

Translation

**JAPAN RETAIL FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED AUGUST 31, 2019**

October 15, 2019

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	https://www.jrf-reit.com/
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Katsuji Okamoto, President & CEO & Representative Director
Contact:	Keita Araki, Executive Director, Head of Retail Division
	Tel: (03)5293-7081
Scheduled date for filing of securities report:	November 20, 2019
Scheduled date for distributions payment:	November 18, 2019
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended August 31, 2019 (March 1, 2019 to August 31, 2019)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended August 31, 2019	35,432	15.5	14,719	12.3	12,815	15.4	12,814	15.4
February 28, 2019	30,680	-6.1	13,103	-5.5	11,105	-4.6	11,105	-4.6

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen		%		%		%	
For the six months ended August 31, 2019	4,894		3.0		1.4		36.2	
February 28, 2019	4,241		2.6		1.2		36.2	

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
	Yen	Millions of yen	Yen	Millions of yen	%	%
For the six months ended August 31, 2019	4,430	11,597	-	-	90.5	2.7
February 28, 2019	4,430	11,597	-	-	104.4	2.7

Note 1: Total distributions for the six months ended August 31, 2019 consist of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥1,248 million.

Note 2: Total distributions for the six months ended February 28, 2019 consist of retained earnings at the end of the period after reversals of reserve for reduction entry of property amounting to ¥461 million and retained earnings for temporary difference adjustment amounting to ¥31 million.

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2019	900,799	433,994	48.2	165,772
February 28, 2019	897,331	432,701	48.2	165,278

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the six months ended August 31, 2019	18,695	14,687	(11,637)	61,620
February 28, 2019	14,943	(20,609)	402	39,874

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

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 29, 2020	31,855	-10.1	14,299	-2.9	12,529	-2.2	12,529	-2.2
August 31, 2020	31,911	0.2	14,582	2.0	12,868	2.7	12,867	2.7

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
February 29, 2020	4,785		4,500		0	
August 31, 2020	4,914		4,600		0	

Note: Total distributions for the six months ending February 29, 2020 consist of retained earnings after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥779 million. Total distributions for the six months ending August 31, 2020 consist of retained earnings after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for reduction entry of property amounting to ¥854 million.

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of August 31, 2019 2,618,017 units

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

Number of own investment units at the end of period:

As of August 31, 2019 0 units

As of February 28, 2019 0 units

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

Forward-looking Statements and Other Notes

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

For further information and assumptions regarding the forward-looking statements, please refer to “1. State of operation, (1) State of operation, B. Outlook of next period” on page 5-12.

1. State of operations

(1) State of operations

A. Operations during the period

i. Principal activities

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

During the fiscal period ended August 31, 2019, the 17th year after its listing, a property (15% quasi-co-ownership of trust beneficiary right) (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).

ii. Investment environment and results

(1) 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.

(2) 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 right 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.

iii. 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.

iv. 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.

B. Outlook of next period

i. 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.

ii. Issues to be addressed

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

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

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

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

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

(1) External growth strategy / Replacement strategy

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

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

(2) Internal growth strategy

JRF is formulating and implementing action plans intended to maintain and enhance asset value and reinforce facility competitiveness while closely monitoring changes in tenant operating conditions, building and facility operating status at individual properties, the competitive environment, 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.

(3) Financial strategy

JRF constantly works to improve financial stability further.

(i) Effort to secure the financial stability

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

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

(ii) LTV control

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

(iii) Repurchase of own investment units

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

(iv) Issuance of Green Bonds

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

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

(4) Measures for ensuring delivery of stable distributions

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

iii. Earnings forecast

The following forecasts have been made regarding asset management operation in the fiscal period ending February 2020 (36th fiscal period) and the fiscal period ending August 2020 (37th fiscal period).

Please refer to the “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 2020 (36th Fiscal Period: September 1, 2019 to February 29, 2020)” and the Fiscal Period Ending August 2020 (37th Fiscal Period: March 1, 2020 to August 31, 2020)” on the following page for the assumptions of the forecast.

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

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

Operating revenues	31,855 million yen
Ordinary income	12,529 million yen
Net income	12,529 million yen
Distributions per unit	4,500 yen

Fiscal Period Ending August 2020(37th Fiscal Period: March 1, 2020 to August 31, 2020)

Operating revenues	31,911 million yen
Ordinary income	12,868 million yen
Net income	12,867 million yen
Distributions per unit	4,600 yen

As stated in “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 29, 2020 (36th Fiscal Period: September 1, 2019 to February 29, 2020) and the Fiscal Period Ending August 31, 2020 (37th Fiscal Period: March 1, 2020 to August 31, 2020)” below, JRF plans to dispose of properties after the closing date for the period under review. (For the details of the property to be disposed, please refer to the announcement released on May 29, 2019: “Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Nishikicho.”)

Property name	Location	Disposition price (Scheduled) (million yen)	Disposition date (Scheduled)
Ito-Yokado Nishikicho (Trust beneficiary right in the real estate) ^(Note)	Warabi-shi, Saitama	12,325	45% co-ownership interest September 2, 2019 (completion disposition) 40% co-ownership interest March 2, 2020

Note: Sales contract of trust beneficiary right has been concluded for the Property, under which, in the event of cancellation of the Agreement due to breach of the provisions of the Agreement by the seller or the buyer, the non-breaching party is entitled to demand a penalty from the breaching party, equivalent to 30% of the purchase price for the co-ownership interest of the cancelled

trust beneficiary right (including consumption tax and local consumption tax).The appraisal value of the property as of August 31, 2019 determined by a real estate appraiser is 12,300 million yen.

(2) Investment risk

There have not been any significant changes to the “investment risk” in the most recent financial report (submitted on May 28, 2019) and the Extraordinary Report (submitted on October 11, 2019), and hence, description of these matters is omitted.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 29, 2020 (36th fiscal period: September 1, 2019 to February 29, 2020) and the Fiscal Period Ending August 31, 2020 (37th Fiscal Period: March 1, 2020 to August 31, 2020)

Item	Assumption
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending February 29, 2020 (36th fiscal period: September 1, 2019 to February 29, 2020) (182 days) - Fiscal period ending August 31, 2020 (37th fiscal period: March 1, 2020 to August 31, 2020) (184 days)
Assets owned	<ul style="list-style-type: none"> - The assumption is based on JRF's 99 properties comprising the 100 properties JRF owned as of August 31, 2019 and one property assumed to be disposed of as announced on May 29, 2019 in the press release titled "Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Nishikicho". - We also assume that no other (anticipated) changes (new property acquisition and disposition of owned properties, etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current properties, etc. will occur prior to the end of the August 2020 (37th) fiscal period.
Issue of units	<ul style="list-style-type: none"> - The number of investment units issued at the end of the fiscal period is 2,618,017 units, assuming that there will not be any additional issuance of new investment units or repurchase/retirement of own investment units.
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debt as of August 31, 2019 stood at 404,725 million yen, which comprises long-term borrowings of 360,225 million yen and investment corporation bonds (including Green Bonds) of 44,500 million yen. Meanwhile, following debt refinancing, for which a loan agreement was concluded on August 23, 2019 and took effect on September 4, 2019, as well as a loan agreement that was concluded on September 27, 2019 and took effect on October 2 and October 7, 2019, the interest-bearing debt outstanding as of the date of this document stood at 404,725 million yen, which comprises long-term borrowings of 360,225 million yen and investment corporation bonds (including Green Bonds) of 44,500 million yen. - Out of the interest-bearing debt outstanding as of the date of this document, long-term debts in the amount of 37,800 million yen are to be repaid in the February 2020 (36th) and August 2020 (37th) fiscal periods before maturity. We assume that we will repay them through funding including debt financing.
Operating revenues	<ul style="list-style-type: none"> - With respect to gain on sales of property, we assume that gain on sales of property of 2,022 million yen will be recorded for the February 2020 (36th) fiscal period from the disposition of Ito-Yokado Nishikicho (45% quasi-co-ownership of trust beneficiary right for Ito-Yokado Nishikicho) and gain on sales of property of 1,775 million yen will be recorded for the August 2020 (37th) fiscal period from the disposition of Ito-Yokado Nishikicho (40% quasi-co-ownership of trust beneficiary right for Ito-Yokado Nishikicho). The gain on sales of property recorded for the August 2020 (37th) fiscal period is calculated based on the assumption that changes of the rules will be approved at an investors' meeting to be held on November 22, 2019. - Rent and other operating revenues are calculated based on the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant

Item	Assumption
	<p>factors that took place until the date of this document.</p> <ul style="list-style-type: none"> - We assume that there will be no arrears or nonpayment of rent by our tenants. - The rent level and estimated rents for the parts of properties that are vacant for KAWASAKI Le FRONT, which is undergoing a large-scale renovation, are calculated taking into account the renovation plan as of the date of this document.
Operating expenses	<ul style="list-style-type: none"> - We assume that taxes and public charge of 2,623 million yen and 2,654 million yen in the February 2020 (36th) fiscal period and August 2020 (37th) fiscal period, respectively. - With respect to property taxes, city planning taxes and depreciable assets taxes (“taxes on property and equipment”) on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as property related expenses. However, should any need arise for settlement, such as a need to pay settlement amount for taxes on property and equipment, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to taxes on property and equipment”), such amounts are taken into account in the acquisition cost of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to taxes on property and equipment pertaining to m-city Kashiwa and G-Bldg. Jingumae 09, which were acquired in 2019, the tax amount assessed and payable for the relevant accounting period will be recorded as property related expenses from 2020 onwards. We have assumed the amounts equivalent to taxes on property and equipment included in the acquisition cost of m-city Kashiwa and G-Bldg. Jingumae 09 to be equivalent to 35 million yen in total. - We assume that repair and maintenance will be 852 million yen for the February 2020 (36th) fiscal period and 571 million yen for the August 2020 (37th) fiscal period. Of the repair and maintenance, we assume that repair and maintenance of KAWASAKI Le Front, which is undergoing a large-scale renovation, will be 433 million yen for the February 2020 (36th) fiscal period and 211 million yen for the August 2020 (37th) fiscal period. - We assume that depreciation will be 5,387 million yen for the February 2020 (36th) fiscal period and 5,422 million yen for the August 2020 (37th) fiscal period. - We assume that property management fees will be 689 million yen for the February 2020 (36th) fiscal period and 769 million yen for the August 2020 (37th) fiscal period, and building management fees will be 1,541 million yen for the February 2020 (36th) fiscal period and 1,505 million yen for the August 2020 (37th) fiscal period. - We assume that we will incur 105 million yen for loss on disposal of property related to the system update, etc. at mozo wonder city in the February 2020 (36th) fiscal period and 21 million yen for loss on disposal of property related to the system update, etc. at each property in the August 2020 (37th) fiscal period. With respect to the loss on disposal of property described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation. - The asset management fees recorded for the August 2020 (37th) fiscal period is calculated based on the assumption that changes of the rules will be approved at an investors' meeting to be held on November 22, 2019.

Item	Assumption
Non-operating expenses	<ul style="list-style-type: none"> - We assume that non-operating expenses (including interest expense, loan-related costs, interest expenses on investment corporation bonds, amortization of investment unit issuance costs, etc.) will be 1,769 million yen for the February 2020 (36th) fiscal period and 1,713 million yen for the August 2020 (37th) fiscal period.
Distributions per unit	<ul style="list-style-type: none"> - Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - Regarding the distributions for the February 2020 (36th) fiscal period, it is assumed that a total of 11,781 million yen will be distributed (distribution per unit: 4,500 yen), calculated by adding 31 million yen from the reversal of retained earnings for temporary difference adjustment, and deducting 779 million yen from the provision of total reserve for dividends from 12,529 million yen in unappropriated retained earnings at the end of the period. - Regarding the distributions for the August 2020 (37th) fiscal period, it is assumed that a total of 12,042 million yen will be distributed (distribution per unit: 4,600 yen), calculated by adding 31 million yen from the reversal of retained earnings for temporary difference adjustment and deducting 854 million yen from the provision of reduction entry of property from 12,867 million yen in unappropriated retained earnings at the end of the period. - It is assumed that retained earnings for temporary difference adjustment will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period ended August 2017. - Because amounts of tax loss carryforwards will be removed after the August 2020 (37th) fiscal period, it is assumed that additional taxable income that results from the different treatment when the accounting profit is larger than taxable income will be avoided by reversing retained earnings for temporary difference adjustment.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> - We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

2. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	February 28, 2019	August 31, 2019
ASSETS		
Current assets:		
Cash and bank deposits	28,161,276	48,462,441
Cash and bank deposits in trust (Note 1)	12,226,978	13,671,533
Rent receivables	726,355	692,212
Income taxes receivable	117	28
Other current assets	1,065,634	1,339,390
Total current assets	42,180,363	64,165,606
Non-current assets:		
Property and equipment:		
Buildings	2,429,418	2,431,977
Accumulated depreciation	(577,957)	(620,687)
Buildings, net	1,851,461	1,811,289
Building improvements	66,113	66,063
Accumulated depreciation	(23,282)	(24,678)
Building improvements, net	42,830	41,384
Furniture and fixtures	17,588	19,461
Accumulated depreciation	(13,032)	(13,581)
Furniture and fixtures, net	4,555	5,880
Land	28,459,580	28,459,580
Buildings in trust (Note 2)	296,373,136	285,730,689
Accumulated depreciation	(103,154,214)	(100,183,972)
Buildings in trust, net (Note 1)	193,218,921	185,546,717
Building improvements in trust	14,387,287	13,376,034
Accumulated depreciation	(5,368,953)	(4,864,445)
Building improvements in trust, net (Note 1)	9,018,334	8,511,589
Machinery and equipment in trust	2,170,857	2,139,934
Accumulated depreciation	(1,245,762)	(1,279,917)
Machinery and equipment in trust, net (Note 1)	925,095	860,017
Furniture and fixtures in trust	4,481,644	4,613,895
Accumulated depreciation	(2,855,439)	(2,855,989)
Furniture and fixtures in trust, net (Note 1)	1,626,204	1,757,905
Land in trust (Note 1)	609,178,997	599,326,329
Construction in progress in trust (Note 1)	1,778,314	1,097,732
Total property and equipment	846,104,295	827,418,425
Intangible assets:		
Leasehold rights in trust	5,154,286	5,134,213
Other intangible assets	-	11,526
Other intangible assets in trust	99,657	90,710
Total intangible assets	5,253,943	5,236,449
Investment and other assets:		
Lease deposits in trust	1,644,329	1,636,829
Long-term prepaid expenses	1,419,470	1,614,516
Other investments (Note 1)	520,292	520,292
Total investment and other assets	3,584,091	3,771,637
Total non-current assets	854,942,331	836,426,512
Deferred assets:		
Investment unit issuance costs	47,680	23,840
Investment corporation bond issuance costs	161,374	183,898
Total deferred assets	209,055	207,738
TOTAL ASSETS	897,331,749	900,799,858

(To be continued on the following page)

(Thousands of yen)

	As of	
	February 28, 2019	August 31, 2019
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	2,181,874	3,222,435
Short-term borrowings	8,000,000	-
Current portion of long-term borrowings	55,500,000	52,300,000
Accounts payable – other	21,973	22,436
Accrued expenses	1,988,108	2,018,494
Income taxes payable	605	605
Consumption tax payable	2,243	949,832
Rent received in advance	3,194,476	3,226,068
Deposits received	1,280,833	3,027,689
Current portion of tenant leasehold and security deposits in trust (Note 1)	658,065	658,065
Current portion of asset retirement obligations	71,086	9,740
Derivatives liabilities	35,790	51,116
Other current liabilities	126,557	118,974
Total current liabilities	73,061,615	65,605,458
Non-current liabilities:		
Long-term bonds issued – unsecured	37,500,000	44,500,000
Long-term borrowings	303,725,000	307,925,000
Tenant leasehold and security deposits	2,133,556	1,862,216
Tenant leasehold and security deposits in trust (Note 1)	47,279,389	46,074,538
Asset retirement obligations	541,213	540,301
Derivatives liabilities	369,409	277,530
Other non-current liabilities	20,097	20,000
Total non-current liabilities	391,568,665	401,199,587
TOTAL LIABILITIES	464,630,281	466,805,045
Net Assets (Note 6)		
Unitholders' equity:		
Unitholders' capital	411,878,082	411,878,082
Surplus:		
Capital surplus	14,986,826	14,986,826
Deduction from capital surplus (Note 4)	(9,999,980)	(9,999,980)
Capital surplus, net	4,986,845	4,986,845
Voluntary reserve		
Reserve for reduction entry of property	476,272	15,151
Reserve for dividends	1,616,048	1,616,048
Retained earnings for temporary difference adjustment (Note 5)	3,044,107	3,012,724
Total voluntary reserve	5,136,428	4,643,925
Retained earnings	11,105,312	12,814,606
Total surplus	21,228,586	22,445,377
Total unitholders' equity	433,106,668	434,323,459
Valuation and translation adjustments:		
Deferred losses on hedges	(405,199)	(328,647)
Total valuation and translation adjustments	(405,199)	(328,647)
TOTAL NET ASSETS	432,701,468	433,994,812
TOTAL LIABILITIES AND NET ASSETS	897,331,749	900,799,858

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	February 28, 2019	August 31, 2019
Operating revenues		
Rent and other operating revenues (Note 7)	30,680,828	30,857,961
Gain on sales of property (Note 8)	-	4,574,062
Total operating revenues	30,680,828	35,432,023
Operating expenses		
Property-related expenses (Note 7)	14,558,221	16,505,010
Loss on sales of property (Note 9)	-	1,023,538
Asset management fees	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 operating expenses	17,577,675	20,712,455
Operating income	13,103,152	14,719,568
Non-operating revenues		
Interest income	766	186
Other non-operating revenues	1,397	2,230
Total non-operating revenues	2,163	2,416
Non-operating expenses		
Interest expenses	1,433,180	1,355,972
Interest expenses on investment corporation bonds	136,080	141,282
Amortization of investment corporation bond issuance costs	16,295	18,338
Amortization of investment unit issuance costs	23,840	23,840
Loan-related costs	385,539	362,802
Other non-operating expenses	4,463	4,536
Total non-operating expenses	1,999,399	1,906,773
Ordinary income	11,105,917	12,815,211
Income before income taxes	11,105,917	12,815,211
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	11,105,312	12,814,606
Unappropriated earnings at beginning of period	-	-
Retained earnings at the end of period	11,105,312	12,814,606

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Voluntary reserve													
	Unitholders' capital (Note 6)	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of August 31, 2018	411,878,082	14,986,826	(9,999,980)	4,986,845	476,272	1,537,665	3,075,489	5,089,427	11,644,816	21,721,089	433,599,171	(369,597)	(369,597)	433,229,574
<u>Changes during the period</u>														
Provision of reserve for dividends	-	-	-	-	-	78,383	-	78,383	(78,383)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,597,815)	(11,597,815)	(11,597,815)	-	-	(11,597,815)
Net income	-	-	-	-	-	-	-	-	11,105,312	11,105,312	11,105,312	-	-	11,105,312
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	(35,602)	(35,602)	(35,602)
<u>Total changes during the period</u>	-	-	-	-	-	78,383	(31,382)	47,000	(539,504)	(492,503)	(492,503)	(35,602)	(35,602)	(528,106)
Balance as of February 28, 2019	411,878,082	14,986,826	(9,999,980)	4,986,845	476,272	1,616,048	3,044,107	5,136,428	11,105,312	21,228,586	433,106,668	(405,199)	(405,199)	432,701,468
<u>Changes during the period</u>														
Reversal of reserve for reduction entry of property	-	-	-	-	(461,120)	-	-	(461,120)	461,120	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,597,815)	(11,597,815)	(11,597,815)	-	-	(11,597,815)
Net income	-	-	-	-	-	-	-	-	12,814,606	12,814,606	12,814,606	-	-	12,814,606
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	76,552	76,552	76,552
<u>Total changes during the period</u>	-	-	-	-	(461,120)	-	(31,382)	(492,503)	1,709,294	1,216,791	1,216,791	76,552	76,552	1,293,343
Balance as of August 31, 2019	411,878,082	14,986,826	(9,999,980)	4,986,845	15,151	1,616,048	3,012,724	4,643,925	12,814,606	22,445,377	434,323,459	(328,647)	(328,647)	433,994,812

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

(4) Statements of cash distributions

		(Yen)	
		For the six months ended	
		February 28, 2019	August 31, 2019
I	Retained earnings at the end of period	11,105,312,023	12,814,606,329
II	Reversal of voluntary reserve		
	<i>Reversal of reserve for reduction entry of property</i>	461,120,737	-
	<i>Reversal of retained earnings for temporary difference adjustment (Note 10)</i>	31,382,550	31,382,550
III	Cash distribution declared	11,597,815,310	11,597,815,310
	<i>(Cash distribution declared per unit)</i>	<i>(4,430)</i>	<i>(4,430)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	-	1,248,173,569
V	Retained earnings carried forward	-	-

For the six months ended February 28, 2019:

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

For the six months ended August 31, 2019:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended August 31, 2019 amounting to ¥11,597,815,310 consisted all of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550 and provision of reserve for dividends amounting to ¥1,248,173,569 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	February 28, 2019	August 31, 2019
Cash Flows from Operating Activities:		
Income before income taxes	11,105,917	12,815,211
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,553,508	5,558,695
Amortization of investment corporation bond issuance costs	16,295	18,338
Amortization of investment unit issuance costs	23,840	23,840
Gain on sales of property	-	(4,574,062)
Loss on sales of property	-	1,023,538
Loss on disposal of fixed assets	72,253	179,620
Interest income	(766)	(186)
Interest expenses	1,569,261	1,497,255
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	(11,589)	27,104
(Increase) decrease in income taxes receivable	(87)	88
(Increase) decrease in long-term prepaid expenses	222,030	(195,045)
Increase (decrease) in accounts payable - operating	(633,903)	711,025
Increase (decrease) in consumption tax payable	(1,110,786)	947,589
Increase (decrease) in accounts payable - other	5,212	463
Increase (decrease) in accrued expenses	(23,992)	40,315
Increase (decrease) in rent received in advance	(29,128)	31,592
Increase (decrease) in deposits received	(314,848)	1,498,562
Other, net	118,147	599,002
Sub total	16,561,363	20,202,948
Interest received	766	186
Interest expenses paid	(1,617,833)	(1,507,184)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	14,943,691	18,695,345
Cash Flows from Investing Activities:		
Purchase of property and equipment	(956)	(2,862)
Purchase of property and equipment in trust	(20,699,096)	(16,551,302)
Proceeds from sales of property and equipment in trust	-	32,936,228
Payments for sales of property and equipment in trust	(7,221)	-
Purchase of intangible assets	-	(10,050)
Purchase of intangible assets in trust	(450)	(8,910)
Proceeds from sales of intangible assets in trust	-	2,044
Payments of tenant leasehold and security deposits	(115,797)	(477,849)
Proceeds from tenant leasehold and security deposits	442,970	46,361
Payments of tenant leasehold and security deposits in trust	(867,579)	(2,254,316)
Proceeds from tenant leasehold and security deposits in trust	624,214	1,000,732
Proceeds from lease deposits in trust	14,500	7,500
Payments for restricted bank deposits in trust	(24)	-
Net cash provided by (used in) investing activities	(20,609,440)	14,687,576
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	21,000,000	-
Repayments of short-term borrowings	(13,000,000)	(8,000,000)
Proceeds from long-term borrowings	26,000,000	35,000,000
Repayments of long-term borrowings	(22,000,000)	(34,000,000)
Proceeds from issuance of investment corporation bonds	-	6,959,137
Distribution payments	(11,597,868)	(11,596,339)
Net cash provided by (used in) financing activities	402,131	(11,637,201)
Net change in cash and cash equivalents	(5,263,617)	21,745,720
Cash and cash equivalents at the beginning of period	45,138,588	39,874,970
Cash and cash equivalents at the end of period (Note 11)	39,874,970	61,620,691

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

- (6) Note relating to going concern assumption
Not applicable.

(7) Summary of significant accounting policies

(a) Property and equipment

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

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

(b) Other intangible assets

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

(c) Leased assets

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

(d) Long-term prepaid expenses

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

(e) Investment unit issuance costs

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

(f) Investment corporation bond issuance costs

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

(g) Taxes on property and equipment

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

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

Taxes on property and equipment capitalized amounted to ¥3,979 thousand and ¥35,085 thousand for the six months ended February 28, 2019 and August 31, 2019, respectively.

(h) Hedge accounting

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

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

(i) Cash and cash equivalents

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

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

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

(k) Consumption tax

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

(8) Notes to financial information

Note 1 — Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥19,807,651 thousand and ¥18,967,312 thousand as of February 28, 2019 and August 31, 2019, respectively.

	(Thousands of yen)	
	As of	
	February 28, 2019	August 31, 2019
Cash and bank deposits in trust	513,284	513,284
Buildings in trust	61,337,896	58,610,349
Building improvements in trust	2,857,142	2,553,852
Machinery and equipment in trust	218,034	203,953
Furniture and fixtures in trust	680,297	659,743
Land in trust	147,662,062	141,097,758
Construction in progress in trust	13,000	3,454
Other investments	519,256	519,256
Total	213,800,972	204,161,651

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

Note 2 — Reduction entry of property

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2019	August 31, 2019
Buildings in trust	339,581	334,351

Note 3 — Credit facilities and commitment lines

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

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

Note 4 — Retirement of own investment units

JRF retired its own investment units as follows:

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

Note 5 — Retained earnings for temporary difference adjustment

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

For the six months ended February 28, 2019

(Thousands of yen)

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

Note:

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

For the six months ended August 31, 2019

(Thousands of yen)

	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period	Reason for provision or reversal
Reserve for dividends ⁽ⁱ⁾	3,138,254	3,044,107	-	(31,382)	3,012,724	Appropriation for dividends

Note:

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

Note 6 — Net assets

(1) Number of investment units

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

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

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

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2019	August 31, 2019
Rent and other operating revenues:		
Rent and parking revenue	26,932,592	27,157,026
Common area charges	1,313,972	1,388,286
Other	2,434,263	2,312,648
Total rent and other operating revenues	30,680,828	30,857,961
Property-related expenses:		
Property management fees	789,994	769,619
Facility management fees	1,498,798	1,551,978
Utilities	1,470,129	1,530,132
Property-related taxes	2,670,034	2,779,175
Repair and maintenance	779,896	2,261,566
Insurance	31,574	33,248
Trust fees	55,251	56,252
Rent expense	770,182	769,153
Other	866,597	1,016,779
Depreciation	5,553,508	5,557,481
Loss on disposal of property	72,253	179,620
Total property-related expenses	14,558,221	16,505,010
Operating income from property leasing activities	16,122,606	14,352,951

Note 8 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2019	August 31, 2019
Sale of property	-	26,995,000
Cost of property	-	22,003,058
Other sales expenses	-	417,879
Gain on sales of property, net	-	4,574,062

Note 9 — Analysis of loss on sales of property

Analysis of loss on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	February 28, 2019	August 31, 2019
Sale of property	-	6,115,000
Cost of property	-	7,128,439
Other sales expenses	-	10,099
Loss on sales of property, net	-	1,023,538

Note 10 — Provision of retained earnings for temporary difference adjustment

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

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

Note 11 — Cash and cash equivalents

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

	As of	
	February 28, 2019	August 31, 2019
Cash and bank deposits	28,161,276	48,462,441
Cash and bank deposits in trust	12,226,978	13,671,533
Restricted bank deposits in trust ⁽ⁱ⁾	(513,284)	(513,284)
Cash and cash equivalents	39,874,970	61,620,691

Note:

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

Note 12 — Leases

(a) Lease rental revenues

JRF leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of February 28, 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
Due within one year	20,676,273	20,252,010
Due after one year	84,340,962	85,211,399
Total	105,017,236	105,463,410

(b) Lease commitments

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

Note 13 — Financial instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) *Quantitative information for financial instruments*

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

(Thousands of yen)

	As of February 28, 2019			As of August 31, 2019		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	28,161,276	28,161,276	-	48,462,441	48,462,441	-
(2) Cash and bank deposits in trust	12,226,978	12,226,978	-	13,671,533	13,671,533	-
Total assets	40,388,255	40,388,255	-	62,133,975	62,133,975	-
(1) Short-term borrowings	8,000,000	8,000,000	-	-	-	-
(2) Current portion of long-term borrowings	55,500,000	55,571,782	71,782	52,300,000	52,301,472	1,472
(3) Current portion of tenant leasehold and security deposits in trust	658,065	668,780	10,714	658,065	668,923	10,858
(4) Long-term bonds issued - unsecured	37,500,000	38,439,460	939,460	44,500,000	45,663,605	1,163,605
(5) Long-term borrowings	303,725,000	305,129,970	1,404,970	307,925,000	311,545,282	3,620,282
(6) Tenant leasehold and security deposits in trust	1,962,087	1,993,650	31,562	1,928,055	1,973,892	45,837
Total liabilities	407,345,153	409,803,644	2,458,491	407,311,120	412,153,176	4,842,056
Derivatives (derivatives liabilities), net	(405,199)	(405,199)	-	(328,647)	(328,647)	-

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

Assets

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

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

Liabilities

(1) *Short-term borrowings*

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

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

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

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

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

(4) *Long-term bonds issued - unsecured*

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

Derivatives

Please refer to "Note 15—Derivatives".

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

(Thousands of yen)

	As of	
	February 28, 2019	August 31, 2019
Tenant leasehold and security deposits	2,133,556	1,862,216
Tenant leasehold and security deposits in trust	45,317,302	44,146,483
Total	47,450,858	46,008,700

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

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

(Thousands of yen)

As of February 28, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	28,161,276	-	-	-	-	-
Cash and bank deposits in trust	12,226,978	-	-	-	-	-
Total	40,388,255	-	-	-	-	-
As of August 31, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	48,462,441	-	-	-	-	-
Cash and bank deposits in trust	13,671,533	-	-	-	-	-
Total	62,133,975	-	-	-	-	-

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

(Thousands of yen)

As of February 28, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	8,000,000	-	-	-	-	-
Current portion of long-term borrowings	55,500,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	658,065	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	-	5,000,000	15,500,000	17,000,000
Long-term borrowings	-	58,875,000	36,000,000	30,500,000	22,000,000	156,350,000
Tenant leasehold and security deposits in trust	-	658,065	658,065	68,065	168,065	409,827
Total	64,158,065	59,533,065	36,658,065	35,568,065	37,668,065	173,759,827
As of August 31, 2019	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term borrowings	52,300,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	658,065	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	5,000,000	8,000,000	14,500,000	1,700,000
Long-term borrowings	-	54,575,000	40,500,000	28,500,000	30,000,000	154,350,000
Tenant leasehold and security deposits in trust	-	658,065	658,065	168,065	68,065	375,794
Total	52,958,065	55,233,065	46,158,065	36,668,065	44,568,065	156,425,794

Note 14 — Securities

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

Note 15 — Derivatives

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

As of February 28, 2019

(Thousands of yen)

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

As of August 31, 2019

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	72,075,000	36,075,000	(328,647)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	101,000,000	96,500,000	— ⁽ⁱ⁾	—
Total			173,075,000	132,575,000	(i) (328,647)	—

Note:

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

Note 16 — Related-party transaction

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

Note 17 — Tax effect accounting

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	February 28, 2019	August 31, 2019
Deferred tax assets:		
Tax loss carryforwards	2,094,764	1,625,992
Current portion of asset retirement obligations	193,368	173,043
Amortization of leasehold rights	116,592	125,950
Depreciation	18,809	19,430
Valuation differences on assets acquired through merger	5,348,796	5,321,400
Deferred losses on hedges	127,925	103,398
Other	38,376	115,490
Sub total	7,938,632	7,484,706
Valuation allowance for tax loss carryforwards (Note)	(2,094,764)	(1,625,992)
Valuation allowance for temporary differences, etc.	(5,843,868)	(5,858,714)
Total valuation allowance	(7,938,632)	(7,484,706)
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
Tax loss carryforwards ⁽ⁱ⁾	2,094,764	-	-	-	-	-	2,094,764
Valuation allowance	(2,094,764)	-	-	-	-	-	(2,094,764)
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
Tax loss carryforwards ⁽ⁱ⁾	1,625,992	-	-	-	-	-	1,625,992
Valuation allowance	(1,625,992)	-	-	-	-	-	(1,625,992)
Deferred tax assets	-	-	-	-	-	-	-

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

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

(%)

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

(Additional information)

JRF adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting (The Accounting Standards Board of Japan Statement No. 28 on February 16, 2018)” from the six months ended February 28, 2019.

Note 18 — Asset retirement obligations

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

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2019	August 31, 2019
Balance at the beginning of the period	487,464	612,299
Increase due to acquisition of properties	121,480	-
Adjustment for passage of time	3,353	3,657
Derecognition due to settlement of obligations	-	(65,915)
Balance at the end of the period	612,299	550,041

Note 19 — Fair value of investment and rental property

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

	(Thousands of yen)	
	For the six months ended	
	February 28, 2019	August 31, 2019
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	836,065,906	851,358,239
Net increase (decrease) during the period ⁽ⁱⁱ⁾	15,292,333	(18,714,890)
Balance at the end of the period	851,358,239	832,643,348
Fair value⁽ⁱⁱⁱ⁾	1,009,240,000	994,145,000

Note:

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

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

	Increase (decrease) in net book value
(Thousands of yen)	
For the six months ended February 28, 2019:	
Acquisitions:	
G-Bldg. Minami Aoyama 03.....	12,310,884
G-Bldg. Jingumae 08.....	2,520,109
Round1 Stadium Kawasaki Daishi.....	2,469,831
Capital expenditures:	
Renewal construction of mozo wonder city.....	421,407
For the six months ended August 31, 2019:	
Acquisitions:	
G-Bldg. Jingumae 09.....	7,075,225
m-city Kashiwa.....	5,777,226
Capital expenditures:	
Renewal construction of KAWASAKI Le FRONT.....	2,113,691
Disposition:	
8953 Osaka Shinsaibashi Building.....	(12,034,525)
AEON Sendai Nakayama.....	(8,469,471)
Narupark.....	(7,128,439)
Ito-Yokado Nishikicho (partial disposition of interest).....	(1,499,060)

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

Note 20 — Segment information

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

(a) Operating segment information

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

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

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

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

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

Tangible fixed assets:

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

(c) Information about major customers

(Thousands of yen)

Name of customer	Revenues for the six months ended		Related segment
	February 28, 2019	August 31, 2019	
AEON Retail Co., Ltd.	3,257,987	4,736,683	Property rental business
AEON Mall Co., Ltd.	3,325,812	3,344,389 ⁽ⁱ⁾	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 21 — Per unit information

The net asset value per unit as of February 28, 2019 and August 31, 2019 was ¥165,278 and ¥165,772, respectively. Net income per unit for the six months ended February 28, 2019 and August 31, 2019 was ¥4,241 and ¥4,894, respectively.

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

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

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

(Thousands of yen)

	For the six months ended	
	February 28, 2019	August 31, 2019
Net income	11,105,312	12,814,606
Effect of dilutive unit	-	-
Net income available to common unitholders	11,105,312	12,814,606
Weighted-average number of investment units outstanding for the period	2,618,017 units	2,618,017 units

Note 22 — Subsequent events

Disposition of properties

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.

<i>Property name:</i>	Ito-Yokado Nishikicho (trust beneficiary interest) (45% of quasi-co-ownership)
<i>Disposition amount:</i>	¥6,525 million
<i>Completion date of contract:</i>	May 29, 2019
<i>Disposition date:</i>	September 2, 2019
<i>Purchaser:</i>	Mitsubishi Corporation Urban Development, Inc.
<i>Gains on sales of property:</i>	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.

(Additional information)

Disposition of properties

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

<i>Property name:</i>	Ito-Yokado Nishikicho (trust beneficiary interest) (40% of quasi-co-ownership)
<i>Disposition amount:</i>	¥5,800 million
<i>Completion date of contract:</i>	May 29, 2019
<i>Disposition date:</i>	March 2, 2020 (scheduled)
<i>Purchaser:</i>	Mitsubishi Corporation Urban Development, Inc.
<i>Gains on sales of property:</i>	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.

(9) Changes in investment unit issued and outstanding

The changes in unitholders' capital and number of investment units issued and outstanding for last five years until August 31, 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.

3. Additional information

(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
Sub-total		851,358	94.9	832,643	92.4
Bank deposits and other assets		45,973	5.1	68,156	7.6
Total assets		897,331	100.0	900,799	100.0
Total liabilities (Note 2)		464,630	51.8	466,805	51.8
Total net assets		432,701	48.2	433,994	48.2

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

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of 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
KAWASAKI Le FRONT (trust beneficial interest)	32,833	49,062.72	42,867.34	87.4	4.2	Retail facilities
G-Bldg. Shinsaibashi 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 the share of co-ownership or quasi-co-ownership, "Leasable area" means the total area of the building or land with leasehold interest of each property leasable as stores, offices, etc. indicated in the lease agreement or the plan of such property and it does not include the leasable area of warehouses and land (flat parking lots).

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

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

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

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

The retail facilities as of August 31, 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, Minamisaiwai 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, Jinnan 1-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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Ueno 01	9-14, Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,970	3,445
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	7,180	6,105
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, Shinanochi, 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

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)
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, Sinsaibashi-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 Rokkakusagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	4,020	2,703
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, Haginosho 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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,020	1,942
LIFE Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	1,970	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 Kanryo	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, Higashi odogawa-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
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, Kasuya-gun, 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 Sōgō Appraisal Co., Ltd.) in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of JRF as well as the regulations as stipulated by The Investment Trusts Association, Japan.

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

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

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

Operating results of each property for the six months ended February 28, 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
Round 1 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
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)

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 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
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)

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 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. Midotsuji 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 Kanryo	1	100.0	83	0.3	1	100.0	82	0.3
pivo Izumi Chuo	17	100.0	(Note 4)	(Note 4)	17	100.0	(Note 4)	(Note 4)
KAMISHIN PLAZA	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)

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) (%)
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.

(3) Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of August 31, 2019 was as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended 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 were totaling 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