and semi-prepared foods targeting local residents, who are mainly in small households, and office workers.



Elevator halls are bright and spacious and have many benches of various sizes for comfortable seating by customers including customers with baby strollers and customers with large bags, can sit comfortably.

Renovation work schedule



JRF × ESG

Towards Sustainable Society

1

JRF Granted Highest Rank “Green Star” Designation under GRESB Real Estate Assessment as for Five Consecutive Years

JRF received “Green Star” designation, the highest ranking of the four categories under the GRESB Real Estate Assessment based rating system, which assesses the environmental, social and governance (ESG) performance of real assets including real estate portfolios and infrastructure. In addition, JRF was awarded “four stars” in the GRESB rating (five-star scale), which is a comparative assessment based rating system. JRF was also recognized for its impressive ESG information disclosure and it is rated “A,” the top rating (five-grade scale) under the GRESB Public Disclosure Level evaluation scheme.



2

Support for the Recommendations by the Task Force on Climate-related Financial Disclosures (TCFD)

Mitsubishi Corp. – UBS Realty Inc., an asset management company which JRF entrusts with asset management, expressed support for the recommendations published in June 2017 by the Task Force on Climate-related Financial Disclosures (hereinafter referred to as “TCFD”) established by the Financial Stability Board and signed the statement of support. JRF will continuously seek to achieve a sustainable society keeping the Recommendations of TCFD in mind while trying to reduce its environmental load and contribute to local communities in accordance with the nature of its business.



3

Community contribution through JRF's properties

Promoting reduction of plastic use through portable umbrella case

An event called “Let’s make eco-friendly umbrella bags!” was held at Kamishin Plaza (Higashi-Yodogawa-ku, Osaka-shi, Osaka) to promote the reduction of plastic use in consideration of environmental issues such as ocean pollution by plastic waste. At the event, local residents in a wide age range participated in this fun eco-friendly activity making portable and reusable umbrella bags.



Initiative for reducing food waste

Nara Family (Nara-shi, Nara) contributed food products near their expiration dates that are no longer needed to a private organization (FOODBANK NARA). Food waste, which comprises discarded food products that are still good enough to eat, has become a social issue. This initiative is helping reduce food waste and is serving as a social contribution activity by providing food to people who need it.



I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

| Fiscal period | | | 31st | 32nd | 33rd | 34th | 35th |
|--|---------------|-------------------|--------------------|----------------------|--------------------|----------------------|--------------------|
| As of /for the six months ended | | | August 31, 2017 | February 28, 2018 | August 31, 2018 | February 28, 2019 | August 31, 2019 |
| Operating revenues | Note 1 | (Millions of yen) | 31,011 | 31,967 | 32,685 | 30,680 | 35,432 |
| (Rental revenues) | Note 1 | (Millions of yen) | (30,999) | (31,967) | (31,898) | (30,680) | (30,857) |
| Operating expenses | Note 1 | (Millions of yen) | 17,268 | 17,495 | 18,813 | 17,577 | 20,712 |
| (Rental expenses) | Note 1 | (Millions of yen) | (14,190) | (14,444) | (15,481) | (14,558) | (16,505) |
| Operating income | | (Millions of yen) | 13,743 | 14,472 | 13,871 | 13,103 | 14,719 |
| Ordinary income | | (Millions of yen) | 11,426 | 12,232 | 11,645 | 11,105 | 12,815 |
| Net income | (a) | (Millions of yen) | 11,425 | 12,232 | 11,644 | 11,105 | 12,814 |
| Net assets | (b) | (Millions of yen) | 441,967 | 432,981 | 433,229 | 432,701 | 433,994 |
| (Period-on-period change) | | (%) | (+6.1) | (-2.0) | (+0.1) | (-0.1) | (+0.3) |
| Total assets | (c) | (Millions of yen) | 897,631 | 902,191 | 887,668 | 897,331 | 900,799 |
| (Period-on-period change) | | (%) | (+4.8) | (+0.5) | (-1.6) | (+1.1) | (+0.4) |
| Unitholders' capital | | (Millions of yen) | 411,878 | 411,878 | 411,878 | 411,878 | 411,878 |
| (Period-on-period change) | | (%) | (+6.4) | (0.0) | (0.0) | (0.0) | (0.0) |
| Number of investment units issued and outstanding | (d) | (Units) | 2,667,198 | 2,618,017 | 2,618,017 | 2,618,017 | 2,618,017 |
| Net asset value per unit | (b)/(d) | (Yen) | 165,704 | 165,385 | 165,480 | 165,278 | 165,772 |
| Total distributions | (e) | (Millions of yen) | 11,455 | 11,545 | 11,597 | 11,597 | 11,597 |
| Distribution per unit | (e)/(d) | (Yen) | 4,295 | 4,410 | 4,430 | 4,430 | 4,430 |
| (Profit distribution per unit) | | (Yen) | (4,295) | (4,410) | (4,430) | (4,430) | (4,430) |
| (Distribution per unit in excess of profit) | | (Yen) | (-) | (-) | (-) | (-) | (-) |
| Ratio of ordinary income to total assets | Note 3 | (%) | 1.3 (2.6) | 1.4 (2.7) | 1.3 (2.6) | 1.2 (2.5) | 1.4 (2.8) |
| Return on unitholders' equity | Note 3 | (%) | 2.7 (5.3) | 2.8 (5.6) | 2.7 (5.3) | 2.6 (5.2) | 3.0 (5.9) |
| Ratio of net assets to total assets | (b)/(c) | (%) | 49.2 | 48.0 | 48.8 | 48.2 | 48.2 |
| (Period-on-period change) | | | (+0.6) | (-1.2) | (+0.8) | (-0.6) | (0.0) |
| Payout ratio | (e)/(a) | (%) | 100.3 | 94.4 | 99.6 | 104.4 | 90.5 |
| Additional information: | | | | | | | |
| Rental net operating income (NOI) | Note 3 | (Millions of yen) | 22,543 | 23,290 | 22,129 | 21,676 | 19,910 |
| Net profit margin | Notes 3 and 4 | (%) | 36.8 | 38.3 | 35.6 | 36.2 | 36.2 |
| Debt service coverage ratio | Notes 3 and 4 | (Multiple) | 10.5 | 11.4 | 11.0 | 11.6 | 13.3 |
| Funds from operation (FFO) per unit | Notes 3 and 4 | (Yen) | 6,428 | 6,875 | 6,399 | 6,363 | 5,661 |
| FFO multiples | Notes 3 and 4 | (Multiple) | 15.9 | 14.8 | 15.8 | 17.5 | 18.9 |
| Distributable income per unit after adjustment for taxes on property and equipment | Note 5 | (Yen) | 4,271 | 4,661 | 4,457 | 4,427 | 4,900 |
| FFO per unit after adjustment for taxes on property and equipment | Notes 4 and 5 | (Yen) | 6,404 | 6,852 | 6,397 | 6,360 | 5,654 |

Note 1 Consumption taxes are not included.

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

Note 3 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 184,181,184,181 and 184 days for the 31st, 32nd, 33rd, 34th and 35th fiscal period, respectively. FFO multiples are unaudited.

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

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

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

2. Outline of asset management operation for the 35th fiscal period

(1) Principal activities

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

During the fiscal period ended August 31, 2019, the 17th year after its listing, a property (15% quasi-co-ownership of trust beneficiary interest) (sales price: 2.1 billion yen) was sold in May and three properties (total sales price: 30.9 billion yen) in August 2019 as part of the portfolio asset replacement measures. JRF also acquired two properties in April and July 2019 using funds gained from the sale of existing properties.

As a result, the total assets managed by JRF as at the end of the 35th fiscal period (fiscal period ended on August 31, 2019) amounted to 883.2 billion yen (the total acquisition price for 100 properties).

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

In terms of the Japanese economy during this fiscal period, although Gross Domestic Product (GDP) for the January to March 2019 quarter and April to June 2019 quarter recorded growth for two consecutive quarters, stagnation was seen in exports and capital investment made by private companies due to factors such as U.S.-China trade friction. On the other hand, there was a steady increase in leisure-related household consumption during a long vacation period after the era name was changed.

In the capital market, the U.S. Federal Reserve Board (FRB) has taken monetary easing steps by deciding to cut interest rates. However, the capital market has continued to experience high volatility, due to concerns about risks such as the uncertain international situation. Under such circumstances, the J-REIT market was firm on the strength of its defensive nature and steady returns, and investment funds continued to flow in. Consequently, the TSE REIT Index exceeded over 2,090 points at the end of August for the first time since August 2007.

(Trends in the retail sector)

According to a Current Survey of Commerce by the Ministry of Economy, Trade and Industry, sales in the retail industry is showing a year-on-year increase in 2019, except July when there was a year-on-year decrease due to a long spell of rainy weather and low temperatures. The Survey of Household Economy by the Ministry of Internal Affairs and Communications indicates that real consumption expenditure per two-or-more-person household showed a year-on-year increase for eight consecutive months until July 2019. The overall assessment suggests that the economy is picking up.

Although the latest deterioration in the Japan-South Korea relationship affects the number of visitors to Japan and the value of travel consumption by foreign visitors, the number of visitors to Japan from China, countries in Southeast Asia, the US and Europe is steadily increasing, exceeding the number of visitors in the same period last year in the first half of 2019 and hitting an all-time high.

(Trends in the real estate sector)

According to the 2019 Prefectural Land Price Survey as of July 1, 2019, released by the Ministry of Land, Infrastructure, commercial land prices have increased for three years in a row, showing a pervasive underlying upward trend. In the three metropolitan areas that are JRF's main investment areas, land prices continued increasing, up 4.9% in the Tokyo metropolitan area, 6.8% in the Osaka metropolitan area and 3.8% in the Nagoya metropolitan area from the previous year's levels. This increased demand is against a backdrop of a steadily growing need for offices due to companies' favorable performance, and a growing demand for stores and hotels due to an increase in foreign tourists visiting Japan under the favorable funding environment.

ii. Results

Under the market environment described above, JRF acquired two new properties (m-city Kashiwa and G-Bldg. Jingumae 09) during the period under review. In addition to 8953 Osaka Shinsaibashi Building, which was announced in the previous period would be sold as part of the portfolio asset replacement measures, JRF announced that it would sell three properties (AEON Sendai Nakayama, Narupark and Ito-Yokado Nishikicho) in this period and sold four properties in total (15% quasi-co-ownership of trust beneficiary interest for Ito-Yokado Nishikicho) in the period.

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. Renovation is making good progress, and the property is being reopened in stages from April 2019 before an aquarium is scheduled to open in the August 2020 fiscal period.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 100 properties with a total value of 883.2 billion yen on an acquisition price basis and 994.1 billion yen on an appraisal value basis. The total leasable area was 2,397,039.17 m² with the total number of tenants standing at 923, and the occupancy rate of the overall portfolio was 99.1%.

The unrealized losses/gains^(Note) of the overall portfolio at the end of the fiscal period increased by 4.4 billion yen from the end of the previous fiscal period to 161.4 billion yen due to the effects of a decrease in the cap rate of existing properties compared with the end of the previous fiscal period and as a result of depreciations.

Note: "Unrealized losses/gains" is the difference between the appraisal value or researched value and book value of the individual property.

(3) Funding

In the period under review, JRF took on a long-term borrowing of 22.5 billion yen in March 2019 to be allocated to repayment of existing long-term borrowings of 20 billion yen and a short-term borrowing of 2.5 billion yen.

In June 2019, JRF issued the 2nd JRF Green Bonds (13th Unsecured Investment Corporation Bonds) worth^(Note1) 7.0 billion yen and repaid the same amount of borrowing prior to maturity against the backdrop of a further strengthening in JRF's sustainability activities, issuance at low interest rates based on active investor demands for Green Bonds, and enhancement of financing methods through expansion of investor base of investment corporation bonds.

In addition, JRF took on a long-term borrowing of 7.0 billion yen in June 2019 to be allocated to repayment of existing long-term borrowings of 7.0 billion yen. Moreover, JRF obtained a long-term borrowing of 5.5 billion yen to be allocated to repayment of existing short-term borrowings of 5.5 billion yen in August 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 360.2 billion yen of long-term borrowings ^(Note 2) and 44.5 billion yen of investment corporation bonds (including Green Bond). Consequently, the ratio of long-term borrowings ^(Note 3), ratio of fixed interest rates ^(Note 4), and LTV ^(Note 5) were 100.0%, 93.3% and 50.3%, respectively, as at the end of the fiscal period.

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

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

Note 3: 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 4: 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 5: LTV is calculated by dividing the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts) by total assets.

(4) Results and distributions

The operating revenue for the period was 35,432 million yen, and operating income was 14,719 million yen after deducting operating expenses such as property taxes and asset management fees. Ordinary income was 12,815 million yen, and net income was 12,814 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, the amount after deducting 1,248 million yen of provision of reserve for dividend, by adding 31 million yen of the reversal of reserve for temporary difference adjustments, from unappropriated retained earnings at the end of the period of 12,814 million yen. As a result, distributions per unit amounted to 4,430 yen.

3. Changes in unitholders' capital

The changes in unitholders' capital and number of investment units issued and outstanding for last five years from the end of the 35th fiscal period (August 31, 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.

Fluctuation in market price of the investment securities:

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

| (Yen) | | | | | |
|---------------------------------|-----------------|-------------------|-----------------|-------------------|-----------------|
| Fiscal period | 31st | 32nd | 33rd | 34th | 35th |
| As of /for the six months ended | August 31, 2017 | February 28, 2018 | August 31, 2018 | February 28, 2019 | August 31, 2019 |
| Highest price | 231,000 | 219,400 | 214,000 | 228,500 | 228,000 |
| Lowest price | 198,400 | 195,200 | 196,900 | 200,500 | 208,200 |
| Closing price at end of period | 202,300 | 205,300 | 201,000 | 224,400 | 212,600 |

4. Distributions

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

For the six months ended August 31, 2019, JRF declared a total of ¥11,597 million cash distributions consisted all of remaining 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 ¥1,248 million. As a result, distribution per unit amounted to ¥4,430 for the six months ended August 31, 2019. Distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2 is not made.

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

| Fiscal period | 31st | 32nd | 33rd | 34th | 35th |
|--|-----------------|-------------------|-----------------|-------------------|-----------------|
| As of /for the six months ended | August 31, 2017 | February 28, 2018 | August 31, 2018 | February 28, 2019 | August 31, 2019 |
| Net income (Thousands of yen) | 11,425,723 | 12,232,341 | 11,644,816 | 11,105,312 | 12,814,606 |
| Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen) | 4,402,541 | 5,089,427 | 5,136,428 | 4,643,925 | 5,860,716 |
| Total distributions (Thousands of yen) | 11,455,615 | 11,545,454 | 11,597,815 | 11,597,815 | 11,597,815 |
| (Distribution per unit) (Y en) | (4,295) | (4,410) | (4,430) | (4,430) | (4,430) |
| Profit distributions (Thousands of yen) | 11,455,615 | 11,545,454 | 11,597,815 | 11,597,815 | 11,597,815 |
| (Profit distribution per unit) (Y en) | (4,295) | (4,410) | (4,430) | (4,430) | (4,430) |
| Unitcapital refunds (Thousands of yen) | - | - | - | - | - |
| (Unitcapital refunds per unit) (Y en) | (-) | (-) | (-) | (-) | (-) |
| Unitcapital refunds from retained earnings for temporary difference adjustment (Thousands of yen) | - | - | - | - | - |
| (Unitcapital refund per unit from retained earnings for temporary difference adjustment) (Y en) | (-) | (-) | (-) | (-) | (-) |
| Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen) | - | - | - | - | - |
| (Unitcapital refund per unit from deduction of unitcapital under tax rules) (Y en) | (-) | (-) | (-) | (-) | (-) |

5. Management policies and Issues

(1) Outlook of overall operation

With respect to the Japanese economy going forward, close attention needs to be paid to corporate earnings because of the uncertain outlook of the world and concerns about slowdown in the world economy, such as U.S.-China trade friction and the U.K.'s withdrawal from the European Union. In addition, in the capital market, worldwide monetary easing is expected to continue as investors will increasingly take a risk averse attitude. 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 the tax hike. However, some forecast that such impact will be smaller than the tax increase in April 2014 due to a small increase from 8% to 10% and 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 new stores in urban areas where people gather, continues to be high and also maintain occupancy rate and rent remains upward trend.

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

(2) Issues to be addressed

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

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

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

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

and promotion.

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

i. External growth strategy / Replacement strategy

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

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

ii. Internal growth strategy

JRF is formulating and implementing action plans intended to maintain and enhance asset value and reinforce facility competitiveness while closely monitoring changes in tenant operating conditions, building and facility operating status at individual properties, the competitive environment, consumption 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 has received the highest "Green Star" rating in the GRESB (Global Real Estate Sustainability Benchmark) ^(Note) for the fifth consecutive years.

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

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

iii. Financial strategy

JRF constantly works to improve financial stability further.

(i) Effort to secure the financial stability

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

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

(ii) LTV control

45% to 55% range is set as JRF's LTV benchmark, comprehensively taking into

consideration market conditions for fund procurement.

(iii) Repurchase of own investment units

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

(iv) Issuance of Green Bonds

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

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

iv. Measures for ensuring delivery of stable distributions

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

6. Subsequent events

Disposition of properties

JRF entered into a sale agreement of the following property on May 29, 2019, and disposed a part of the interest on September 2, 2019.

| | |
|------------------------------|--|
| Property name: | Ito-Yokado Nishikicho (trust beneficiary interest) (45% of quasi-co-ownership) |
| Disposition amount: | ¥6,525 million |
| Completion date of contract: | May 29, 2019 |
| Disposition date: | September 2, 2019 |
| Purchaser: | Mitsubishi Corporation Urban Development, Inc. |
| Impact on net income: | Gains on sales of property of approximately ¥2,022 million will be recognized in profit as operating revenues for the six months ending February 29, 2020. |

(Other information)

Disposition of properties

On May 29, 2019, JRF entered into a sale agreement of the following property.

| | |
|------------------------------|--|
| Property name: | Ito-Yokado Nishikicho (trust beneficiary interest) (40% of quasi-co-ownership) |
| Disposition amount: | ¥5,800 million |
| Completion date of contract: | May 29, 2019 |
| Disposition date: | Scheduled on March 2, 2020 |
| Purchaser: | Mitsubishi Corporation Urban Development, Inc. |
| Impact on net income: | Gains on sales of property of approximately ¥1,775 million will be recognized in profit as operating revenues for the six months ending August 31, 2020. |

Outline of JRF

1. Investment unit

| Fiscal period | 31st | 32nd | 33rd | 34th | 35th |
|---|-----------------|-------------------|-----------------|-------------------|-----------------|
| As of | August 31, 2017 | February 28, 2018 | August 31, 2018 | February 28, 2019 | August 31, 2019 |
| Number of investment units authorized (Units) | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 | 8,000,000 |
| Number of investment units issued and outstanding (Units) | 2,667,198 | 2,618,017 | 2,618,017 | 2,618,017 | 2,618,017 |
| Number of unitholders (People) | 19,055 | 18,721 | 18,956 | 17,413 | 17,505 |

2. Unitholders

Major unitholders as of August 31, 2019 were as follows:

| Name | Address | Number of investment units owned (Units) | Ratio of number of investment units owned to total number of investment units issued (Note 1) (%) |
|---|--|--|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo | 382,215 | 14.59 |
| Japan Trustee Services Bank, Ltd. (Trust Account) | 8-11, Harumi 1-chome, Chuo-ku, Tokyo | 378,405 | 14.45 |
| The Nomura Trust and Banking Co., Ltd. (Investment Trust) | 2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo | 106,434 | 4.06 |
| STATE STREET BANK WEST CLIENT -TREATY 505234 | 1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. | 96,898 | 3.70 |
| Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account) | Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo | 84,389 | 3.22 |
| JPMorgan Securities Japan Co., Ltd. | Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo | 51,194 | 1.95 |
| SMBC Nikko Securities Inc. | 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo | 47,356 | 1.80 |
| STATE STREET BANK AND TRUST COMPANY 505103 | P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A. | 38,019 | 1.45 |
| Japan Securities Finance Co., Ltd. | 2-10, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo | 35,816 | 1.36 |
| JP MORGAN CHASE BANK 385771 | 25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM | 33,334 | 1.27 |
| Total | | 1,254,060 | 47.90 |

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

| Post | Name | Major additional post | Compensation or fees for the six months ended August 31, 2019 (Note2) |
|----------------------|-----------------------------------|--|---|
| Executive Director | Shuichi Namba | Attorney-at-law of Momo-o, Matsuo & Namba | 2,580 |
| Supervisory Director | Masahiko Nishida | President of Marks group Co., Ltd. Certified public accountant / Tax accountant | 1,680 |
| | Masaharu Usuki | Professor at Graduate School of Economics of Nagoya City University | 1,680 |
| Independent auditor | PricewaterhouseCoopers Aarata LLC | - | 22,700 |

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

Note 2 Compensation for Directors indicates actual payments, and the independent auditor's fees consist of estimated audit fees on an accrual basis and ¥4,700 thousand of fees for English financial statement audit and issuance of a comfort letter with respect to issuance of investment corporation bonds in June 2019.

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

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

4. Name of asset manager and other administrator

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

Condition of investment assets

1. Composition of assets

| Classification of Assets | Region | As of February 28, 2019 | | As of August 31, 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 | 18,977 | 2.1 | 18,949 | 2.1 |
| | Osaka and Nagoya metropolitan areas | 6,901 | 0.8 | 6,897 | 0.7 |
| | Other areas | 4,478 | 0.5 | 4,471 | 0.5 |
| | Sub-total | 30,358 | 3.4 | 30,318 | 3.3 |
| Trust beneficial interest in real property | Tokyo metropolitan area | 394,679 | 44.0 | 406,147 | 45.1 |
| | Osaka and Nagoya metropolitan areas | 343,183 | 38.2 | 322,235 | 35.8 |
| | Other areas | 83,136 | 9.3 | 73,942 | 8.2 |
| | Sub-total | 820,999 | 91.5 | 802,325 | 89.1 |
| Bank deposits and other assets | | 45,973 | 5.1 | 68,156 | 7.6 |
| Total assets | | 897,331 | 100.0 | 900,799 | 100.0 |

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

2. Major property

The principal properties (top ten properties in net book value) as of August 31, 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) | 52,458 | 86,366.00 | 75,801.15 | 87.8 | 10.4 | Retail facilities |
| Higashi-Totsuka Aurora City (trust beneficial interest) | 44,921 | 109,365.50 | 109,365.50 | 100.0 | 4.4 | Retail facilities |
| Nara Family (Note 4) (trust beneficial interest) | 35,008 | 82,926.71 | 82,598.42 | 99.6 | 5.9 | Retail facilities |
| KA WASAKI Le FRONT (trust beneficial interest) | 32,833 | 49,062.72 | 42,867.34 | 87.4 | 4.2 | Retail facilities |
| G-Bldg. Shinsaihashi 03 (trust beneficial interest) | 30,413 | 5,319.29 | 5,319.29 | 100.0 | (Note 5) | Retail facilities |
| AEON MALL Musashi Murayama (trust beneficial interest) | 25,178 | 137,466.97 | 137,466.97 | 100.0 | 3.0 | Retail facilities |
| AEON MALL Tsurumi Ryokuchi (trust beneficial interest) | 23,466 | 138,538.63 | 138,538.63 | 100.0 | 3.0 | Retail facilities |
| GYRE (trust beneficial interest) | 21,626 | 4,843.44 | 3,989.30 | 82.4 | 1.8 | Retail facilities |
| AEON MALL Itami (trust beneficial interest) | 18,428 | 157,904.26 | 157,904.26 | 100.0 | 1.9 | Retail facilities |
| Kawaramachi OPA (trust beneficial interest) | 18,041 | 18,848.20 | 18,848.20 | 100.0 | 1.1 | Retail facilities |
| Total | 302,377 | 790,641.72 | 772,699.06 | 97.7 | - | |

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

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

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

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

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

3. Details of property

The retail facilities as of August 31, 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 | 5,178 |
| G-Bldg. Daikanyama 01 | 35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo | Trust beneficial interest | 599.79 | 1,610 | 1,201 |
| GYRE | 10-1, Jingumae 5-chome, Shibuya-ku, Tokyo | Trust beneficial interest | 4,843.44 | 28,200 | 21,626 |
| Bic Camera Tachikawa | 12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc. | Trust beneficial interest | 20,983.43 | 22,500 | 13,598 |
| G-Bldg. Kita Aoyama 01 | 14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo | Trust beneficial interest | 492.69 | 1,640 | 924 |
| G-Bldg. Jiyugaoka 01 | 9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc. | Trust beneficial interest | 2,274.60 | 5,140 | 2,792 |
| Cheers Ginza | 9-5, Ginza 5-chome, Chuo-ku, Tokyo | Trust beneficial interest | 1,686.58 | 4,730 | 3,924 |
| G-Bldg. Jingumae 06 | 28-3, Jingumae 6-chome, Shibuya-ku, Tokyo | Real property | 670.42 | 2,980 | 2,327 |
| G-Bldg. Jingumae 01 | 21-5, Jingumae 4-chome, Shibuya-ku, Tokyo | Real property | 555.75 | 4,640 | 3,381 |
| 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 | 9,600 | 10,055 |
| La Porte Aoyama (Note 4) | 51-8, Jingumae 5-chome, Shibuya-ku, Tokyo | Trust beneficial interest | 4,158.53 | 11,600 | 9,235 |
| G-Bldg. Shinjuku 01 | 1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo | Trust beneficial interest | 1,093.67 | 8,700 | 6,529 |
| G-Bldg. Jingumae 03 | 30-12, Jingumae 3-chome, Shibuya-ku, Tokyo | Real property | 1,676.87 | 4,010 | 5,390 |
| G-Bldg. Minami-Ikebukuro 01 (Note 4) | 19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo | Trust beneficial interest | 5,066.06 | 8,680 | 5,998 |
| Urban Terrace Jingumae | 47-6, Jingumae 5-chome, Shibuya-ku, Tokyo | Trust beneficial interest | 1,719.19 | 5,290 | 2,689 |
| Arkangel Daikanyama (Land with leasehold interest) | 111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc. | Trust beneficial interest | 904.04 | 2,960 | 1,842 |
| G-Bldg. Omotesando 01 | 1-9, Jingumae 6-chome, Shibuya-ku, Tokyo | Real property | 1,508.03 | 8,520 | 5,816 |
| Round1 Yokohama Station West | 8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa | Trust beneficial interest | 6,560.09 | 5,560 | 3,757 |
| G-Bldg. Sangenjaya 01 | 15-4, Taishido 2-chome, Setagaya-ku, Tokyo | Trust beneficial interest | 3,471.52 | 6,330 | 3,620 |
| G-Bldg. Ginza 01 | 5-1, Ginza 6-chome, Chuo-ku, Tokyo | Trust beneficial interest | 1,610.54 | 10,400 | 5,551 |
| KAWASAKI Le FRONT | 1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc. | Trust beneficial interest | 49,062.72 | 36,700 | 32,833 |
| G-Bldg. Shibuya 01 | 20-13, Jinnan1-chome, Shibuya-ku, Tokyo | Trust beneficial interest | 1,630.03 | 4,820 | 3,140 |
| G-Bldg. Omotesando 02 | 25-15, Jingumae 4-chome, Shibuya-ku, Tokyo, etc. | Trust beneficial interest | 5,555.65 | 22,950 | 17,797 |
| G-Bldg. Kichijoji 01 | 12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo | Trust beneficial interest | 1,718.21 | 4,020 | 3,545 |
| CUTE CUBE HARAJUKU | 7-1, Jingumae 1-chome, Shibuya-ku, Tokyo | Trust beneficial interest | 1,428.55 | 10,300 | 8,511 |
| G-Bldg. Ueno 01 | 9-14, Ueno 4-chome, Taito-ku, Tokyo | Trust beneficial interest | 1,471.80 | 3,970 | 3,445 |
| G-Bldg. Takadanobaba 01 | 13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo | Trust beneficial interest | 3,569.20 | 7,180 | 6,105 |

| Name of property | Location (Note 1) | Form of ownership | Leasable area (Note 2) (m ²) | Appraisal value at end of period (Note 3) (Millions of yen) | Net book value (Millions of yen) |
|---|---|---------------------------|--|---|-------------------------------------|
| G-Bldg. Akihabara 01 | 11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo | Trust beneficial interest | 2,701.99 | 7,710 | 5,102 |
| G-Bldg. Akihabara 02 | 113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc. | Trust beneficial interest | 1,053.55 | 2,910 | 2,492 |
| G-Bldg. Kichijoji 02 | 3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo | Trust beneficial interest | 8,838.79 | 17,200 | 15,219 |
| G-Bldg. Ginza Chuo-dori 01 | 6-16, Ginza 2-chome, Chuo-ku, Tokyo | Trust beneficial interest | 3,141.07 | 13,700 | 13,034 |
| MARINE & WALK YOKOHAMA | 3-1, Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa | Trust beneficial interest | 8,347.69 | 11,200 | 11,093 |
| G-Bldg. Jingumae 07 | 26-4 Jingumae 4-chome, Shibuya-ku, Tokyo | Real property | 373.12 | 2,150 | 2,032 |
| 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 | 12,300 |
| 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 | 2,449 |
| G-Bldg. Jingumae 09 | 25-28 Jingumae 4-chome, Shibuya-ku, Tokyo, etc. | Trust beneficial interest | 1,127.06 | 7,350 | 7,074 |
| Abiko Shopping Plaza | 11-1, Abiko 4-chome, Abiko-shi, Chiba | Trust beneficial interest | 41,293.90 | 12,700 | 9,711 |
| Ito-Yokado Yabashira | 15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc. | Trust beneficial interest | 21,308.78 | 1,880 | 1,268 |
| Ito-Yokado Nishikicho | 12-1, Nishikicho 1-chome, Warabi-shi, Saitama | Trust beneficial interest | 73,438.52 | 12,300 | 8,453 |
| Ito-Yokado Tsunashima | 8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa | Trust beneficial interest | 16,549.50 | 5,070 | 4,527 |
| AEON Itabashi Shopping Center | 6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo | Trust beneficial interest | 72,748.34 | 13,700 | 10,478 |
| AEON MALL Yamato | 2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa | Trust beneficial interest | 85,226.68 | 17,200 | 15,037 |
| SEIYU Hibarigaoka | 9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo | Trust beneficial interest | 19,070.88 | 8,080 | 4,608 |
| Higashi-Totsuka Aurora City | 537-1, Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa, etc. | Trust beneficial interest | 109,365.50 | 43,300 | 44,921 |
| Ito-Yokado Yotsukaido | 5, Chuo, Yotsukaido-shi, Chiba | Trust beneficial interest | 59,762.30 | 10,900 | 12,383 |
| AEON MALL Musashi Murayama | 1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo | Trust beneficial interest | 137,466.97 | 30,900 | 25,178 |
| Makuhari Plaza | 7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba | Trust beneficial interest | 24,505.37 | 6,820 | 5,513 |
| Round1 Machida | 13-14, Morino 1-chome, Machida-shi, Tokyo | Trust beneficial interest | 6,801.89 | 3,410 | 2,271 |
| Round1 Stadium Itabashi | 16-13, Aioicho, Itabashi-ku, Tokyo | Trust beneficial interest | 14,828.74 | 3,400 | 2,177 |
| Summit Store Nakano Minamidai | 26-2, Minamidai 5-chome, Nakano-ku, Tokyo | Trust beneficial interest | 3,536.50 | 3,750 | 3,038 |
| Colline Bajikouen | 4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo | Trust beneficial interest | 5,368.02 | 4,260 | 3,226 |
| m-city Kashiwa (Note 4) | 10 Oyamadai 1-chome, Kashiwa-shi, Chiba, etc. | Trust beneficial interest | 20,437.36 | 5,990 | 5,762 |
| Kawaramachi OPA | 385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto | Trust beneficial interest | 18,848.20 | 15,200 | 18,041 |
| G-Bldg. Shinsaibashi 01 | 5-3, Shinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka | Trust beneficial interest | 886.46 | 3,010 | 1,584 |
| Round1 Stadium Sennichimae (Land with leasehold interest) | 1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc. | Trust beneficial interest | 1,711.63 | 12,600 | 8,091 |
| G-Bldg. Shinsaibashi 02 | 3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka | Trust beneficial interest | 948.72 | 8,110 | 4,279 |
| Round1 Kyoto Kawaramachi | 585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc. | Trust beneficial interest | 8,821.66 | 4,020 | 2,703 |

| Name of property | Location (Note 1) | Form of ownership | Leasable area (Note 2) (m ²) | Appraisal value at end of period (Note 3) (Millions of yen) | Net book value (Millions of yen) |
|---|--|---------------------------|--|---|-------------------------------------|
| G-Bldg. Shinsaibashi 03 | 2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc. | Trust beneficial interest | 5,319.29 | 41,800 | 30,413 |
| G-Bldg. Nagoya Sakae 01 | 27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi | Real property | 927.09 | 1,800 | 1,932 |
| 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 | 5,270 | 4,462 |
| G-Bldg. Umeda 01 | 15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka | Trust beneficial interest | 3,529.51 | 11,000 | 9,766 |
| G-Bldg. Shinsaibashi 04 | 10-5, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc. | Trust beneficial interest | 1,610.63 | 3,290 | 3,316 |
| G-Bldg. Kyoto Kawaramachi 01 | 235, Yamazakicho 2-chome, Sanjo-sagaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto | Trust beneficial interest | 2,398.34 | 2,540 | 2,192 |
| G-Bldg. Midosuji 01 | 10-25, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka | Trust beneficial interest | 2,446.00 | 10,300 | 10,415 |
| Round1 Sannomiya Station | 1-17 Onoe-dori 6-chome, Chuo-ku, Kobe-shi, Hyogo | Trust beneficial interest | 10,054.52 | 3,380 | 3,209 |
| G-Bldg. Kobe Sannomiya 01 | 1-15 Kitanagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo | Trust beneficial interest | 3,750.40 | 3,320 | 3,024 |
| G-Bldg. Midosuji 02 | 8-18 Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka | Trust beneficial interest | 1,428.28 | 16,200 | 15,564 |
| Nara Family (Note 6) | 4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara | Trust beneficial interest | 82,926.71 | 39,000 | 35,008 |
| AEON Takatsuki | 47-2, Haginoshio 3-chome, Takatsuki-shi, Osaka | Trust beneficial interest | 77,267.23 | 10,900 | 9,917 |
| AEON Yagoto | 2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi | Trust beneficial interest | 63,702.48 | 3,620 | 3,199 |
| Kyoto Family | 1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto | Trust beneficial interest | 19,628.00 | 5,510 | 6,133 |
| AEON MALL Tsurumi Ryokuchi | 17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka | Trust beneficial interest | 138,538.63 | 26,700 | 23,466 |
| AEON MALL Itami | 1-1, Fujinoki 1-chome, Itami-shi, Hyogo | Trust beneficial interest | 157,904.26 | 18,900 | 18,428 |
| Ario Otori | 199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc. | Trust beneficial interest | 95,135.36 | 15,900 | 14,515 |
| AEON MALL Kobe Kita | 1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo | Trust beneficial interest | 128,050.62 | 12,180 | 8,670 |
| 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 | 1,970 | 1,717 |
| LIFE Taiheiji (Land with leasehold interest) | 43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka | Real property | 3,898.01 | 1,260 | 1,304 |
| Izumisano Shofudai (Land with leasehold interest) | 1138-1, Shofudai 1-chome, Izumisano-shi, Osaka | Trust beneficial interest | 44,009.52 | 2,720 | 2,657 |
| mozo wonder city (Note 6) | 40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc. | Trust beneficial interest | 86,366.00 | 64,500 | 52,458 |
| Round1 Stadium Sakai Chuo Kanjyo | 241, Ishihara-cho 2-cho, Higashi-ku Sakai-shi, Osaka | Trust beneficial interest | 17,521.46 | 2,520 | 1,616 |
| pivo Izumi Chuo | 1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc. | Trust beneficial interest | 21,182.94 | 6,950 | 5,383 |
| KAMISHIN PLAZA | 6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka | Trust beneficial interest | 11,985.41 | 5,060 | 4,271 |
| Round1 Stadium Takatsuki | 6-4, Zushi 3-chome, Takatsuki-shi, Osaka | Trust beneficial interest | 19,767.64 | 2,980 | 1,975 |
| m-city Toyonaka | 2-18, Hinode-cho, 2-chome, Toyonaka-shi, Osaka | Trust beneficial interest | 33,301.93 | 6,530 | 5,299 |
| 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 | 4,180 | 2,808 |

| 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) |
|---------------------------------------|--|---------------------------|--|---|-------------------------------------|
| DFS T GALLERIA OKINAWA | 1-1, Omoromachi 4-chome, Naha-shi, Okinawa | Trust beneficial interest | 42,088.14 | 17,400 | 15,094 |
| G-Bldg. Sendai Ichibancho 01 | 5-12, Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi | Real property | 2,387.17 | 4,720 | 4,471 |
| G-Bldg. Naha-shintoshin 01 | 5-33, Omoromachi 2-chome, Naha-shi, Okinawa | Trust beneficial interest | (Note 5) | 6,890 | 5,613 |
| G-Bldg. Tenjin Nishi-dori 01 (Note 4) | 8-22, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka | Trust beneficial interest | 2,667.42 | 4,890 | 4,951 |
| AEON MALL Sapporo Naebo | 1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido | Trust beneficial interest | 74,625.52 | 8,860 | 6,284 |
| AEON Naha Shopping Center | 10-2, Kanagusuku 5-chome, Naha-shi, Okinawa | Trust beneficial interest | 79,090.48 | 10,900 | 9,614 |
| Oyama Yuen Harvest Walk (Note 4) | 1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc. | Trust beneficial interest | 59,561.07 | 9,970 | 8,572 |
| AEON MALL Sapporo Hassamu | 1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido | Trust beneficial interest | 102,162.16 | 19,600 | 14,953 |
| MrMax Nagasaki | 26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc. | Trust beneficial interest | 12,115.09 | 3,300 | 2,396 |
| Tecc Land Fukuoka Shime Honten | 2-1, Minamizato 5-chome, Shime-machi, Kasuyagun, Fukuoka | Trust beneficial interest | (Note 5) | 5,590 | 3,652 |
| Total | | | 2,397,039.17 | 994,120 | 832,643 |

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

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

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

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

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

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

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

| Name of property | For the six months ended February 28, 2019 | | | | For the six months ended August 31, 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 | 90 | 0.3 | 4 | 100.0 | 87 | 0.3 |
| G-Bldg. Daikanyama 01 | 1 | 100.0 | 40 | 0.1 | 1 | 100.0 | 40 | 0.1 |
| GYRE | 13 | 82.4 | 605 | 2.0 | 13 | 82.4 | 563 | 1.8 |
| Bic Camera Tachikawa | 2 | 100.0 | 628 | 2.0 | 2 | 100.0 | 627 | 2.0 |
| G-Bldg. Kita Aoyama 01 | 3 | 100.0 | 34 | 0.1 | 3 | 100.0 | 34 | 0.1 |
| G-Bldg. Jiyugaoka 01 | 3 | 100.0 | 107 | 0.4 | 3 | 100.0 | 107 | 0.3 |
| Cheers Ginza | 10 | 100.0 | 108 | 0.4 | 10 | 100.0 | 110 | 0.4 |
| G-Bldg. Jingumae 06 | 4 | 100.0 | 53 | 0.2 | 4 | 100.0 | 53 | 0.2 |
| G-Bldg. Jingumae 01 | 2 | 100.0 | 82 | 0.3 | 2 | 100.0 | 83 | 0.3 |
| G-Bldg. Jingumae 02 | 3 | 100.0 | 32 | 0.1 | 3 | 100.0 | 32 | 0.1 |
| G-Bldg. Minami Aoyama 01 | 3 | 100.0 | 168 | 0.5 | 3 | 100.0 | 168 | 0.5 |
| La Porte Aoyama (Note 3) | 24 | 100.0 | 296 | 1.0 | 24 | 100.0 | 299 | 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 | 7 | 93.3 | 80 | 0.3 |
| G-Bldg. Minami-Ikebukuro 01 (Note 3) | 8 | 100.0 | 317 | 1.0 | 8 | 100.0 | 243 | 0.8 |
| Urban Terrace Jingumae | 2 | 100.0 | 99 | 0.3 | 2 | 100.0 | 104 | 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 | 178 | 0.6 | 3 | 100.0 | 180 | 0.6 |
| G-Bldg. Ginza 01 | 6 | 100.0 | 178 | 0.6 | 6 | 100.0 | 178 | 0.6 |
| KAWASAKI Le FRONT | 37 | 56.7 | 1,250 | 4.1 | 51 | 87.4 | 1,304 | 4.2 |
| G-Bldg. Shibuya 01 | 2 | 100.0 | 99 | 0.3 | 2 | 100.0 | 99 | 0.3 |
| G-Bldg. Omotesando 02 | 5 | 97.6 | 373 | 1.2 | 5 | 97.6 | 379 | 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 | 203 | 0.7 | 10 | 100.0 | 241 | 0.8 |
| G-Bldg. Ueno 01 | 1 | 100.0 | 76 | 0.2 | 1 | 100.0 | 76 | 0.2 |
| G-Bldg. Takadanobaba 01 | 14 | 100.0 | 161 | 0.5 | 14 | 100.0 | 162 | 0.5 |

| Name of property | For the six months ended February 28, 2019 | | | | For the six months ended August 31, 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. 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 | 209 | 0.7 | 9 | 100.0 | 209 | 0.7 |
| MARINE & WALK YOKOHAMA | 24 | 94.3 | 448 | 1.5 | 24 | 94.3 | 417 | 1.4 |
| G-Bldg. Jingumae 07 | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| G-Bldg. Minami Aoyama 03 (Note 3) | 4 | 59.8 | 74 | 0.2 | 5 | 74.7 | 166 | 0.5 |
| G-Bldg. Jingumae 08 | 3 | 100.0 | 21 | 0.1 | 3 | 100.0 | 54 | 0.2 |
| Round1 Stadium Kawasaki Daishi | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| G-Bldg. Jingumae 09 (Note 5) | - | - | - | - | 7 | 100.0 | 32 | 0.1 |
| Abiko Shopping Plaza | 59 | 100.0 | 603 | 2.0 | 59 | 100.0 | 611 | 2.0 |
| Ito-Yokado Yabashira | 1 | 100.0 | 78 | 0.3 | 1 | 100.0 | 78 | 0.3 |
| Ito-Yokado Nishikicho (Note 6) | 1 | 100.0 | 448 | 1.5 | 1 | 100.0 | 411 | 1.3 |
| Ito-Yokado Tsunashima | 1 | 100.0 | 168 | 0.5 | 1 | 100.0 | 168 | 0.5 |
| AEON Itabashi Shopping Center | 1 | 100.0 | 665 | 2.2 | 1 | 100.0 | 676 | 2.2 |
| AEON MALL Yamato | 1 | 100.0 | 529 | 1.7 | 1 | 100.0 | 541 | 1.8 |
| SEIYU Hibarigaoka | 1 | 100.0 | 249 | 0.8 | 1 | 100.0 | 249 | 0.8 |
| Higashi-Totsuka Aurora City | 4 | 100.0 | 1,370 | 4.5 | 4 | 100.0 | 1,367 | 4.4 |
| Ito-Yokado Yotsukaido | 2 | 100.0 | 301 | 1.0 | 2 | 100.0 | 298 | 1.0 |
| AEON MALL Musashi Murayama | 1 | 100.0 | 969 | 3.2 | 1 | 100.0 | 917 | 3.0 |
| Makuhari Plaza | 5 | 100.0 | 209 | 0.7 | 5 | 100.0 | 210 | 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 | 140 | 0.5 | 10 | 100.0 | 141 | 0.5 |
| m-city Kashiwa (Notes 3 and 7) | - | - | - | - | 1 | 100.0 | (Note 4) | (Note 4) |
| 8953 Osaka Shinsaibashi Building (Note 8) | 1 | 100.0 | 365 | 1.2 | - | - | 360 | 1.2 |
| Kawaramachi OPA | 1 | 100.0 | 347 | 1.1 | 1 | 100.0 | 335 | 1.1 |
| G-Bldg. Shinsaibashi 01 | 2 | 100.0 | 73 | 0.2 | 2 | 100.0 | 74 | 0.2 |

| Name of property | For the six months ended February 28, 2019 | | | | For the six months ended August 31, 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) (%) |
| 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 | 0.2 | 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 | 151 | 0.5 | 10 | 100.0 | 151 | 0.5 |
| G-Bldg. Umeda 01 | 12 | 100.0 | 223 | 0.7 | 12 | 100.0 | 232 | 0.8 |
| G-Bldg. Shinsaibashi 04 | 5 | 100.0 | 86 | 0.3 | 5 | 100.0 | 87 | 0.3 |
| G-Bldg. Kyoto Kawaramachi 01 | 4 | 100.0 | 70 | 0.2 | 4 | 100.0 | 74 | 0.2 |
| G-Bldg. Midosuji 01 | 2 | 100.0 | (Note 4) | (Note 4) | 2 | 100.0 | (Note 4) | (Note 4) |
| Round1 Sannomiya Station | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| G-Bldg. Kobe Sannomiya 01 | 5 | 100.0 | (Note 4) | (Note 4) | 4 | 84.5 | (Note 4) | (Note 4) |
| G-Bldg. Midosuji 02 | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| Narupark (Notes 3 and 9) | 48 | 100.0 | 341 | 1.1 | - | - | 291 | 0.9 |
| Nara Family (Note 10) | 116 | 99.8 | 1,820 | 5.9 | 116 | 99.6 | 1,830 | 5.9 |
| AEON Takatsuki | 1 | 100.0 | 395 | 1.3 | 1 | 100.0 | 406 | 1.3 |
| AEON Yagoto | 1 | 100.0 | 125 | 0.4 | 1 | 100.0 | 127 | 0.4 |
| Kyoto Family | 60 | 99.2 | 575 | 1.9 | 62 | 100.0 | 573 | 1.9 |
| AEON MALL Tsurumi Ryokuchi | 1 | 100.0 | 892 | 2.9 | 1 | 100.0 | 917 | 3.0 |
| AEON MALL Itami | 1 | 100.0 | 584 | 1.9 | 1 | 100.0 | 596 | 1.9 |
| Ario Otori | 1 | 100.0 | 591 | 1.9 | 1 | 100.0 | 549 | 1.8 |
| AEON MALL Kobe Kita | 1 | 100.0 | 403 | 1.3 | 1 | 100.0 | 409 | 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 10) | 214 | 98.9 | 3,258 | 10.6 | 211 | 87.8 | 3,208 | 10.4 |
| Round1 Stadium Sakai Chuo Kanjyo | 1 | 100.0 | 83 | 0.3 | 1 | 100.0 | 82 | 0.3 |

| Name of property | For the six months ended February 28, 2019 | | | | For the six months ended August 31, 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) (%) |
| pivo Izumi Chuo | 17 | 100.0 | (Note 4) | (Note 4) | 17 | 100.0 | (Note 4) | (Note 4) |
| KAMISHIN PLAZA | 38 | 100.0 | 318 | 1.0 | 38 | 100.0 | 313 | 1.0 |
| Round1 Stadium Takatsuki | 1 | 100.0 | 92 | 0.3 | 1 | 100.0 | 91 | 0.3 |
| m-city Toyonaka | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| Valor Kachigawa (Land with leasehold interest) | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| Round1 Hiroshima | 1 | 100.0 | 119 | 0.4 | 1 | 100.0 | 119 | 0.4 |
| DFS T GALLERIA OKINAWA | 1 | 100.0 | 497 | 1.6 | 1 | 100.0 | 499 | 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 | 120 | 0.4 | 7 | 88.8 | 120 | 0.4 |
| AEON Sendai Nakayama (Note 11) | 2 | 100.0 | 369 | 1.2 | - | - | 331 | 1.1 |
| AEON MALL Sapporo Naebo | 1 | 100.0 | 372 | 1.2 | 1 | 100.0 | 377 | 1.2 |
| AEON Naha Shopping Center | 1 | 100.0 | 369 | 1.2 | 1 | 100.0 | 380 | 1.2 |
| Oyama Yuen Harvest Walk (Note 3) | 68 | 99.0 | 798 | 2.6 | 64 | 97.6 | 803 | 2.6 |
| AEON MALL Sapporo Hassamu | 1 | 100.0 | 570 | 1.8 | 1 | 100.0 | 583 | 1.9 |
| MrMax Nagasaki | 2 | 100.0 | (Note 4) | (Note 4) | 2 | 100.0 | (Note 4) | (Note 4) |
| Tecc Land Fukuoka Shime Honten | 1 | 100.0 | (Note 4) | (Note 4) | 1 | 100.0 | (Note 4) | (Note 4) |
| Total | 958 | 98.8 | 30,680 | 100.0 | 923 | 99.1 | 30,857 | 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 acquired the property on July 9, 2019.

Note 6 JRF sold 15% quasi-co-ownership interest of the property on May 31, 2019.

Note 7 JRF acquired the property on April 19, 2019.

Note 8 JRF sold the property on August 30, 2019.

Note 9 JRF sold the property on August 7, 2019.

Note 10 "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 11 JRF sold the property on August 9, 2019.

4. Details of specified transaction

The details of specified transaction as of August 31, 2019 were as follows:

(Millions of yen)

| Classification | Transaction | Notional amounts | | Fair value (Note 1) |
|------------------|---|------------------|-------------|------------------------|
| | | | Over 1 year | |
| Over-the-counter | Interest rate swaps (Floating-rate to fixed-rate interest) | 173,075 | 132,575 | (2,397) |
| Total | | 173,075 | 132,575 | (2,397) |

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

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

5. Other assets

Real property and trust beneficial interests in real property are included in the above table "3. Details of property". There were no other significant specified assets as of August 31, 2019.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

| Name of property | Location | Purpose | Scheduled term for construction or maintenance | Estimated cost | | |
|--|-------------------------------------|---|--|----------------|--|---------------------------|
| | | | | Total | Advanced payment | |
| | | | | | Payment for the six months ended August 31, 2019 | Total of advanced payment |
| 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 | 2,293 | 471 | 943 |
| GYRE | Shibuya-ku, Tokyo | Renewal construction | June, 2019 to October, 2019 | 486 | 132 | 147 |
| mozo wonder city | Nishi-ku, Nagoya-shi, Aichi | Repair of outer wall | August, 2019 to January, 2020 | 161 | - | - |
| AEON MALL Tsurumi Ryokuchi | Tsurumi-ku, Osaka-shi, Osaka | Renewal of package air conditioner | November, 2019 to February, 2020 | 91 | - | - |
| mozo wonder city | Nishi-ku, Nagoya-shi, Aichi | Renewal of central monitoring equipment | December, 2019 to December, 2019 | 86 | - | - |
| AEON Itabashi Shopping Center | Itabashi-ku, Tokyo | Renewal of package air conditioner | December, 2019 to January, 2020 | 72 | - | - |
| Other | | Application development for commercial facility | February, 2019 to September, 2019 | 58 | 10 | 22 |
| AEON MALL Kobe Kita | Kita-ku, Kobe-shi, Hyogo | Painting of outer wall | August, 2019 to December, 2019 | 52 | - | - |
| GYRE | Shibuya-ku, Tokyo | Renewal of air conditioner | September, 2019 to October, 2019 | 51 | - | - |
| G-Bldg. Minami Aoyama 02 | Minato-ku, Tokyo | Repair of outer wall | January, 2020 to January, 2020 | 50 | - | - |
| For the six months ending August 31, 2020 (the 37th fiscal period from March 1, 2020 to August 31, 2020) | | | | | | |
| KAWASAKI Le FRONT | Kawasaki-ku, Kawasaki-shi, Kanagawa | Renewal construction | October, 2019 to June, 2020 | 606 | - | - |
| Oyama Yuen Harvest Walk | Oyama-shi, Tochigi | Repair of rest room | March, 2020 to May, 2020 | 92 | - | - |
| AEON MALL Tsurumi Ryokuchi | Tsurumi-ku, Osaka-shi, Osaka | Renewal of package air conditioner | March, 2020 to June, 2020 | 91 | - | - |
| AEON MALL Sapporo Hassamu | Nishi-ku, Sapporo-shi, Hokkaido | Painting of outer wall | June, 2020 to August, 2020 | 91 | - | - |
| KAWASAKI Le FRONT | Kawasaki-ku, Kawasaki-shi, Kanagawa | Renewal of rooftop cubicle | October, 2019 to June, 2020 | 80 | - | - |
| KAWASAKI Le FRONT | Kawasaki-ku, Kawasaki-shi, Kanagawa | Construction for surrounding asbestos | November, 2019 to June, 2020 | 80 | - | - |
| KAWASAKI Le FRONT | Kawasaki-ku, Kawasaki-shi, Kanagawa | Renewal of heat exchanger | October, 2019 to June, 2020 | 77 | - | - |
| mozo wonder city | Nishi-ku, Nagoya-shi, Aichi | Repair of outer wall | March, 2020 to August, 2020 | 68 | 2 | 2 |
| AEON Itabashi Shopping Center | Itabashi-ku, Tokyo | Coating of outer iron part at parking | July, 2020 to August, 2020 | 66 | - | - |
| AEON MALL Kobe Kita | Kita-ku, Kobe-shi, Hyogo | Painting of outer wall | March, 2020 to July, 2020 | 64 | - | - |
| KAWASAKI Le FRONT | Kawasaki-ku, Kawasaki-shi, Kanagawa | Renewal of air conditioning system | October, 2019 to June, 2020 | 62 | - | - |
| AEON Itabashi Shopping Center | Itabashi-ku, Tokyo | Renewal of package air conditioner | June, 2020 to July, 2020 | 60 | - | - |

2. Capital expenditures for the six months ended August 31, 2019

Maintenance expenditures on property for the six months ended August 31, 2019 amounted to ¥6,252 million, consisting of ¥3,990 million of capital expenditures stated as below and ¥2,261 million of repair and maintenance expenses charged to income.

(Millions of yen)

| Name of property | Location | Purpose | Term for construction or maintenance | Capital expenditures |
|----------------------|-------------------------------------|--------------------------------------|--------------------------------------|----------------------|
| KAWASAKI Le FRONT | Kawasaki-ku, Kawasaki-shi, Kanagawa | Renewal construction | October, 2018 to August, 2019 | 2,113 |
| Abiko Shopping Plaza | Abiko-shi, Chiba | Renewal of air conditioner | March, 2019 to June, 2019 | 227 |
| mozo wonder city | Nishi-ku, Nagoya-shi, Aichi | Renewal construction | June, 2019 to August, 2019 | 185 |
| GYRE | Shibuya-ku, Tokyo | Rezoning construction of event floor | February, 2019 to April, 2019 | 82 |
| AEON MALL Kobe Kita | Kita-ku, Kobe-shi, Hyogo | Painting of outer wall | February, 2019 to July, 2019 | 51 |
| Other | - | - | - | 1,330 |
| Total | | | | 3,990 |

3. Reserved funds for long-term maintenance plan

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

Item A:

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

Item B:

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

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

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

| Item | 34th fiscal period | 35th fiscal period |
|--------------------------------|---|---|
| | For the six months ended February 28, 2019 | For the six months ended August 31, 2019 |
| Asset management fees (Note 1) | 2,673,663 | 2,725,434 |
| Custodian fees | 29,734 | 30,400 |
| General administration fees | 127,073 | 129,484 |
| Compensation for Directors | 5,940 | 5,940 |
| Other operating expenses | 183,041 | 292,648 |
| Total | 3,019,454 | 3,183,907 |

Note 1 In addition to the above asset management fees, JRF paid the asset manager acquisition fees which were capitalized as property costs amounting to ¥136,480 thousand and ¥100,160 thousand for the six months ended February 28, 2019 and August 31, 2019, respectively.

2. Borrowings

Borrowings as of August 31, 2019 were as follows:

| | Classification | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|------------|--|--------------------|--|--------------------------------------|---------------------------------------|--------------------|----------------------|----------|----------------------------|
| | | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| Short-term | MUFG Bank, Ltd. | October 30, 2018 | 2,500 | - | 0.2 | March 31, 2019 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | February 28, 2019 | 5,500 | - | 0.2 | August 30, 2019 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sub-total | | 8,000 | - | | | | | |
| Long-term | Aflac Life Insurance Japan Ltd. (Note 2) | September 4, 2009 | 5,000 | 5,000 | 3.0 | September 4, 2019 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | March 31, 2011 | 14,660 | - | 1.5 | March 29, 2019 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 5,340 | - | (Note 3) | | | | |
| | MUFG Bank, Ltd. | September 22, 2011 | 3,665 | 3,665 | 1.0 | September 22, 2021 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,335 | 1,335 | (Note 3) | | | | |
| | MUFG Bank, Ltd. | September 22, 2011 | 7,330 | 7,330 | 0.9 | March 22, 2021 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 2,670 | 2,670 | (Note 3) | | | | |
| | MUFG Bank, Ltd. | September 22, 2011 | 7,362 | 7,362 | 0.8 | September 18, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 2,712 | 2,712 | (Note 3) | | | | |
| | MUFG Bank, Ltd. (Note 2) | September 22, 2011 | 9,500 | 9,500 | 0.7 | March 19, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited (Note 2) | | 3,500 | 3,500 | (Note 3) | | | | |
| | Sumitomo Mitsui Banking Corporation | September 30, 2011 | 2,000 | 2,000 | 0.9 (Note 3) | September 30, 2020 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. (Note 2) | December 21, 2011 | 5,864 | 5,864 | 0.7 | December 20, 2019 | Lump sum (Note 6) | (Note 9) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited (Note 2) | | 2,136 | 2,136 | (Note 3) | | | | |

| | Classification | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|-----------|--|--------------------|--|--------------------------------------|---------------------------------------|-------------------|----------------------|----------|----------------------------|
| | | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| | Name of lender | | | | | | | | |
| Long-term | MUFG Bank, Ltd. | December 21, 2011 | 5,131 | - | 0.6 (Note 3) | June 21, 2019 | Lump sum (Note 6) | (Note 9) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,869 | - | | | | | |
| | MUFG Bank, Ltd. | May 22, 2012 | 4,030 | 4,030 | 1.0 (Note 3) | May 20, 2022 | Lump sum (Note 6) | (Note 9) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,470 | 1,470 | | | | | |
| | Shinsei Bank, Limited | May 22, 2012 | 3,500 | 3,500 | 1.1 (Note 3) | May 20, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Development Bank of Japan Inc. | October 2, 2012 | 1,000 | 1,000 | 1.6 | October 1, 2024 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| | Development Bank of Japan Inc. | October 2, 2012 | 3,000 | 3,000 | 1.0 | October 1, 2020 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | October 2, 2012 | 1,000 | 1,000 | 1.2 | October 2, 2022 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | October 2, 2012 | 2,000 | 2,000 | 1.0 (Note 3) | October 2, 2020 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | October 2, 2012 | 2,200 | 2,200 | 1.0 (Note 3) | October 2, 2020 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 800 | 800 | | | | | |
| | MUFG Bank, Ltd. (Note 2) | October 2, 2012 | 3,298 | 3,298 | 0.6 (Note 3) | April 2, 2020 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited (Note 2) | | 1,202 | 1,202 | | | | | |
| | Sumitomo Mitsui Banking Corporation (Note 2) | October 2, 2012 | 3,000 | 3,000 | 0.6 (Note 3) | April 2, 2020 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. (Note 2) | October 2, 2012 | 5,498 | 5,498 | 0.5 (Note 3) | October 2, 2019 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited (Note 2) | | 2,002 | 2,002 | | | | | |
| | Sumitomo Mitsui Banking Corporation | February 28, 2013 | 5,000 | 5,000 | 1.2 (Note 3) | February 28, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | March 29, 2013 | 5,000 | 5,000 | 1.2 (Note 3) | March 31, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Development Bank of Japan Inc. | September 30, 2013 | 3,000 | 3,000 | 1.3 | April 7, 2023 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | October 7, 2013 | 1,000 | 1,000 | 2.2 (Note 3) | October 6, 2028 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Development Bank of Japan Inc. | October 7, 2013 | 1,500 | 1,500 | 1.5 | April 5, 2024 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | October 7, 2013 | 1,000 | 1,000 | 1.3 | October 6, 2023 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | October 7, 2013 | 2,199 | 2,199 | 1.4 (Note 3) | October 6, 2023 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 801 | 801 | | | | | |
| | MUFG Bank, Ltd. | October 7, 2013 | 2,565 | 2,565 | 1.3 (Note 3) | April 7, 2023 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 934 | 934 | | | | | |
| | Development Bank of Japan Inc. | October 7, 2013 | 1,500 | 1,500 | 1.3 | April 7, 2023 | Lump sum | (Note 8) | Unsecured and unguaranteed |

| Classification | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|-------------------------------------|-----------------|--|--------------------------------------|---------------------------------------|--------------------|----------------------|----------|----------------------------|
| | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| Name of lender | | | | | | | | |
| Mizuho Bank, Ltd. | October 7, 2013 | 1,500 | 1,500 | 1.2 (Note 3) | October 7, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Mizuho Trust & Banking Co., Ltd. | October 7, 2013 | 1,000 | 1,000 | 1.2 (Note 3) | October 7, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Sumitomo Mitsui Banking Corporation | October 7, 2013 | 2,000 | 2,000 | 1.2 (Note 3) | October 7, 2022 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| The Yamaguchi Bank, Ltd. | October 7, 2013 | 1,000 | 1,000 | 1.0 | October 7, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| THE NISHI-NIPPON CITY BANK, LTD. | October 7, 2013 | 1,000 | 1,000 | 1.0 (Note 3) | October 7, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| MUFG Bank, Ltd. | October 7, 2013 | 2,199 | 2,199 | 0.9 (Note 3) | April 7, 2021 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | | 801 | 801 | | | | | |
| Shinkin Central Bank | October 7, 2013 | 1,500 | 1,500 | 0.8 | October 7, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The Norinchukin Bank (Note 2) | October 7, 2013 | 1,500 | 1,500 | 0.8 (Note 3) | April 7, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The Joyo Bank, Ltd. (Note 2) | October 7, 2013 | 1,000 | 1,000 | 0.8 (Note 3) | April 7, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The Bank of Fukuoka, Ltd. (Note 2) | October 7, 2013 | 1,000 | 1,000 | 0.7 (Note 3) | October 7, 2019 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The 77 Bank, Ltd. (Note 2) | October 7, 2013 | 1,000 | 1,000 | 0.7 (Note 3) | October 7, 2019 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Development Bank of Japan Inc. | March 31, 2014 | 4,000 | 4,000 | 1.7 | March 31, 2026 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| MUFG Bank, Ltd. | April 1, 2014 | 1,099 | 1,099 | 1.5 (Note 3) | March 31, 2025 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | | 400 | 400 | | | | | |
| Development Bank of Japan Inc. | October 1, 2014 | 3,000 | 3,000 | 1.3 | October 1, 2025 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| MUFG Bank, Ltd. | October 1, 2014 | 1,466 | 1,466 | 1.1 (Note 3) | October 1, 2024 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | | 534 | 534 | | | | | |
| MUFG Bank, Ltd. | October 1, 2014 | 800 | 800 | 1.1 | October 1, 2024 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| MUFG Bank, Ltd. | October 1, 2014 | 2,199 | 2,199 | 0.8 (Note 3) | September 30, 2022 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | | 801 | 801 | | | | | |
| THE NISHI-NIPPON CITY BANK, LTD. | October 1, 2014 | 1,000 | 1,000 | 0.8 (Note 3) | September 30, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The Yamaguchi Bank, Ltd. | October 1, 2014 | 1,000 | 1,000 | 0.8 | September 30, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Mizuho Bank, Ltd. | October 1, 2014 | 2,000 | 2,000 | 0.7 (Note 3) | April 1, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |

Long-term

| | Classification | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|-----------|-------------------------------------|-------------------|--|--------------------------------------|---------------------------------------|------------------|----------------------|----------|----------------------------|
| | | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| | Name of lender | | | | | | | | |
| Long-term | MUFG Bank, Ltd. | October 1, 2014 | 2,565 | 2,565 | 0.7 (Note 3) | October 1, 2021 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 934 | 934 | | | | | |
| | The Norinchukin Bank | October 1, 2014 | 1,500 | 1,500 | 0.6 (Note 3) | October 1, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | October 1, 2014 | 3,000 | 3,000 | 0.6 (Note 3) | April 1, 2021 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | The Bank of Fukuoka, Ltd. | October 1, 2014 | 1,000 | 1,000 | 0.6 (Note 3) | April 1, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | February 2, 2015 | 200 | 200 | 1.0 | January 31, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | JAPAN POST INSURANCE Co., Ltd. | | 1,000 | 1,000 | | | | | |
| | MUFG Bank, Ltd. | February 5, 2015 | 2,928 | 2,928 | 0.8 (Note 3) | February 5, 2024 | Lump sum (Note 6) | (Note 9) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,071 | 1,071 | | | | | |
| | MUFG Bank, Ltd. | February 5, 2015 | 2,928 | 2,928 | 0.7 (Note 3) | February 3, 2023 | Lump sum (Note 6) | (Note 9) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,071 | 1,071 | | | | | |
| | Sumitomo Mitsui Banking Corporation | March 2, 2015 | 1,000 | 1,000 | 1.6 (Note 3) | March 30, 2029 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | March 2, 2015 | 7,000 | 7,000 | 1.0 (Note 3) | March 31, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | March 2, 2015 | 6,000 | 6,000 | 0.9 (Note 3) | March 29, 2024 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | March 2, 2015 | 6,000 | 6,000 | 0.7 (Note 3) | March 31, 2023 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Mizuho Bank, Ltd. | February 18, 2016 | 6,000 | 6,000 | 0.6 (Note 3) | January 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | February 18, 2016 | 1,000 | 1,000 | 0.6 (Note 3) | January 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | The Bank of Fukuoka, Ltd. | February 18, 2016 | 1,000 | 1,000 | 0.6 (Note 3) | January 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Resona Bank, Limited | February 18, 2016 | 1,000 | 1,000 | 0.5 (Note 3) | July 31, 2024 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Mizuho Trust & Banking Co., Ltd. | February 18, 2016 | 1,000 | 1,000 | 0.6 (Note 3) | January 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | March 1, 2016 | 733 | 733 | 0.5 (Note 3) | March 31, 2026 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 267 | 267 | | | | | |
| | Mizuho Bank, Ltd. | March 1, 2016 | 2,000 | 2,000 | 0.4 (Note 3) | March 31, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Shinsei Bank, Limited | March 1, 2016 | 1,500 | 1,500 | 0.3 (Note 3) | March 29, 2024 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | The Chugoku Bank, LTD. | March 1, 2016 | 1,000 | 1,000 | 0.3 (Note 3) | March 29, 2024 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |

| Classification | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|-------------------------------------|--------------------|--|--------------------------------------|---------------------------------------|--------------------|----------------------|----------|----------------------------|
| | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| Name of lender | | | | | | | | |
| Shinkin Central Bank | March 1, 2016 | 1,000 | 1,000 | 0.3 | March 29, 2024 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The Norinchukin Bank | March 1, 2016 | 1,500 | 1,500 | 0.3 (Note 3) | March 29, 2024 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| THE NISHI-NIPPON CITY BANK, LTD. | March 18, 2016 | 1,000 | 1,000 | 0.5 (Note 3) | March 31, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Mizuho Trust & Banking Co., Ltd. | March 18, 2016 | 1,000 | 1,000 | 0.5 (Note 3) | March 31, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The 77 Bank, Ltd. | March 31, 2016 | 1,000 | 1,000 | 0.5 | March 31, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| MUFG Bank, Ltd. | April 28, 2016 | 4,031 | 4,031 | 0.5 | September 30, 2024 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | | 1,468 | 1,468 | | | | | |
| Development Bank of Japan Inc. | July 29, 2016 | 10,850 | 10,850 | 0.4 | July 30, 2027 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| The Bank of Fukuoka, Ltd. | September 21, 2016 | 2,000 | 2,000 | 0.5 | September 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Resona Bank, Limited | September 30, 2016 | 2,500 | 2,500 | 0.5 | September 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The 77 Bank, Ltd. | September 30, 2016 | 1,000 | 1,000 | 0.4 | September 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The Chugoku Bank, LTD. | December 21, 2016 | 3,000 | 3,000 | 0.7 | December 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Resona Bank, Limited | December 21, 2016 | 2,000 | 2,000 | 0.6 | December 30, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Development Bank of Japan Inc. | March 31, 2017 | 2,000 | 2,000 | 0.6 | January 29, 2027 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| The Chugoku Bank, LTD. | March 31, 2017 | 1,000 | 1,000 | 0.6 | January 29, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| Shinkin Central Bank | March 31, 2017 | 1,000 | 1,000 | 0.6 | January 29, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| The Yamaguchi Bank, Ltd. | March 31, 2017 | 1,000 | 1,000 | 0.6 | January 29, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| MUFG Bank, Ltd. | May 1, 2017 | 1,099 | 1,099 | 0.4 | November 1, 2024 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| Sumitomo Mitsui Trust Bank, Limited | | 400 | 400 | | | | | |
| MUFG Bank, Ltd. | May 1, 2017 | 1,000 | 1,000 | 0.4 | May 1, 2025 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| Sumitomo Mitsui Banking Corporation | May 1, 2017 | 2,000 | 2,000 | 0.4 | May 1, 2024 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| Mizuho Bank, Ltd. | May 1, 2017 | 2,000 | 2,000 | 0.6 | May 1, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |

Long-term

| | Classification | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|-----------|---|--------------------|--|--------------------------------------|---------------------------------------|--------------------|----------------------|----------|----------------------------|
| | Name of lender | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| Long-term | Resona Bank, Limited | May 1, 2017 | 1,000 | 1,000 | 0.6 | May 1, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Shinsei Bank, Limited | May 1, 2017 | 1,000 | 1,000 | 0.6 | May 1, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | The Toho Bank, Ltd. | May 19, 2017 | 2,000 | 2,000 | 0.3 | May 16, 2025 | Lump sum (Note 6) | (Note 9) | Unsecured and unguaranteed |
| | The Juroku Bank, Ltd. | | 1,800 | 1,800 | | | | | |
| | The Hyakugo Bank, Ltd. | | 1,350 | 1,350 | | | | | |
| | Taiyo Life Insurance Company | | 1,000 | 1,000 | | | | | |
| | The Daishi Bank, Ltd. | | 950 | 950 | | | | | |
| | The Akita Bank, Ltd. | | 450 | 450 | | | | | |
| | The Iyo Bank, Ltd. | | 450 | 450 | | | | | |
| | The Bank of Fukuoka, Ltd. | September 14, 2017 | 3,000 | 3,000 | 0.4 | March 31, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | September 29, 2017 | 2,000 | 2,000 | 0.5 | September 30, 2027 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| | The Bank of Fukuoka, Ltd. | October 2, 2017 | 1,000 | 1,000 | 0.6 | September 30, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | The Daishi Bank, Ltd. | October 2, 2017 | 1,500 | 1,500 | 0.3 | September 30, 2024 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | The Ashikaga Bank, Ltd. | | 1,000 | 1,000 | | | | | |
| | The Juroku Bank, Ltd. | | 500 | 500 | | | | | |
| | MUFG Bank, Ltd. | October 6, 2017 | 4,764 | 4,764 | 0.5 | July 31, 2024 | Lump sum | (Note 7) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,735 | 1,735 | | | | | |
| | MUFG Bank, Ltd. | November 22, 2017 | 3,300 | 3,300 | 0.5 | November 21, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,200 | 1,200 | | | | | |
| | MUFG Bank, Ltd. | November 22, 2017 | 3,300 | 3,300 | 0.5 | May 22, 2026 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | | 1,200 | 1,200 | | | | | |
| | The Joyo Bank, Ltd. | November 22, 2017 | 1,000 | 1,000 | 0.6 | November 22, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | The Chugoku Bank, LTD. | November 22, 2017 | 2,000 | 2,000 | 0.6 | November 22, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Shinkin Central Bank | December 29, 2017 | 2,500 | 2,500 | 0.6 | December 28, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Mizuho Bank, Ltd. | January 12, 2018 | 2,000 | 2,000 | 0.6 | January 12, 2028 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | March 30, 2018 | 5,500 | 5,500 | 0.4 | September 30, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Banking Corporation | March 30, 2018 | 3,000 | 3,000 | 0.4 | March 31, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Development Bank of Japan Inc. (Note 2) | July 30, 2018 | 4,300 | 4,300 | 0.2 | July 31, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |

| Classification | Name of lender | Borrowing date | Balance as of | | Average interest rate (%) (Note 1) | Due date | Repayment method | Use | Remarks |
|----------------|-------------------------------------|--------------------|--|--------------------------------------|---------------------------------------|--------------------|-------------------|----------|----------------------------|
| | | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| Long-term | Development Bank of Japan Inc. | July 30, 2018 | 8,500 | 8,500 | 0.8 | July 31, 2029 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. (Note 4) | September 28, 2018 | 6,000 | - | 0.2 | February 28, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | September 28, 2018 | 2,000 | 2,000 | 0.2 | September 30, 2020 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Shinsei Bank, Limited | September 28, 2018 | 3,500 | 3,500 | 0.6 | March 31, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Shinsei Bank, Limited | September 28, 2018 | 3,000 | 3,000 | 0.6 | September 30, 2027 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. (Note 2) | October 30, 2018 | 2,500 | 2,500 | 0.2 | April 30, 2020 | Lump sum (Note 6) | (Note 7) | Unsecured and unguaranteed |
| | The Juroku Bank, Ltd. | December 28, 2018 | 500 | 500 | 0.2 | December 26, 2025 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | The Tochigi Bank, Ltd. | | 500 | 500 | | | | | |
| | The Yamaguchi Bank, Ltd. | December 28, 2018 | 500 | 500 | 0.5 | December 28, 2028 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. (Note 5) | February 28, 2019 | 5,500 | 4,500 | 0.2 | February 26, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | February 28, 2019 | 2,000 | 2,000 | 0.2 | August 31, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | March 29, 2019 | - | 7,500 | 0.4 | March 31, 2028 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | March 29, 2019 | - | 5,000 | 0.5 | March 31, 2028 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | March 29, 2019 | - | 7,500 | 0.4 | September 29, 2028 | Lump sum | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | March 29, 2019 | - | 2,500 | 0.2 | March 31, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | June 21, 2019 | - | 5,000 | 0.2 | June 21, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sumitomo Mitsui Trust Bank, Limited | June 21, 2019 | - | 2,000 | 0.2 | December 21, 2021 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | MUFG Bank, Ltd. | August 30, 2019 | - | 5,500 | 0.3 | February 28, 2022 | Lump sum (Note 6) | (Note 8) | Unsecured and unguaranteed |
| | Sub-total | | 359,225 | 360,225 | | | | | |
| Total | | | 367,225 | 360,225 | | | | | |

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

Note 2 The balances as of August 31, 2019 are included in current portion of long-term borrowings in the balance sheets.

Note 3 The borrowings are hedged by interest rate swaps and the average interest rates of the borrowings are calculated adjusting the effect of the interest rate swaps.

Note 4 JRF had repaid all principal of the borrowings on June 28, 2019 in advance of the due date.

Note 5 JRF had repaid part of principal of the borrowings on June 28, 2019 in advance of the due date.

Note 6 JRF may repay all or part of principal of the borrowings on interest payment date.

Note 7 The funds were appropriated to purchasing real property or trust beneficiary interests in real property and miscellaneous expenses relating to the acquisition.

Note 8 The funds were mainly appropriated to repayment of borrowings.

Note 9 The funds were appropriated to redemption of corporate bonds.

3. Investment corporation bonds

| | Classification | Issuance date | Balance as of | | Interest rate (%) | Maturity date | Repayment method | Use | Remarks |
|--|---|-------------------|--|--------------------------------------|-------------------|-------------------|-------------------|----------|----------------------------|
| | Name of bonds | | February 28, 2019 (Millions of yen) | August 31, 2019 (Millions of yen) | | | | | |
| Unsecured investment corporation bonds | 7th series unsecured investment corporation bonds | December 18, 2013 | 7,500 | 7,500 | 1.108 | December 18, 2023 | Lump sum (Note 1) | (Note 2) | Unsecured and unguaranteed |
| | 8th series unsecured investment corporation bonds | June 26, 2014 | 8,000 | 8,000 | 1.260 | June 26, 2026 | Lump sum (Note 1) | (Note 2) | Unsecured and unguaranteed |
| | 9th series unsecured investment corporation bonds | February 5, 2015 | 7,000 | 7,000 | 0.765 | February 5, 2025 | Lump sum (Note 1) | (Note 3) | Unsecured and unguaranteed |
| | 10th series unsecured investment corporation bonds | May 19, 2017 | 5,000 | 5,000 | 0.220 | May 19, 2022 | Lump sum (Note 1) | (Note 3) | Unsecured and unguaranteed |
| | 11th series unsecured investment corporation bonds | May 19, 2017 | 2,000 | 2,000 | 0.480 | May 19, 2027 | Lump sum (Note 1) | (Note 3) | Unsecured and unguaranteed |
| | Sub-total | | 29,500 | 29,500 | | | | | |
| Green Bonds | 1st Green Bonds (12th series unsecured investment corporation bonds) | May 25, 2018 | 8,000 | 8,000 | 0.210 | May 23, 2023 | Lump sum (Note 1) | (Note 4) | Unsecured and unguaranteed |
| | 2st Green Bonds (13th series unsecured investment corporation bonds) | June 25, 2019 | - | 7,000 | 0.200 | June 25, 2024 | Lump sum (Note 1) | (Note 4) | Unsecured and unguaranteed |
| | Sub-total | | 8,000 | 15,000 | | | | | |
| Total | | | 37,500 | 44,500 | | | | | |

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

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

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

Note 4 The funds were appropriated to repayment of borrowings. Repayments are made to satisfy criteria for debts of the Eligible Green Projects defined in the Green Bond Framework.

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

1. Transactions of property and asset-backed securities

(Millions of yen)

| Name of real property, etc. | Acquisition | | Disposition | | | |
|---|---------------------|---------------------------|---------------------|-----------------------------|----------------|-------------------------------------|
| | Date of acquisition | Acquisition cost (Note 1) | Date of disposition | Disposition amount (Note 1) | Net book value | Gain (loss) on disposition (Note 2) |
| m-city Kashiwa | April 19, 2019 | 5,520 | - | - | - | - |
| Ito-Yokado Nishikicho (15% of quasi-co-ownership) | - | - | May 31, 2019 | 2,175 | 1,499 | 658 |
| G-Bldg. Jingumae 09 | July 9, 2019 | 7,000 | - | - | - | - |
| Narupark | - | - | August 7, 2019 | 6,115 | 7,128 | (1,023) |
| AEON Sendai Nakayama | - | - | August 9, 2019 | 9,920 | 8,469 | 1,151 |
| 8953 Osaka Shinsaibashi Building | - | - | August 30, 2019 | 14,900 | 12,034 | 2,764 |
| Total | | 12,520 | | 33,110 | 29,131 | 3,550 |

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

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

2. Transactions of other assets

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

3. Research for specified assets value

(1) Property (Appraisal value)

(Millions of yen)

| Acquisition /Disposition | Name of property | Date of acquisition /disposition | Acquisition Cost /Disposition amount (Note 1) | Appraisal value | Name of appraiser | Date of appraisal |
|--------------------------|--|----------------------------------|---|-----------------|---------------------------------------|-------------------|
| Acquisition | m-city Kashiwa | April 19, 2019 | 5,520 | 5,980 | Daiwa Real Estate Appraisal Co., Ltd. | August 1, 2018 |
| Disposition | Ito-Yokado Nishikicho (15% of quasi-co-ownership) (Note 2) | May 31, 2019 | 2,175 | 2,175 | Tanizawa Sōgō Appraisal Co., Ltd. | May 29, 2019 |
| Acquisition | G-Bldg. Jingumae 09 | July 9, 2019 | 7,000 | 7,350 | Tanizawa Sōgō Appraisal Co., Ltd. | May 1, 2019 |
| Disposition | Narupark | August 7, 2019 | 6,115 | 5,310 | Japan Real Estate Institute | February 28, 2019 |
| Disposition | AEON Sendai Nakayama | August 9, 2019 | 9,920 | 9,620 | Japan Real Estate Institute | February 28, 2019 |
| Disposition | 8953 Osaka Shinsaibashi Building | August 30, 2019 | 14,900 | 14,000 | Tanizawa Sōgō Appraisal Co., Ltd. | August 31, 2018 |

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

Note 2 Appraisal value of Ito-Yokado Nishikicho is corresponding to 15% of co-ownership interest disposed.

(2) Other transactions

None

4. Transactions with interested parties or major shareholders (Note 1)

(1) Outline of specified assets transactions

| Classification | Acquisition cost / Disposition amount (Notes 2 and 3) | |
|---|---|-------------------------------|
| | Acquisition cost | Disposition amount |
| Total amount | ¥12,520,000 thousand | ¥33,110,000 thousand |
| <i>Breakdown for transactions with interested parties</i> | | |
| <i>Mitsubishi Corporation Urban Development, Inc.</i> | ¥ - thousand (- %) | ¥2,175,000 thousand (6.6%) |
| Total | ¥ - thousand (- %) | ¥2,175,000 thousand (6.6%) |

(2) Amounts of fees paid and other expenses

| Classification | Total amount (A) | Transactions with interested parties or major shareholders | | |
|--------------------------|---------------------|--|-----------------------|-----------|
| | | Name of counter party | Amount of payment (B) | (B) / (A) |
| Facility management fees | ¥1,551,978 thousand | Mitsubishi UFJ Lease & Finance Company Limited | ¥450 thousand | 0.0% |
| Property management fees | ¥769,619 thousand | Mitsubishi Corporation Urban Development, Inc. | ¥18,999 thousand | 2.5% |
| Other rental expenses | ¥1,016,779 thousand | Mitsubishi Corporation Urban Development, Inc. | ¥2,492 thousand | 0.2% |
| | | Mitsubishi Shoji & Sun Co., Ltd. | ¥666 thousand | 0.1% |

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

Note 2 The acquisition cost or disposition amount indicate contracted amount of the property in the purchase agreement.

Note 3 Percentages in parentheses indicate ratio of each amount to the total amount of acquisition cost or disposition amount.

Note 4 In addition to the above transaction, JRF paid Mitsubishi Corporation Urban Development, Inc. repair costs which were capitalized as property costs amounting to ¥291 thousand.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporations

1. Disclosures relating to overseas real estate investment corporations

None

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

None

Other information

1. Investment units held by the asset manager

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

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

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

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

| Date | Number of investment units held at end of period (Units) | Aggregated value of investment units held at end of period (Note 1) (Thousands of yen) | Ratio of number of investment units held to number of investment units issued and outstanding |
|--|--|--|--|
| The 26th fiscal period (September 1, 2014 to February 28, 2015) | 3,200 | 820,800 | 0.1% |
| The 27th fiscal period (March 1, 2015 to August 31, 2015) | 3,200 | 715,520 | 0.1% |
| The 28th fiscal period (September 1, 2015 to February 29, 2016) | 3,200 | 823,040 | 0.1% |
| The 29th fiscal period (March 1, 2016 to August 31, 2016) | 3,200 | 743,360 | 0.1% |
| The 30th fiscal period (September 1, 2016 to February 28, 2017) | 3,200 | 723,200 | 0.1% |
| The 31st fiscal period (March 1, 2017 to August 31, 2017) | 3,200 | 647,360 | 0.1% |
| The 32nd fiscal period (September 1, 2017 to February 28, 2018) | 3,200 | 656,960 | 0.1% |
| The 33rd fiscal period (March 1, 2018 to August 31, 2018) | 3,200 | 643,200 | 0.1% |
| The 34th fiscal period (September 1, 2018 to February 28, 2019) | 3,200 | 718,080 | 0.1% |
| The 35th fiscal period (March 1, 2019 to August 31, 2019) | 3,200 | 680,320 | 0.1% |

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

2. Notice

The Board of Directors Meeting

Execution or modification of significant agreement approved by the Board of Directors of JRF for the six months ended August 31, 2019 was as follows:

| Approval day | Item | Summary |
|--------------|--|---|
| May 27, 2019 | Appointment of general administrators regarding investment corporation bonds | In connection with the issuance of the 2nd Green Bonds (the 13th Unsecured Investment Corporation Bonds (Special pari passu conditions among specified investment corporation bonds)), the Board of Directors of JRF appointed Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and SMBC Nikko Securities Inc. as underwriter, and MUFG Bank, Ltd. as financial agency and other general administrator regarding the investment corporation bonds. |



Independent Auditor's Report

To the Board of Directors of Japan Retail Fund Investment Corporation

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as of August 31, 2019, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2019, and its financial performance and cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended August 31, 2019 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into the U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

PricewaterhouseCoopers Aarata LLC

November 19, 2019

PricewaterhouseCoopers Aarata LLC

Otemachi Park Building, 1-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004, Japan

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

| | As of | | |
|--|----------------------|--------------------|--|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| ASSETS | | | |
| Current assets: | | | |
| Cash and cash equivalents (Note 4)..... | ¥ 39,874 | ¥ 61,620 | \$ 578,808 |
| Restricted bank deposits (Note 4)..... | 513 | 513 | 4,818 |
| Rent receivables | 726 | 692 | 6,500 |
| Other current assets | 1,065 | 1,339 | 12,577 |
| Total current assets..... | 42,180 | 64,165 | 602,714 |
| Non-current assets: | | | |
| Property and equipment (Notes 4, 5, 6, 8 and 11), at cost: | | | |
| Land..... | 637,638 | 627,785 | 5,896,909 |
| Buildings..... | 298,802 | 288,162 | 2,706,763 |
| Building improvements..... | 14,453 | 13,442 | 126,263 |
| Machinery and equipment..... | 2,170 | 2,139 | 20,092 |
| Furniture and fixtures..... | 4,499 | 4,633 | 43,518 |
| Construction in progress..... | 1,778 | 1,097 | 10,304 |
| Total property and equipment..... | 959,342 | 937,261 | 8,803,879 |
| Less: Accumulated depreciation..... | (113,238) | (109,843) | (1,031,777) |
| Net property and equipment..... | 846,104 | 827,418 | 7,772,102 |
| Other assets: | | | |
| Leasehold rights (Notes 4, 7 and 8)..... | 5,154 | 5,134 | 48,224 |
| Other intangible assets (Notes 4, 7 and 8)..... | 99 | 102 | 958 |
| Lease deposits (Note 4)..... | 1,644 | 1,636 | 15,367 |
| Long-term prepaid expenses | 1,419 | 1,614 | 15,160 |
| Investment unit issuance costs | 47 | 23 | 216 |
| Investment corporation bond issuance costs | 161 | 183 | 1,718 |
| Other | 520 | 520 | 4,884 |
| Total other assets..... | 9,047 | 9,215 | 86,558 |
| TOTAL ASSETS..... | ¥ 897,331 | ¥ 900,799 | \$ 8,461,384 |

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

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

| | As of | | |
|--|----------------------|--------------------|--|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| LIABILITIES AND NET ASSETS | | | |
| Current liabilities: | | | |
| Short-term borrowings (Note 9)..... | ¥ 8,000 | ¥ - | \$ - |
| Current portion of long-term borrowings (Note 9)..... | 55,500 | 52,300 | 491,264 |
| Current portion of tenant leasehold and security deposits (Notes 4 and 11)..... | 658 | 658 | 6,180 |
| Accounts payable—operating | 2,181 | 3,222 | 30,264 |
| Accounts payable—other | 21 | 22 | 206 |
| Accrued expenses | 1,988 | 2,018 | 18,955 |
| Consumption tax payable | 2 | 949 | 8,914 |
| Rent received in advance | 3,194 | 3,226 | 30,302 |
| Deposits received | 1,280 | 3,027 | 28,433 |
| Current portion of asset retirement obligations (Note 21)..... | 71 | 9 | 84 |
| Other current liabilities | 162 | 170 | 1,596 |
| Total current liabilities | 73,061 | 65,605 | 616,240 |
| Non-current liabilities: | | | |
| Long-term borrowings (Note 9)..... | 303,725 | 307,925 | 2,892,400 |
| Long-term bonds issued—unsecured (Note 10)..... | 37,500 | 44,500 | 417,997 |
| Tenant leasehold and security deposits (Notes 4 and 11)..... | 49,412 | 47,936 | 450,272 |
| Asset retirement obligations (Note 21)..... | 541 | 540 | 5,072 |
| Derivatives liabilities (Note 20)..... | 369 | 277 | 2,601 |
| Other | 20 | 20 | 187 |
| Total non-current liabilities | 391,568 | 401,199 | 3,768,542 |
| TOTAL LIABILITIES | 464,630 | 466,805 | 4,384,792 |
| Net Assets (Note 12): | | | |
| Unitholders' equity: | | | |
| Unitholders' capital, 8,000,000 units authorized; 2,618,017 units as of February 28, 2019 and August 31, 2019 issued and outstanding | 411,878 | 411,878 | 3,868,852 |
| Capital surplus..... | 14,986 | 14,986 | 140,766 |
| Deduction from capital surplus..... | (9,999) | (9,999) | (93,922) |
| Capital surplus, net..... | 4,986 | 4,986 | 46,834 |
| Reserve for reduction entry of property..... | 476 | 15 | 140 |
| Reserve for dividends..... | 1,616 | 1,616 | 15,179 |
| Retained earnings for temporary difference adjustment (Note 13)..... | 3,044 | 3,012 | 28,292 |
| Retained earnings..... | 11,105 | 12,814 | 120,364 |
| Total unitholders' equity | 433,106 | 434,323 | 4,079,682 |
| Valuation and translation adjustments: | | | |
| Deferred losses on hedges..... | (405) | (328) | (3,080) |
| Total valuation and translation adjustments | (405) | (328) | (3,080) |
| TOTAL NET ASSETS | 432,701 | 433,994 | 4,076,592 |
| TOTAL LIABILITIES AND NET ASSETS | ¥ 897,331 | ¥ 900,799 | \$ 8,461,384 |

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

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

| | For the six months ended | | |
|--|--------------------------|-----------------|---|
| | February 28, | August 31, | August 31, |
| | 2019 | 2019 | 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Operating revenues | | | |
| Rent and other operating revenues (Note 15)..... | ¥ 30,680 | ¥ 30,857 | \$ 289,845 |
| Gain on sales of property (Note 16)..... | - | 4,574 | 42,964 |
| | <u>30,680</u> | <u>35,432</u> | <u>332,819</u> |
| Operating expenses | | | |
| Property-related expenses (Note 15)..... | 14,558 | 16,505 | 155,034 |
| Loss on sales of property (Note 16)..... | - | 1,023 | 9,609 |
| Asset management fees | 2,673 | 2,725 | 25,596 |
| Custodian fees | 29 | 30 | 281 |
| General administration fees | 127 | 129 | 1,211 |
| Other | 188 | 298 | 2,799 |
| | <u>17,577</u> | <u>20,712</u> | <u>194,551</u> |
| Operating income | <u>13,103</u> | <u>14,719</u> | <u>138,258</u> |
| Non-operating revenues | | | |
| Non-operating revenues..... | 2 | 2 | 18 |
| | <u>2</u> | <u>2</u> | <u>18</u> |
| Non-operating expenses | | | |
| Interest expenses | 1,433 | 1,355 | 12,727 |
| Interest expenses on investment corporation bonds..... | 136 | 141 | 1,324 |
| Amortization of investment corporation bond issuance costs | 16 | 18 | 169 |
| Amortization of investment unit issuance costs | 23 | 23 | 216 |
| Loan-related costs | 385 | 362 | 3,400 |
| Other non-operating expenses | 4 | 4 | 37 |
| | <u>1,999</u> | <u>1,906</u> | <u>17,903</u> |
| Ordinary income | <u>11,105</u> | <u>12,815</u> | <u>120,373</u> |
| Income before income taxes | 11,105 | 12,815 | 120,373 |
| Income taxes (Note 17): | | | |
| Current..... | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> |
| Net income | <u>11,105</u> | <u>12,814</u> | <u>120,364</u> |
| Unappropriated earnings at beginning of period | - | - | - |
| Retained earnings at the end of period (Note 14) | <u>¥ 11,105</u> | <u>¥ 12,814</u> | <u>\$ 120,364</u> |

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

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

| | Unitholders' equity | | | | | | | | | | Valuation and translation adjustments | | | |
|--|----------------------|-----------------|--------------------------------|----------------------|---|-----------------------|---|-------------------------|-------------------|---------------|---------------------------------------|-----------------------------------|---|------------------|
| | Surplus | | | | | | | | | | | | | |
| | Voluntary reserve | | | | | | | | | | | | | |
| | Unitholders' capital | Capital surplus | Deduction from capital surplus | Capital surplus, net | Reserve for reduction entry of property | Reserve for dividends | Retained earnings for temporary difference adjustment | Total voluntary reserve | Retained earnings | Total surplus | Total unitholders' equity | Deferred gains (losses) on hedges | Total valuation and translation adjustments | Total net assets |
| | (in millions) | | | | | | | | | | | | | |
| Balance as of August 31, 2018..... | ¥ 411,878 | ¥ 14,986 | ¥ (9,999) | ¥ 4,986 | ¥ 476 | ¥ 1,537 | ¥ 3,075 | ¥ 5,089 | ¥ 11,644 | ¥ 21,721 | ¥ 433,599 | ¥ (369) | ¥ (369) | ¥ 433,229 |
| <u>Changes during the period</u> | | | | | | | | | | | | | | |
| Provision of reserve for dividends..... | - | - | - | - | - | 78 | - | 78 | (78) | - | - | - | - | - |
| Reversal of retained earnings for temporary difference adjustment..... | - | - | - | - | - | - | (31) | (31) | 31 | - | - | - | - | - |
| Cash distribution declared..... | - | - | - | - | - | - | - | - | (11,597) | (11,597) | (11,597) | - | - | (11,597) |
| Net income..... | - | - | - | - | - | - | - | - | 11,105 | 11,105 | 11,105 | - | - | 11,105 |
| Net changes of items other than unitholders' equity..... | - | - | - | - | - | - | - | - | - | - | - | (35) | (35) | (35) |
| <u>Total changes during the period</u> | - | - | - | - | - | 78 | (31) | 47 | (539) | (492) | (492) | (35) | (35) | (528) |
| Balance as of February 28, 2019..... | ¥ 411,878 | ¥ 14,986 | ¥ (9,999) | ¥ 4,986 | ¥ 476 | ¥ 1,616 | ¥ 3,044 | ¥ 5,136 | ¥ 11,105 | ¥ 21,228 | ¥ 433,106 | ¥ (405) | ¥ (405) | ¥ 432,701 |
| <u>Changes during the period</u> | | | | | | | | | | | | | | |
| Reversal of reserve for reduction entry of property..... | - | - | - | - | (461) | - | - | (461) | 461 | - | - | - | - | - |
| Reversal of retained earnings for temporary difference adjustment..... | - | - | - | - | - | - | (31) | (31) | 31 | - | - | - | - | - |
| Cash distribution declared..... | - | - | - | - | - | - | - | - | (11,597) | (11,597) | (11,597) | - | - | (11,597) |
| Net income..... | - | - | - | - | - | - | - | - | 12,814 | 12,814 | 12,814 | - | - | 12,814 |
| Net changes of items other than unitholders' equity..... | - | - | - | - | - | - | - | - | - | - | - | 76 | 76 | 76 |
| <u>Total changes during the period</u> | - | - | - | - | (461) | - | (31) | (492) | 1,709 | 1,216 | 1,216 | 76 | 76 | 1,293 |
| Balance as of August 31, 2019..... | ¥ 411,878 | ¥ 14,986 | ¥ (9,999) | ¥ 4,986 | ¥ 15 | ¥ 1,616 | ¥ 3,012 | ¥ 4,643 | ¥ 12,814 | ¥ 22,445 | ¥ 434,323 | ¥ (328) | ¥ (328) | ¥ 433,994 |

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

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

| | Unitholders' equity | | | | | | | | | | Valuation and translation adjustments | | | |
|---|---|-------------------|--------------------------------|----------------------|---|-----------------------|---|-------------------------|-------------------|-------------------|---------------------------------------|-----------------------------------|---|---------------------|
| | Surplus | | | | | | | | | | | | | |
| | Voluntary reserve | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | |
| | Unitholders' capital | Capital surplus | Deduction from capital surplus | Capital surplus, net | Reserve for reduction entry of property | Reserve for dividends | Retained earnings for temporary difference adjustment | Total voluntary reserve | Retained earnings | Total surplus | Total unitholders' equity | Deferred gains (losses) on hedges | Total valuation and translation adjustments | Total net assets |
| | (in thousands of U.S. dollars (Note 3)) | | | | | | | | | | | | | |
| Balance as of February 28, 2019..... | \$ 3,868,852 | \$ 140,766 | \$ (93,922) | \$ 46,834 | \$ 4,471 | \$ 15,179 | \$ 28,592 | \$ 48,243 | \$ 104,311 | \$ 199,398 | \$ 4,068,250 | \$ (3,804) | \$ (3,804) | \$ 4,064,446 |
| <u>Changes during the period</u> | | | | | | | | | | | | | | |
| Reversal of reserve for | | | | | | | | | | | | | | |
| reduction entry of property..... | - | - | - | - | (4,330) | - | - | (4,330) | 4,330 | - | - | - | - | - |
| Reversal of retained earnings | | | | | | | | | | | | | | |
| for temporary difference adjustment..... | - | - | - | - | - | - | (291) | (291) | 291 | - | - | - | - | - |
| Cash distribution declared..... | - | - | - | - | - | - | - | - | (108,932) | (108,932) | (108,932) | - | - | (108,932) |
| Net income..... | - | - | - | - | - | - | - | - | 120,364 | 120,364 | 120,364 | - | - | 120,364 |
| Net changes of items other than | | | | | | | | | | | | | | |
| unitholders' equity..... | - | - | - | - | - | - | - | - | - | - | - | 713 | 713 | 713 |
| <u>Total changes during the period</u> | - | - | - | - | (4,330) | - | (291) | (4,621) | 16,052 | 11,422 | 11,422 | 713 | 713 | 12,145 |
| Balance as of August 31, 2019..... | <u>\$ 3,868,852</u> | <u>\$ 140,766</u> | <u>\$ (93,922)</u> | <u>\$ 46,834</u> | <u>\$ 140</u> | <u>\$ 15,179</u> | <u>\$ 28,292</u> | <u>\$ 43,612</u> | <u>\$ 120,364</u> | <u>\$ 210,830</u> | <u>\$ 4,079,682</u> | <u>\$ (3,080)</u> | <u>\$ (3,080)</u> | <u>\$ 4,076,592</u> |

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

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

| | For the six months ended | | |
|---|--------------------------|-----------------|--|
| | February 28, | August 31, | August 31, |
| | 2019 | 2019 | 2019 |
| | (in millions) | | (in thousands of U.S.dollars (Note 3)) |
| Cash Flows from Operating Activities: | | | |
| Income before income taxes..... | ¥ 11,105 | ¥ 12,815 | \$ 120,373 |
| Adjustments to reconcile income before income taxes to net cash provided by operating activities: | | | |
| Depreciation..... | 5,553 | 5,558 | 52,207 |
| Amortization of investment corporation bond issuance costs..... | 16 | 18 | 169 |
| Amortization of investment unit issuance costs..... | 23 | 23 | 216 |
| Gain on sales of property..... | - | (4,574) | (42,964) |
| Loss on sales of property..... | - | 1,023 | 9,609 |
| Loss on disposal of fixed assets..... | 72 | 179 | 1,681 |
| Interest income..... | - | - | - |
| Interest expenses..... | 1,569 | 1,497 | 14,061 |
| Changes in assets and liabilities: | | | |
| (Increase) decrease in rent receivables..... | (11) | 27 | 253 |
| (Increase) decrease in long-term prepaid expenses..... | 222 | (195) | (1,831) |
| Increase (decrease) in accounts payable - operating..... | (633) | 711 | 6,678 |
| Increase (decrease) in accounts payable - other..... | 5 | - | - |
| Increase (decrease) in accrued expenses..... | (23) | 40 | 375 |
| Increase (decrease) in consumption tax payable..... | (1,110) | 947 | 8,895 |
| Increase (decrease) in rent received in advance..... | (29) | 31 | 291 |
| Increase (decrease) in deposits received..... | (314) | 1,498 | 14,071 |
| Other, net..... | 118 | 599 | 5,626 |
| Sub total..... | 16,561 | 20,202 | 189,761 |
| Interest received..... | - | - | - |
| Interest expenses paid..... | (1,617) | (1,507) | (14,155) |
| Income taxes paid..... | - | - | - |
| Net cash provided by operating activities..... | 14,943 | 18,695 | 175,605 |
| Cash Flows from Investing Activities: | | | |
| Purchase of property and equipment..... | (20,700) | (16,554) | (155,495) |
| Proceeds from sales of property and equipment..... | - | 32,936 | 309,374 |
| Payments for sales of property and equipment..... | (7) | - | - |
| Purchase of intangible assets..... | - | (18) | (169) |
| Proceeds from sales of intangible assets..... | - | 2 | 18 |
| Payments of tenant leasehold and security deposits..... | (983) | (2,732) | (25,662) |
| Proceeds from tenant leasehold and security deposits..... | 1,067 | 1,047 | 9,834 |
| Proceeds from deposits and others..... | 14 | 7 | 65 |
| Net cash provided by (used in) investing activities..... | (20,609) | 14,687 | 137,957 |
| Cash Flows from Financing Activities: | | | |
| Proceeds from short-term borrowings..... | 21,000 | - | - |
| Repayments of short-term borrowings..... | (13,000) | (8,000) | (75,145) |
| Proceeds from long-term borrowings..... | 26,000 | 35,000 | 328,761 |
| Repayments of long-term borrowings..... | (22,000) | (34,000) | (319,368) |
| Proceeds from issuance of investment corporation bonds..... | - | 6,959 | 65,367 |
| Distribution payments..... | (11,597) | (11,596) | (108,923) |
| Net cash provided by (used in) financing activities..... | 402 | (11,637) | (109,308) |
| Net change in cash and cash equivalents..... | (5,263) | 21,745 | 204,255 |
| Cash and cash equivalents at the beginning of period..... | 45,138 | 39,874 | 374,544 |
| Cash and cash equivalents at the end of period..... | ¥ 39,874 | ¥ 61,620 | \$ 578,808 |

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

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

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 35th fiscal period (August 31, 2019) amounted to ¥883.2 billion (US\$8,296 million) (the total acquisition price of 100 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Investment Corporation Bond Issuance Costs

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

(i) Investment Unit Issuance Costs

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

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

Taxes on property and equipment capitalized amounted to ¥3 million and ¥35 million (US\$328 thousand) for the six months ended February 28, 2019 and August 31, 2019, respectively.

(m) Revenue Recognition

Revenue from the leasing of retail space includes fixed rental revenues, variable rental revenues, sales-based rental revenues, recoveries of utility charges and other miscellaneous income, which are all recognized in a pattern appropriate for each revenue stream.

(n) Hedge Accounting

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

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

(o) Leases

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

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥106.46 = US\$1, the effective rate of exchange prevailing at August 31, 2019. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended August 31, 2019 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interests in Real Estate Trusts

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

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

| | As of | | |
|--|----------------|----------------|---|
| | February 28, | August 31, | August 31, |
| | 2019 | 2019 | 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents..... | ¥ 11,713 | ¥ 13,158 | \$ 123,595 |
| Restricted bank deposits..... | 513 | 513 | 4,818 |
| Property and equipment, at cost: | | | |
| Land..... | 609,178 | 599,326 | 5,629,588 |
| Buildings..... | 296,373 | 285,730 | 2,683,918 |
| Building improvements..... | 14,387 | 13,376 | 125,643 |
| Machinery and equipment..... | 2,170 | 2,139 | 20,092 |
| Furniture and fixtures..... | 4,481 | 4,613 | 43,330 |
| Construction in progress..... | 1,778 | 1,097 | 10,304 |
| <i>Total property and equipment.....</i> | <i>928,370</i> | <i>906,284</i> | <i>8,512,906</i> |
| Less: Accumulated depreciation..... | (112,624) | (109,184) | (1,025,587) |
| <i>Net property and equipment.....</i> | <i>815,745</i> | <i>797,100</i> | <i>7,487,319</i> |
| Other assets: | | | |
| Leasehold rights..... | 5,154 | 5,134 | 48,224 |
| Other intangible assets..... | 99 | 90 | 845 |
| Lease deposits..... | 1,644 | 1,636 | 15,367 |
| Liabilities | | | |
| Current liabilities: | | | |
| Current portion of tenant leasehold and security deposits..... | 658 | 658 | 6,180 |
| Non-current liabilities: | | | |
| Tenant leasehold and security deposits..... | 47,279 | 46,074 | 432,782 |

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction for the six months ended February 28, 2019 and August 31, 2019 were ¥339 million and ¥334 million (US\$3,137 thousand), respectively.

Note 6 — Schedule of Property and Equipment

(i) Schedule of Property and Equipment as of February 28, 2019 consisted of the following:

| | At cost | | | Ending balance | Accumulated depreciation | Depreciation for the period | Net property and equipment |
|-------------------------------|----------------------|----------|----------|-------------------|-----------------------------|--------------------------------|-------------------------------|
| | Beginning balance | Increase | Decrease | | | | |
| | (in millions) | | | | | | |
| Land..... | ¥ 621,523 | ¥ 16,114 | ¥ - | ¥ 637,638 | ¥ - | ¥ - | ¥ 637,638 |
| Buildings..... | 296,020 | 2,895 | 113 | 298,802 | 103,732 | 5,116 | 195,070 |
| Building improvements..... | 14,273 | 179 | - | 14,453 | 5,392 | 214 | 9,061 |
| Machinery and equipment..... | 2,137 | 33 | - | 2,170 | 1,245 | 60 | 925 |
| Furniture and fixtures..... | 4,383 | 133 | 16 | 4,499 | 2,868 | 128 | 1,630 |
| Construction in progress..... | 226 | 1,577 | 25 | 1,778 | - | - | 1,778 |
| Total..... | ¥ 938,565 | ¥ 20,933 | ¥ 155 | ¥ 959,342 | ¥ 113,238 | ¥ 5,519 | ¥ 846,104 |

(ii) Schedule of Property and Equipment as of August 31, 2019 consisted of the following:

| | At cost | | | Ending balance | Accumulated depreciation | Depreciation for the period | Net property and equipment |
|-------------------------------|----------------------|----------|----------|-------------------|-----------------------------|--------------------------------|-------------------------------|
| | Beginning balance | Increase | Decrease | | | | |
| | (in millions) | | | | | | |
| Land..... | ¥ 637,638 | ¥ 11,557 | ¥ 21,409 | ¥ 627,785 | ¥ - | ¥ - | ¥ 627,785 |
| Buildings..... | 298,802 | 4,871 | 15,511 | 288,162 | 100,804 | 5,118 | 187,358 |
| Building improvements..... | 14,453 | 68 | 1,079 | 13,442 | 4,889 | 211 | 8,552 |
| Machinery and equipment..... | 2,170 | 20 | 51 | 2,139 | 1,279 | 58 | 860 |
| Furniture and fixtures..... | 4,499 | 305 | 171 | 4,633 | 2,869 | 134 | 1,763 |
| Construction in progress..... | 1,778 | 612 | 1,292 | 1,097 | - | - | 1,097 |
| Total..... | ¥ 959,342 | ¥ 17,435 | ¥ 39,516 | ¥ 937,261 | ¥ 109,843 | ¥ 5,523 | ¥ 827,418 |

| | At cost | | | Ending balance | Accumulated depreciation | Depreciation for the period | Net property and equipment |
|-------------------------------|---|------------|------------|-------------------|-----------------------------|--------------------------------|-------------------------------|
| | Beginning balance | Increase | Decrease | | | | |
| | (in thousands of U.S. dollars (Note 3)) | | | | | | |
| Land..... | \$ 5,989,460 | \$ 108,557 | \$ 201,099 | \$ 5,896,909 | \$ - | \$ - | \$ 5,896,909 |
| Buildings..... | 2,806,706 | 45,754 | 145,697 | 2,706,763 | 946,872 | 48,074 | 1,759,891 |
| Building improvements..... | 135,759 | 638 | 10,135 | 126,263 | 45,923 | 1,981 | 80,330 |
| Machinery and equipment..... | 20,383 | 187 | 479 | 20,092 | 12,013 | 544 | 8,078 |
| Furniture and fixtures..... | 42,260 | 2,864 | 1,606 | 43,518 | 26,949 | 1,258 | 16,560 |
| Construction in progress..... | 16,701 | 5,748 | 12,136 | 10,304 | - | - | 10,304 |
| Total..... | \$ 9,011,290 | \$ 163,770 | \$ 371,181 | \$ 8,803,879 | \$ 1,031,777 | \$ 51,878 | \$ 7,772,102 |

Note 7 — Schedule of Intangible Assets

(i) Schedule of Intangible Assets as of February 28, 2019 consisted of the following:

| | At cost | | | Accumulated amortization | Amortization for the period | Net intangible assets |
|------------------------------|----------------------|----------|----------|-----------------------------|--------------------------------|--------------------------|
| | Beginning balance | Increase | Decrease | | | |
| | (in millions) | | | | | |
| Leasehold rights..... | ¥ 5,384 | ¥ - | ¥ - | ¥ 5,384 | ¥ 230 | ¥ 5,154 |
| Other intangible assets..... | 359 | 6 | - | 365 | 265 | 99 |
| Total..... | ¥ 5,743 | ¥ 6 | ¥ - | ¥ 5,749 | ¥ 495 | ¥ 5,253 |

(ii) Schedule of Intangible Assets as of August 31, 2019 consisted of the following:

| | At cost | | | Accumulated amortization | Amortization for the period | Net intangible assets |
|------------------------------|----------------------|----------|----------|-----------------------------|--------------------------------|--------------------------|
| | Beginning balance | Increase | Decrease | | | |
| | (in millions) | | | | | |
| Leasehold rights..... | ¥ 5,384 | ¥ - | ¥ - | ¥ 5,384 | ¥ 250 | ¥ 5,134 |
| Other intangible assets..... | 365 | 23 | 6 | 381 | 279 | 102 |
| Total..... | ¥ 5,749 | ¥ 23 | ¥ 6 | ¥ 5,766 | ¥ 529 | ¥ 5,236 |

| | At cost | | | Accumulated amortization | Amortization for the period | Net intangible assets |
|------------------------------|---|----------|----------|-----------------------------|--------------------------------|--------------------------|
| | Beginning balance | Increase | Decrease | | | |
| | (in thousands of U.S. dollars (Note 3)) | | | | | |
| Leasehold rights..... | \$ 50,572 | \$ - | \$ - | \$ 50,572 | \$ 2,348 | \$ 48,224 |
| Other intangible assets..... | 3,428 | 216 | 56 | 3,578 | 2,620 | 958 |
| Total..... | \$ 54,001 | \$ 216 | \$ 56 | \$ 54,161 | \$ 4,969 | \$ 49,182 |

Note 8 — Fair Value of Investment and Rental Property

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

| | As of / For the six months ended | | |
|--|----------------------------------|--------------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Net book value⁽ⁱ⁾ | | | |
| Balance at the beginning of the period..... | ¥ 836,065 | ¥ 851,358 | \$ 7,996,975 |
| Net increase(decrease) during the period ⁽ⁱⁱ⁾ | 15,292 | (18,714) | (175,784) |
| Balance at the end of the period..... | ¥ 851,358 | ¥ 832,643 | \$ 7,821,181 |
| Fair value⁽ⁱⁱⁱ⁾ | ¥ 1,009,240 | ¥ 994,145 | \$ 9,338,202 |

Notes:

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

| | | Increase (decrease) in net book value (in millions) | |
|---|---|---|--|
| For the six months ended February 28, 2019: | | | |
| Acquisitions: | | | |
| G-Bldg. Minami Aoyama 03..... | ¥ | | 12,310 |
| G-Bldg. Jingumae 08..... | | | 2,520 |
| Round 1 Stadium Kawasaki Daishi..... | | | 2,469 |
| Capital expenditures: | | | |
| Renewal construction of mozo wonder city..... | | | 421 |
| For the six months ended August 31, 2019: | | | |
| | | Increase (decrease) in net book value | |
| | | (in millions) | (in thousands of U.S. dollars (Note 3)) |
| Acquisitions: | | | |
| G-Bldg. Jingumae 09..... | ¥ | 7,075 | \$ 66,456 |
| m-city Kashiwa..... | | 5,777 | 54,264 |
| Capital expenditures: | | | |
| Renewal construction of KAWASAKI Le FRONT..... | | 2,113 | 19,847 |
| Disposition: | | | |
| 8953 Osaka Shinsaibashi Building..... | | (12,034) | (113,037) |
| AEON Sendai Nakayama..... | | (8,469) | (79,551) |
| Narupark..... | | (7,128) | (66,954) |
| Ito-Yokado Nishikicho (partial disposition of interest) | | (1,499) | (14,080) |

- (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 Ito-Yokado Nishikicho (85% of interest) signed disposition contract on May 29, 2019, the selling price is used for the six months ended August 31, 2019.

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

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

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

| | As of / For the six months ended | | |
|---|----------------------------------|----------------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Bank borrowings at end of the period | | | |
| Short-term borrowings..... | ¥ 8,000 | ¥ - | \$ - |
| Long-term borrowings..... | 359,225 | 360,225 | 3,383,665 |
| Total..... | ¥ 367,225 | ¥ 360,225 | \$ 3,383,665 |
| Average interest rates range for the period..... | From 0.2% to 3.0% | From 0.2% to 3.0% | |

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

| | As of | | |
|--|----------------------|--------------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Credit Facilities | | | |
| Total amount of credit facilities..... | ¥ 35,500 | ¥ 35,500 | \$ 333,458 |
| Borrowings drawn down..... | - | - | - |
| Unused credit facilities..... | ¥ 35,500 | ¥ 35,500 | \$ 333,458 |
| Commitment Lines | | | |
| Total amount of committed lines of credit..... | ¥ 60,000 | ¥ 60,000 | \$ 563,591 |
| Borrowings drawn down..... | - | - | - |
| Unused committed lines of credit..... | ¥ 60,000 | ¥ 60,000 | \$ 563,591 |

Note 10 — Investment Corporation Bonds

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

| | Balance as of | | |
|---|----------------------|--------------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Long-term bonds—unsecured | | | |
| ¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%..... | ¥ 7,500 | ¥ 7,500 | \$ 70,448 |
| ¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.260%..... | 8,000 | 8,000 | 75,145 |
| ¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%..... | 7,000 | 7,000 | 65,752 |
| ¥5 billion of 5-year bonds, issued on May 19, 2017, maturing on May 19, 2022 with a coupon of 0.220%..... | 5,000 | 5,000 | 46,965 |
| ¥2 billion of 10-year bonds, issued on May 19, 2017, maturing on May 19, 2027 with a coupon of 0.480%..... | 2,000 | 2,000 | 18,786 |
| ¥8 billion of 5-year bonds (Green Bonds), issued on May 25, 2018, maturing on May 25, 2023 with a coupon of 0.210%..... | 8,000 | 8,000 | 75,145 |
| ¥7 billion of 5-year bonds (Green Bonds), issued on June 25, 2019, maturing on June 25, 2024 with a coupon of 0.200%..... | - | 7,000 | 65,752 |
| Total..... | ¥ 37,500 | ¥ 44,500 | \$ 417,997 |

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥213,800 million and ¥204,161 million (US\$1,917,724 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥19,807 million and ¥18,967 million (US\$178,160 thousand) as of February 28, 2019 and August 31, 2019, respectively.

Certain land and buildings included in the above aggregate book value were pledged as collateral to secure co-owners' payments of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,490 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,287 thousand) as of February 28, 2019 and August 31, 2019, respectively.

Note 12 — Net Assets

The Company issues only non-par value investment units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$469 thousand) as required by the Investment Trust Act.

The number of investment units issued and outstanding were 2,618,017 as of February 28, 2019 and August 31, 2019. For the six months ended February 28, 2018, the Company purchased a total of 49,181 of its own investment units at ¥9,999 million and retired all of its own investment units on February 9, 2018. The acquisition cost of the Company's own investment units is deducted from capital surplus in unitholders' equity.

Note 13 — Retained Earnings for Temporary Difference Adjustment

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

| <i>For the six months ended February 28, 2019:</i> | Initial amount | Balance at beginning of the period | Provision (in millions) | Reversal | Balance at end of the period |
|--|----------------|------------------------------------|----------------------------|----------|------------------------------|
| Reserve for dividends ⁽ⁱ⁾ | ¥ 3,138 | ¥ 3,075 | ¥ - | ¥ (31) | ¥ 3,044 |

| <i>For the six months ended August 31, 2019:</i> | Initial amount | Balance at beginning of the period | Provision (in millions) | Reversal | Balance at end of the period |
|--|---|------------------------------------|----------------------------|----------|------------------------------|
| Reserve for dividends ⁽ⁱ⁾ | ¥ 3,138 | ¥ 3,044 | ¥ - | ¥ (31) | ¥ 3,012 |
| | (in thousands of U.S. dollars (Note 3)) | | | | |
| | \$ 29,475 | \$ 28,592 | \$ - | \$ (291) | \$ 28,292 |

Notes:

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

Note 14 — Appropriation of Retained Earnings

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

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

| | For the six months ended | | |
|--|--------------------------|--------------------|--|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Retained earnings at the end of period..... | ¥ 11,105 | ¥ 12,814 | \$ 120,364 |
| Reversal of reserve for reduction entry of property..... | 461 | - | - |
| Reversal of retained earnings for temporary difference adjustment..... | 31 | 31 | 291 |
| Cash distribution declared..... | (11,597) | (11,597) | (108,932) |
| Provision of reserve for dividends..... | - | (1,248) | (11,722) |
| Retained earnings carried forward..... | ¥ - | ¥ - | \$ - |

For the six months ended February 28, 2019, the Company declared a total distribution of ¥11,597 million, representing all of retained earnings at the end of the period then ended after reversals of reserve for reduction entry of property amounting to ¥461 million and retained earnings for temporary difference adjustment amounting to ¥31 million.

For the six months ended August 31, 2019, the Company declared a total distribution of ¥11,597 million (US\$108,932 thousand), representing all of retained earnings at the end of the period then ended after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million (US\$291 thousand) and provision of reserve for dividends amounting to ¥1,248 million (US\$11,722 thousand).

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

Cash distributions per investment unit were ¥4,430 and ¥4,430 (US\$41) for the six months ended February 28, 2019 and August 31, 2019, respectively.

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

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

| | For the six months ended | | |
|---|--------------------------|--------------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Rent and other operating revenues: | | | |
| Rent and parking revenue..... | ¥ 26,932 | ¥ 27,157 | \$ 255,091 |
| Common area charges..... | 1,313 | 1,388 | 13,037 |
| Other..... | 2,434 | 2,312 | 21,717 |
| Total rent and other operating revenues..... | ¥ 30,680 | ¥ 30,857 | \$ 289,845 |
| Property-related expenses: | | | |
| Property management fees..... | ¥ 789 | ¥ 769 | \$ 7,223 |
| Facility management fees..... | 1,498 | 1,551 | 14,568 |
| Utilities..... | 1,470 | 1,530 | 14,371 |
| Property-related taxes..... | 2,670 | 2,779 | 26,103 |
| Repair and maintenance..... | 779 | 2,261 | 21,238 |
| Insurance..... | 31 | 33 | 309 |
| Trust fees..... | 55 | 56 | 526 |
| Rent expense ⁽ⁱ⁾ | 770 | 769 | 7,223 |
| Other..... | 866 | 1,016 | 9,543 |
| Depreciation..... | 5,553 | 5,557 | 52,198 |
| Loss on disposal of property..... | 72 | 179 | 1,681 |
| Total property-related expenses..... | ¥ 14,558 | ¥ 16,505 | \$ 155,034 |
| Operating income from property leasing activities..... | ¥ 16,122 | ¥ 14,352 | \$ 134,811 |

Note:

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

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

There was no gain or loss on sales of property for the six months ended February 28, 2019.

Analysis of gain or loss on sales of property for the six months ended August 31, 2019 is as follows:

| | For the six months ended August 31, 2019 | | For the six months ended August 31, 2019 | |
|--|---|------------------------------|---|------------------------------|
| | Gain on sales of property | Loss on sales of property | Gain on sales of property | Loss on sales of property |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) | |
| Sales of property..... | ¥ 26,995 | ¥ 6,115 | \$ 253,569 | \$ 57,439 |
| Costs of property..... | 22,003 | 7,128 | 206,678 | 66,954 |
| Other sales expenses..... | 417 | 10 | 3,916 | 93 |
| Gain (Loss) on sales of property, net..... | ¥ 4,574 | ¥ (1,023) | \$ 42,964 | \$ (9,609) |

Note 17 — Income Taxes

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

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

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

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

| | For the six months ended | |
|--|--------------------------|--------------------|
| | February 28, 2019 | August 31, 2019 |
| | (Rate) | |
| Statutory tax rate..... | 31.51% | 31.51% |
| Deductible cash distributions..... | (32.83) | (28.52) |
| Change in valuation allowance (for deferred tax assets)..... | 0.33 | (3.50) |
| Reversal of retained earnings for temporary difference adjustment..... | 0.09 | 0.08 |
| Other..... | 0.90 | 0.43 |
| Effective tax rate..... | 0.01% | 0.00% |

Deferred tax assets and liabilities consist of the following:

| | As of | | |
|--|----------------------|--------------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Deferred tax assets: | | | |
| Tax loss carryforwards (Note)..... | ¥ 2,094 | ¥ 1,625 | \$ 15,263 |
| Asset retirement obligations..... | 193 | 173 | 1,625 |
| Amortization of leasehold rights..... | 116 | 125 | 1,174 |
| Depreciation..... | 18 | 19 | 178 |
| Valuation differences on assets acquired through the merger..... | 5,348 | 5,321 | 49,981 |
| Deferred losses on hedges..... | 127 | 103 | 967 |
| Other..... | 38 | 115 | 1,080 |
| Sub total..... | 7,938 | 7,484 | 70,298 |
| Valuation allowance for tax loss carryforwards (Note)..... | (2,094) | (1,625) | (15,263) |
| Valuation allowance for temporary differences, etc..... | (5,843) | (5,858) | (55,025) |
| Total valuation allowance..... | (7,938) | (7,484) | (70,298) |
| Total deferred tax assets..... | - | - | - |
| Net deferred tax assets..... | ¥ - | ¥ - | \$ - |

Note: Details of valuation allowance for tax loss carryforwards are as follows.

| As of February 28, 2019: | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | Total |
|---|---|-----------|-----------|-----------|-----------|--------------|-----------|
| | (in millions) | | | | | | |
| Tax loss carryforwards ⁽ⁱ⁾ | ¥ 2,094 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ 2,094 |
| Valuation allowance..... | (2,094) | - | - | - | - | - | (2,094) |
| Deferred tax assets..... | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| As of August 31, 2019: | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | Total |
| | (in millions) | | | | | | |
| Tax loss carryforwards ⁽ⁱ⁾ | ¥ 1,625 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ 1,625 |
| Valuation allowance..... | (1,625) | - | - | - | - | - | (1,625) |
| Deferred tax assets..... | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| As of August 31, 2019: | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years | Total |
| | (in thousands of U.S. dollars (Note 3)) | | | | | | |
| Tax loss carryforwards ⁽ⁱ⁾ | \$ 15,263 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 15,263 |
| Valuation allowance..... | (15,263) | - | - | - | - | - | (15,263) |
| Deferred tax assets..... | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

(Additional information)

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

Note 18 — Leases

(a) Lease Rental Revenues

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

| | As of | | |
|--------------------------|----------------------|--------------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Due within one year..... | ¥ 20,676 | ¥ 20,252 | \$ 190,231 |
| Due after one year..... | 84,340 | 85,211 | 800,403 |
| Total..... | ¥ 105,017 | ¥ 105,463 | \$ 990,634 |

(b) Lease Commitments

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

Note 19 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

| | February 28, 2019 | | | August 31, 2019 | | | August 31, 2019 | | |
|--|-------------------|------------|------------------------|---|------------|------------------------|---|--------------|------------------------|
| | Carrying amounts | Fair value | Unrealized gain (loss) | Carrying amounts | Fair value | Unrealized gain (loss) | Carrying amounts | Fair value | Unrealized gain (loss) |
| | (in millions) | | | (in thousands of U.S. dollars (Note 3)) | | | (in thousands of U.S. dollars (Note 3)) | | |
| Assets: | | | | | | | | | |
| (1) Cash and cash equivalents..... | ¥ 39,874 | ¥ 39,874 | ¥ - | ¥ 61,620 | ¥ 61,620 | ¥ - | \$ 578,808 | \$ 578,808 | \$ - |
| (2) Restricted bank deposits..... | 513 | 513 | - | 513 | 513 | - | 4,818 | 4,818 | - |
| Total..... | ¥ 40,388 | ¥ 40,388 | ¥ - | ¥ 62,133 | ¥ 62,133 | ¥ - | \$ 583,627 | \$ 583,627 | \$ - |
| Liabilities: | | | | | | | | | |
| (1) Short-term borrowings..... | ¥ 8,000 | ¥ 8,000 | ¥ - | ¥ - | ¥ - | ¥ - | \$ - | \$ - | \$ - |
| (2) Current portion of long-term borrowings..... | 55,500 | 55,571 | (71) | 52,300 | 52,301 | (1) | 491,264 | 491,273 | (9) |
| (3) Current portion of tenant leasehold and security deposits..... | 658 | 668 | (10) | 658 | 668 | (10) | 6,180 | 6,274 | (93) |
| (4) Long-term borrowings..... | 303,725 | 305,129 | (1,404) | 307,925 | 311,545 | (3,620) | 2,892,400 | 2,926,404 | (34,003) |
| (5) Long-term bonds issued—unsecured..... | 37,500 | 38,439 | (939) | 44,500 | 45,663 | (1,163) | 417,997 | 428,921 | (10,924) |
| (6) Tenant leasehold and security deposits..... | 1,962 | 1,993 | (31) | 1,928 | 1,973 | (45) | 18,110 | 18,532 | (422) |
| Total..... | ¥ 407,345 | ¥ 409,803 | ¥ (2,458) | ¥ 407,311 | ¥ 412,153 | ¥ (4,842) | \$ 3,825,953 | \$ 3,871,435 | \$ (45,481) |
| Derivative instruments* | ¥ (405) | ¥ (405) | ¥ - | ¥ (328) | ¥ (328) | ¥ - | \$ (3,080) | \$ (3,080) | \$ - |

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

Notes:

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

Assets

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

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

Liabilities

- (1) Short-term borrowings

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

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

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

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

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

- (5) Long-term bonds issued—unsecured

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

Derivative instruments

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

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

| | As of | | |
|---|-------------------|-----------------|---|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Tenant leasehold and security deposits..... | ¥ 47,450 | ¥ 46,008 | \$ 432,162 |
| Total liabilities..... | ¥ 47,450 | ¥ 46,008 | \$ 432,162 |

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

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

| As of February 28, 2019: | | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
|--------------------------------|------------|---|-----------|-----------|-----------|-----------|--------------|
| | | (in millions) | | | | | |
| Cash and cash equivalents..... | ¥ 39,874 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Restricted bank deposits..... | 513 | - | - | - | - | - | - |
| Total..... | ¥ 40,388 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| As of August 31, 2019: | | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
| | | (in millions) | | | | | |
| Cash and cash equivalents..... | ¥ 61,620 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Restricted bank deposits..... | 513 | - | - | - | - | - | - |
| Total..... | ¥ 62,133 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| As of August 31, 2019: | | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
| | | (in thousands of U.S. dollars (Note 3)) | | | | | |
| Cash and cash equivalents..... | \$ 578,808 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted bank deposits..... | 4,818 | - | - | - | - | - | - |
| Total..... | \$ 583,627 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

| <i>As of February 28, 2019:</i> | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
|--|---|------------|------------|------------|------------|--------------|
| | (in millions) | | | | | |
| Short-term borrowings..... | ¥ 8,000 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Current portion of long-term borrowings..... | 55,500 | - | - | - | - | - |
| Current portion of tenant leasehold and security deposits..... | 658 | - | - | - | - | - |
| Long-term borrowings..... | - | 58,875 | 36,000 | 30,500 | 22,000 | 156,350 |
| Long-term bonds issued..... | - | - | - | 5,000 | 15,500 | 17,000 |
| Tenant leasehold and security deposits..... | - | 658 | 658 | 68 | 168 | 409 |
| Total..... | ¥ 64,158 | ¥ 59,533 | ¥ 36,658 | ¥ 35,568 | ¥ 37,668 | ¥ 173,759 |
| <i>As of August 31, 2019:</i> | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
| | (in millions) | | | | | |
| Current portion of long-term borrowings..... | ¥ 52,300 | ¥ - | ¥ - | ¥ - | ¥ - | ¥ - |
| Current portion of tenant leasehold and security deposits..... | 658 | - | - | - | - | - |
| Long-term borrowings..... | - | 54,575 | 40,500 | 28,500 | 30,000 | 154,350 |
| Long-term bonds issued..... | - | - | 5,000 | 8,000 | 14,500 | 1,700 |
| Tenant leasehold and security deposits..... | - | 658 | 658 | 168 | 68 | 375 |
| Total..... | ¥ 52,958 | ¥ 55,233 | ¥ 46,158 | ¥ 36,668 | ¥ 44,568 | ¥ 156,425 |
| <i>As of August 31, 2019:</i> | Up to 1 year | 1-2 years | 2-3 years | 3-4 years | 4-5 years | Over 5 years |
| | (in thousands of U.S. dollars (Note 3)) | | | | | |
| Current portion of long-term borrowings..... | \$ 491,264 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Current portion of tenant leasehold and security deposits..... | 6,180 | - | - | - | - | - |
| Long-term borrowings..... | - | 512,633 | 380,424 | 267,706 | 281,795 | 1,449,840 |
| Long-term bonds issued..... | - | - | 46,965 | 75,145 | 136,201 | 15,968 |
| Tenant leasehold and security deposits..... | - | 6,180 | 6,180 | 1,578 | 638 | 3,522 |
| Total..... | \$ 497,445 | \$ 518,814 | \$ 433,571 | \$ 344,429 | \$ 418,636 | \$ 1,469,331 |

Note 20 — Derivatives

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

As of February 28, 2019:

| Method of hedge accounting | Type of derivatives | Hedged item | Notional amounts ⁽ⁱⁱ⁾ | | Fair value ⁽ⁱⁱⁱ⁾ |
|--|--|----------------------|----------------------------------|-------------|-----------------------------|
| | | | Total | Over 1 year | |
| | | | (in millions) | | |
| Deferred hedge accounting | Interest rate swap (Floating-rate to fixed-rate interest) | Long-term borrowings | ¥ 79,075 | ¥ 56,575 | ¥ (405) |
| Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾ | Interest rate swap (Floating-rate to fixed-rate interest) | Long-term borrowings | 121,000 | 99,000 | (2,058) |
| Total..... | | | ¥ 200,075 | ¥ 155,575 | ¥ (2,463) |

As of August 31, 2019:

| Method of hedge accounting | Type of derivatives | Hedged item | Notional amounts ⁽ⁱⁱ⁾ | | | Notional amounts ⁽ⁱⁱ⁾ | | |
|--|--|----------------------|----------------------------------|-------------|-----------------------------|---|--------------|-----------------------------|
| | | | Total | Over 1 year | Fair value ⁽ⁱⁱⁱ⁾ | Total | Over 1 year | Fair value ⁽ⁱⁱⁱ⁾ |
| | | | (in millions) | | | (in thousands of U.S. dollars (Note 3)) | | |
| Deferred hedge accounting | Interest rate swap (Floating-rate to fixed-rate interest) | Long-term borrowings | ¥ 72,075 | ¥ 36,075 | ¥ (328) | \$ 677,014 | \$ 338,859 | \$ (3,080) |
| Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾ | Interest rate swap (Floating-rate to fixed-rate interest) | Long-term borrowings | 101,000 | 96,500 | (2,068) | 948,713 | 906,443 | (19,425) |
| Total..... | | | ¥ 173,075 | ¥ 132,575 | ¥ (2,397) | \$ 1,625,727 | \$ 1,245,303 | \$ (22,515) |

Notes:

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

Note 21 — Asset Retirement Obligations

The Company has an obligation under a fixed-term leasehold agreement to restore its leased land, which represents a portion of the land where DFS T GALLERIA OKINAWA, owned by the Company, is located, upon the termination of the agreement, and contractual or legal obligations to remove asbestos contained in the buildings of KAWASAKI Le FRONT and G-Bldg. Jingumae 08. Based on the lease period per the agreement or the useful life of each building containing asbestos, the estimated period of use of the properties are estimated at 9 years, 24 years and 22 years, respectively. The asset retirement obligations for the restoration or removal of asbestos are recognized as a liability using discount rates at 0.458%, 1.584% and 0.596%, respectively.

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

| | For the six months ended | | |
|--|--------------------------|--------------------|--|
| | February 28, 2019 | August 31, 2019 | August 31, 2019 |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) |
| Balance at the beginning of the period..... | ¥ 487 | ¥ 612 | \$ 5,748 |
| Increase due to acquisition of properties..... | 121 | - | - |
| Adjustment for passage of time..... | 3 | 3 | 28 |
| Derecognition due to execution of obligations..... | - | (65) | (610) |
| Balance at the end of the period..... | ¥ 612 | ¥ 550 | \$ 5,166 |

Note 22 — Related-Party Transactions

For the six months ended February 28, 2019 and August 31, 2019, there were no applicable transactions with related parties as defined under the Financial Instruments and Exchanges Act.

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

(a) Real Estate Disposition

The Company disposed of certain properties to Mitsubishi Corporation Urban Development, Inc. for ¥2,175 million (US\$20,430 thousand) for the six months ended August 31, 2019. The disposition amount of the transaction was determined through negotiations with the counterparty based on recent appraisals undertaken by external appraisers.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,673 million and ¥2,725 million (US\$25,596 thousand) were paid by the Company for the six months ended February 28, 2019 and August 31, 2019, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥136 million and ¥100 million (US\$939 thousand) were paid by the Company for the six months ended February 28, 2019 and August 31, 2019, respectively. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥127 million and ¥129 million (US\$1,211 thousand) for general administration fees, and ¥31 million and ¥30 million (US\$281 thousand) for custodian fees for the six months ended February 28, 2019 and August 31, 2019, respectively. These fees have been decided based on standard terms commensurate with arm's length transactions.

The ending balances of accrued general administration fees and accounts payable for custodian fees as of August 31, 2019 were ¥45 million (US\$422 thousand) and ¥5 million (US\$46 thousand), respectively.

Notes:

- (i) Under the Investment Trust Act, the definition of a "related party" includes the asset management company and its interested parties (parent and subsidiary corporations, specified individual shareholders, and major shareholders of the asset management company defined as interested parties under Article 201 of the Investment Trust Act and Article 123 of the Order for Enforcement of the Investment Trust Act), as well as the asset custody company, in addition to controlling unitholders, major unitholders, subsidiary corporations, subsidiary companies of controlling unitholders, and officers and their close relatives.

Note 23 — Per Unit Information

The following table shows the net asset value per unit as of February 28, 2019 and August 31, 2019 and net income per unit for the six months then ended.

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

| | As of / For the six months ended | | |
|--|----------------------------------|------------|-----------------|
| | February 28, | August 31, | August 31, |
| | 2019 | 2019 | 2019 |
| | (Yen) | | (US\$ (Note 3)) |
| Net asset value per unit..... | ¥ 165,278 | ¥ 165,772 | \$ 1,557 |
| Net income per unit..... | ¥ 4,241 | ¥ 4,894 | \$ 45 |
| Weighted average number of investment units..... | 2,618,017 | 2,618,017 | |

Note 24 — Segment Information

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

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(iii) Information about Major Customers

| Name of Customer | Revenues for the six months ended | | | Relating Segment |
|--|-----------------------------------|------------|---|--------------------------|
| | February 28, | August 31, | August 31, | |
| | 2019 | 2019 | 2019 | |
| | (in millions) | | (in thousands of U.S. dollars (Note 3)) | |
| AEON Retail Co., Ltd. | ¥ 3,257 | ¥ 4,736 | \$ 44,486 | Property rental business |
| AEON Mall Co., Ltd. ⁽ⁱ⁾ | 3,325 | 3,344 | 31,410 | Property rental business |

Note:

(i) Although the revenues are less than 10% of total operating revenues for the six months ended August 31, 2019, the amount is noted for comparability.

Note 25 — Subsequent Events

Disposition of properties

The Company entered into a sale agreement of the following property on May 29, 2019, and disposed a part of the interest on September 2, 2019.

| | |
|------------------------------|--|
| Property name: | Ito-Yokado Nishikicho (trust beneficiary interest) (45% of quasi-co-ownership) |
| Disposition amount: | ¥6,525 million (US\$61,290 thousand) |
| Completion date of contract: | May 29, 2019 |
| Disposition date: | September 2, 2019 |
| Purchaser: | Mitsubishi Corporation Urban Development, Inc. |
| Impact on net income: | Gains on sales of property of approximately ¥2,022 million (US\$18,993 thousand) will be recognized in profit as operating revenues for the six months ending February 29, 2020. |

(Additional information)

Disposition of property

On May 29, 2019, the Company entered into a sale agreement of the following property.

| | |
|------------------------------|--|
| Property name: | Ito-Yokado Nishikicho (trust beneficiary interest) (40% of quasi-co-ownership) |
| Disposition amount: | ¥ 5,800 million (US\$54,480 thousand) |
| Completion date of contract: | May 29, 2019 |
| Disposition date: | Scheduled on March 2, 2020 |
| Purchaser: | Mitsubishi Corporation Urban Development, Inc. |
| Impact on net income: | Gains on sales of property of approximately ¥1,775 million (US\$16,672 thousand) will be recognized in profit as operating revenues for the six months ending August 31, 2020. |