

JAPAN RETAIL FUND INVESTMENT CORPORATION
SUMMARY OF FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED FEBRUARY 29, 2020

April 13, 2020

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
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Scheduled date for filing of securities report:	May 26, 2020
Scheduled date for distributions payment:	May 19, 2020
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended February 29, 2020 (September 1, 2019 to February 29, 2020)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the six months ended February 29, 2020	32,007	-9.7	14,563	-1.1	12,801	-0.1	12,800	-0.1
August 31, 2019	35,432	15.5	14,719	12.3	12,815	15.4	12,814	15.4

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
	Yen	%	Yen	%	Yen	%	Yen	%
For the six months ended February 29, 2020	4,889	2.9			1.4		40.0	
August 31, 2019	4,894	3.0			1.4		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 February 29, 2020	4,500	11,781	-	-	92.0	2.7
August 31, 2019	4,430	11,597	-	-	90.5	2.7

Note 1: Total distributions for the six months ended February 29, 2020 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 ¥1,050 million.

Note 2: 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.

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
	Millions of yen	Millions of yen	%	Yen
As of February 29, 2020	899,888	435,298	48.4	166,270
August 31, 2019	900,799	433,994	48.2	165,772

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the six months ended February 29, 2020	15,167	2,307	(11,596)	67,499
August 31, 2019	18,695	14,687	(11,637)	61,620

2. Outlook for the six months ending August 31, 2020 (March 1, 2020 to August 31, 2020) and February 28, 2021 (September 1, 2020 to February 28, 2021)

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2020	31,600	-1.3	13,959	-4.1	12,254	-4.3	12,253	-4.3
February 28, 2021	30,476	-3.6	12,912	-7.5	11,259	-8.1	11,258	-8.1

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
August 31, 2020	4,680		4,500		0	
February 28, 2021	4,300		4,500		0	

Note: 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 ¥503 million. Total distributions for the six months ending February 28, 2021 consist of retained earnings after reversals of retained earnings for temporary difference adjustment amounting to ¥42 million and reserve for reduction entry of property amounting to ¥480 million.

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of February 29, 2020 2,618,017 units

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

Number of own investment units at the end of period:

As of February 29, 2020 0 units

As of August 31, 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 30.

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. In particular, the following factors could possibly have an impact on the actual results, but are not limited to them:

(1) Decrease in rent and other operating revenues, non-payment of rent or bankruptcy of tenants due to further spread of the new coronavirus and prolonged impact

Furthermore, those statements do not guarantee the amount of future distributions.

For further information and assumptions regarding the forward-looking statements, please refer to “2. Management policy and results of operation, (2) State of operation, B. Outlook of next period” on page 5-13.

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 February 29, 2020, the 18th year after its listing, a property (45% quasi-co-ownership of trust beneficiary right) (sales price: 6.5 billion yen) was sold in September 2019 as part of the portfolio asset replacement measures.

As a result, the total assets managed by JRF as at the end of the 36th fiscal period (fiscal period ended on February 29, 2020) amounted to 877.2 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 July to September 2019 quarter recorded growth for the third consecutive quarter, GDP for the October to December 2019 quarter fell sharply from the previous fiscal quarter. Household consumption decreased due to a fall in demand in reaction to the last-minute surge in demand ahead of the consumption tax hike, along with the effects of a large typhoon. GDP for the January to March 2020 quarter was expected to recover, but is highly likely to have fallen again from the previous fiscal quarter, affected by the spread of infection with the novel coronavirus ("COVID-19").

In the capital market, "risk-on" momentum picked up after a rate cut by the U.S. Federal Reserve Board (FRB) on October 31, 2019, and stock prices remained firm, but in late February, when concerns increased that COVID-19 would turn into a pandemic, stock prices started to fall significantly. The J-REIT market trended upward until October 2019 and remained firm through mid-February 2020, although weakening temporarily after the capital market turned "risk-on" in November. However, from late February onward, the risk tolerance of the capital market plunged worldwide in line with the global spread of COVID-19, resulting in a plunge in the J-REIT market as well.

(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 recorded a large year-on-year decline in October 2019 after the consumption tax hike, but the amount of decline contracted from November 2019 through January 2020. The number of visitors to Japan and the value of travel consumption by foreign visitors both reached an all-time high in 2019.

Meanwhile, JRF currently recognizes that attention should be paid to the impact of COVID-19, which has spread globally since late February, on the retail sector.

(Trends in the real estate sector)

According to the "2020 Official Land Prices" as of January 1, 2020, released by the Ministry of Land, Infrastructure, commercial land prices have increased for five years in a row. In the

three metropolitan areas that are JRF's main investment areas, land prices increased for seven consecutive years, with upward trends accelerating from last year in the Tokyo and Osaka metropolitan areas. This seems to be against a backdrop of a steadily growing demand for office buildings, and the anticipated improvement of profitability of stores and hotels due to an increase in domestic and overseas visitors including foreign tourists under the favorable funding environment.

Meanwhile, JRF currently recognizes that attention should be paid to the impact of COVID-19, which has spread globally since late February, on the Japanese real estate trading and leasing markets.

(2) Results

In this environment, JRF announced the acquisition of one new property (Machinoma Omori) in the period while selling one property (45% quasi-co-ownership of trust beneficiary right in Ito-Yokado Nishikicho).

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 summer 2020.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 100 properties with a total value of 877.2 billion yen on an acquisition price basis and 988.1 billion yen on an appraisal value basis. The total leasable area was 2,397,265.59 m² with the total number of tenants standing at 938, and the occupancy rate of the overall portfolio was 99.7%.

The unrealized losses/gains (Note) of the overall portfolio at the end of the fiscal period increased by 600 million yen from the end of the previous fiscal period to 162.1 billion yen, despite the removal of unrealized gains resulting from the sale of a property, 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 5 billion yen in September 2019 to be allocated to repayment of existing long-term borrowings of 5 billion yen.

In addition, JRF took on a long-term borrowing of 9.5 billion yen in October 2019 to be allocated to repayment of existing long-term borrowings of 9.5 billion yen. Moreover, JRF obtained a long-term borrowing of 8 billion yen to be allocated to repayment of existing long-term borrowings of 8 billion yen in December 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 1) and 44.5 billion yen of investment corporation bonds (including Green Bond^(Note 2)). Consequently, the ratio of long-term borrowings^(Note 3), ratio of fixed interest rates^(Note 4), and LTV^(Note 5) were 100%, 93.3% and 50.3%, respectively, as at the end of the fiscal period.

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

Note 2: 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 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 32,007 million yen, and operating income was 14,563 million yen after deducting operating expenses such as property taxes and asset management fees. Ordinary income was 12,801 million yen, and net income was 12,800 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 11,781 million yen, the amount after deducting 1,050 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 12,800 million yen. As a result, distributions per unit amounted to 4,500 yen.

B. Outlook of next period

i. Outlook of overall operation

JRF considers that uncertainty is growing over the outlook for the Japanese economy due to the global spread of COVID-19. If the global outbreak is contained in the short term, corporate activities and personal consumption are expected to rebound. However, if it takes a long time for containment, JRF forecasts that income environments, such as employment, will deteriorate, resulting in increased concern about global recession.

If the impact of COVID-19 drags on, the leasing environment of commercial properties may change from the upward trend seen until recently. With regard to the real estate buying and selling market for commercial properties, JRF also considers that trends in the number of trading transactions and trading prices may change.

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 and the Special Provisions for Taxation in the case of Repurchase of Specified Assets.

iii. Earnings forecast

The following forecasts have been made regarding asset management operation in the fiscal period ending August 2020 (37th fiscal period) and the fiscal period ending February 2021 (38th fiscal period).

Please refer to the "Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 2020 (37th Fiscal Period: March 1, 2020 to August 31, 2020)" and the Fiscal Period Ending February 2021 (38th Fiscal Period: September 1, 2020 to February 28, 2021)" on the following page for the assumptions of the forecast.

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

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

Operating revenues	31,600 million yen
Ordinary income	12,254 million yen
Net income	12,253 million yen
Distributions per unit	4,500 yen

Fiscal Period Ending February 2021(38th Fiscal Period: September 1, 2020 to February 28, 2021)

Operating revenues	30,476 million yen
Ordinary income	11,259 million yen
Net income	11,258 million yen
Distributions per unit	4,500 yen

As stated in “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2020 (37th Fiscal Period: March 1, 2020 to August 31, 2020) and the Fiscal Period Ending February 28, 2021 (38th Fiscal Period: September 1, 2020 to February 28, 2021)” below, JRF plans to repurchase of own investment units and acquisition and exchange of the property after the closing date for the period under review.

(1) Repurchase of own investment units

JRF decided on matters related to the repurchase of own investment units at a meeting of the board of directors held on April 13, 2020, as indicated below, based on Article 80-2 of the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trusts Act”) applied pursuant to Article 80-5, Paragraph 2 of the Investment Trusts Act. After the completion of the repurchasing of own investment units, JRF plans to cancel all repurchased own units in the Fiscal Period Ending August 31, 2020 (37th Fiscal Period).

1. Reasons for the repurchase of own investment units

With the price of JRF investment units declining significantly due to the impact of COVID-19, as a result of comprehensively considering the state of funds in hand, the state of finances, and market conditions, JRF determined that enhancing investor returns by increasing investment efficiency through repurchasing and canceling own investment units would result in increased unitholder value.

2. Details of matters relating to the repurchase

Total number of investment units to be repurchased	25,000 units (maximum)
Total amount of investment units to be repurchased the real estate	2,000,000,000 yen (maximum)
Repurchase period	From April 14, 2020 to June 5, 2020
Method of Repurchase	JRF plans to enter into a discretionary transaction contract with a securities company and conduct the market purchase of its own investment units on the Tokyo Stock Exchange.

(2) Acquisition and Exchange of the property

JRF plans to acquire and exchange trust beneficiary rights, as shown in the table below. (For details, please refer to the "Notice Concerning Acquisition of Trust Beneficiary Right and Partial Disposition of Trust Beneficiary Right in Real Estate in Japan" announced on March 27, 2020.)

(Overview of the Acquisition Property)

Property name	Location	Planned acquisition price (million yen)	Planned acquisition date
G-Bldg. Daikanyama 02 (Trust beneficiary right in the real estate) (Entire building and co-ownership portion of the land of 48.57%) ^(Note)	Shibuya-ku, Tokyo	1,933	April 30, 2020

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

(Overview of the Exchange)

1. Summary of the Contract

Planned exchange Date	April 30, 2020
Reduction entry	The so-called “reduction entry” is expected to be implemented in respect of the Acquisition Property (through Exchange), and the provisions of “Inclusion of Deductible Expenses of Reduced Amount of Assets Acquired through Exchange” in Article 50 of the Corporation Tax Act will apply.
Difference arising from the exchange	JRF intends to pay the Difference from Exchange (333 million yen) to the exchange counterparty on the exchange date out of cash on hand.

2. Overview of the Acquisition Property (Exchange)

Property name	Location	Planned acquisition price (million yen)
G-Bldg. Daikanyama 02 (Trust beneficiary right in the real estate)(Co-ownership portion of the land of 51.43%) ^(Note1)	Shibuya-ku, Tokyo	1,666

3. Overview of the Disposition Property

Property name	Location	Planned disposition price (million yen)
Arkangel Daikanyama (Land with leasehold interest)(Trust beneficiary right in real estate)(45.04% quasi-co-ownership interest) ^(Note1)	Meguro-ku, Tokyo	1,333

Note1 : An exchange contract of trust beneficiary right has been concluded for this property, under which, in the event of cancellation of the agreement due to breach of the provisions of the agreement by the other party, the non-

breaching party is entitled to demand a penalty from the breaching party, equivalent to 20% of the planned disposition price for the property that the breaching party planned to dispose of through the exchange. JRF plans to acquire 100% ownership of the acquisition property through acquisition and exchange. The planned acquisition price after the acquisition of 100% ownership is 3,600 million yen, and the appraisal value of the property as of March 1, 2020 determined by a real estate appraiser is 4,000 million yen. The appraisal value of the disposition property as of February 29, 2020 determined by a real estate appraiser is 1,333 million yen ^(Note 2).

Note2 : The figure is the appraisal value for the disposition property as a whole (100% ownership) multiplied by 45.04% disposition ownership percentage.

(2) Investment risk

There have not been any significant changes to the “investment risk” in the most recent financial report (submitted on November 20, 2019) and hence, description of these matters is omitted.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2020 (37th Fiscal Period: March 1, 2020 to August 31, 2020) and the Fiscal Period Ending February 28, 2021 (38th Fiscal Period: September 1, 2020 to February 28, 2021)

Item	Assumption
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending August 31, 2020 (37th Fiscal Period: March 1, 2020 to August 31, 2020) (184 days) - Fiscal period ending February 28, 2021 (38th Fiscal Period: September 1, 2020 to February 28, 2021) (181 days)
Assets owned	<ul style="list-style-type: none"> - The assumption is based on JRF's 101 properties comprising the 100 properties JRF owned as of February 29, 2020, 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," one property as announced on January 16, 2020 in the press release titled "Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan (Machinoma Omori)," as well as one property as announced on March 27, 2020 in the press release titled "Notice Concerning Acquisition of Trust Beneficiary Right and Partial Disposition of Trust Beneficiary Right in Real Estate in Japan." - We also assume that no other (anticipated) changes (new property acquisition and disposition of owned properties, etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current properties, etc. will occur prior to the end of the February 2021 (38th) 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. - The repurchase and cancellation of own investment units stated in "iii Earnings forecast (1) Repurchase of own investment units (reference information)" is not taken into account.
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debt as of February 29, 2020 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 a new short-term borrowing, for which a loan agreement was concluded on February 28, 2020 and took effect on March 4, 2020, debt refinancing, for which a loan agreement was concluded on March 16, 2020 and took effect on March 19 and April 2, 2020, and debt refinancing, for which a loan agreement was concluded on March 27, 2020 and took effect on April 2 and April 7, 2020, the interest-bearing debt outstanding as of the date of this document stood at 411,725 million yen, which comprises a short-term borrowing of 7,000 million yen, 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, short-term debts in the amount of 7,000 million yen and long-term debts in the amount of 34,875 million yen are to be repaid in the August 2020 (37th) and February 2021 (38th) 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 1,786 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). - Rent and other operating revenues are calculated based on the lease contracts effective

Item	Assumption
	<p>as of the date of this document.</p> <ul style="list-style-type: none"> - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. - We assume that there will be no arrears or nonpayment of rent by our tenants. - The rent level and estimated rents for the parts of properties that are vacant for KAWASAKI Le FRONT, which is undergoing a large-scale renovation, are calculated taking into account the renovation plan as of the date of this document. - We assume 802 million yen and 170 million yen as risk of decrease in rent and other operating revenues for the August 2020 (37th) fiscal period and the February 2021 (38th) fiscal period, respectively, taking into account the state of negotiations with our tenants as of this point regarding the impact of COVID-19.
Operating expenses	<ul style="list-style-type: none"> - We assume that taxes and public charge of 2,665 million yen and 2,650 million yen in the August 2020 (37th) fiscal period and February 2021 (38th) 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 the properties planned to be acquired in 2020 (Machinoma Omori and G-Bldg. Daikanyama 02), the tax amount assessed and payable for the relevant accounting period will be recorded as property related expenses from 2021 onwards. We have assumed the amounts equivalent to taxes on property and equipment included in the acquisition cost of Machinoma Omori and G-Bldg. Daikanyama 02 to be equivalent to 62 million yen in total. - We assume that repair and maintenance will be 682 million yen for the August 2020 (37th) fiscal period and 683 million yen for the February 2021 (38th) 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 157 million yen for the August 2020 (37th) fiscal period. - We assume that depreciation will be 5,453 million yen for the August 2020 (37th) fiscal period and 5,447 million yen for the February 2021 (38th) fiscal period. - We assume that property management fees will be 741 million yen for the August 2020 (37th) fiscal period and 825 million yen for the February 2021 (38th) fiscal period, and building management fees will be 1,600 million yen for the August 2020 (37th) fiscal period and 1,606 million yen for the February 2021 (38th) fiscal period. - We assume that we will incur losses of 54 million yen and 42 million yen in the August 2020 (37th) fiscal period and the February 2021 (38th) fiscal period, respectively, on disposal of property related to the facility update, etc. at each property. 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.

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, etc.) will be 1,705 million yen for the August 2020 (37th) fiscal period and 1,653 million yen for the February 2021 (38th) fiscal period.
Distributions per unit	<ul style="list-style-type: none"> - Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - Regarding the distributions for the August 2020 (37th) fiscal period, it is assumed that a total of 11,781 million yen will be distributed (distributions per unit: 4,500 yen), calculated by adding 31 million yen from the reversal of retained earnings for temporary difference adjustment and deducting 503 million yen from the provision of reduction entry of property from 12,253 million yen in unappropriated retained earnings at the end of the period. - Regarding the distributions for the February 2021 (38th) fiscal period, it is assumed that a total of 11,781 million yen will be distributed (distributions per unit: 4,500 yen), calculated by adding the 42 million yen reversal of retained earnings for temporary difference adjustment associated with additional taxable income resulting from tax-accounting mismatches, as well as 480 million yen reversal of reserve for reduction entry of property, to 11,258 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	
	August 31, 2019	February 29, 2020
ASSETS		
Current assets:		
Cash and bank deposits	48,462,441	55,501,014
Cash and bank deposits in trust (Note 1)	13,671,533	12,982,484
Rent receivables	692,212	765,598
Income taxes receivable	28	133
Other current assets	1,339,390	1,043,747
Total current assets	64,165,606	70,292,979
Non-current assets:		
Property and equipment:		
Buildings	2,431,977	2,434,403
Accumulated depreciation	(620,687)	(662,816)
Buildings, net	1,811,289	1,771,586
Building improvements	66,063	66,693
Accumulated depreciation	(24,678)	(26,149)
Building improvements, net	41,384	40,543
Furniture and fixtures	19,461	19,461
Accumulated depreciation	(13,581)	(14,199)
Furniture and fixtures, net	5,880	5,261
Land	28,459,580	28,459,580
Buildings in trust (Note 2)	285,730,689	286,450,427
Accumulated depreciation	(100,183,972)	(103,421,759)
Buildings in trust, net (Note 1)	185,546,717	183,028,667
Building improvements in trust	13,376,034	13,237,131
Accumulated depreciation	(4,864,445)	(4,958,845)
Building improvements in trust, net (Note 1)	8,511,589	8,278,285
Machinery and equipment in trust	2,139,934	2,194,334
Accumulated depreciation	(1,279,917)	(1,322,053)
Machinery and equipment in trust, net (Note 1)	860,017	872,280
Furniture and fixtures in trust	4,613,895	4,730,458
Accumulated depreciation	(2,855,989)	(2,922,305)
Furniture and fixtures in trust, net (Note 1)	1,757,905	1,808,153
Land in trust (Note 1)	599,326,329	596,301,353
Construction in progress in trust (Note 1)	1,097,732	257,011
Total property and equipment	827,418,425	820,822,723
Intangible assets:		
Leasehold rights in trust	5,134,213	5,114,139
Other intangible assets	11,526	65,810
Other intangible assets in trust	90,710	124,449
Total intangible assets	5,236,449	5,304,399
Investment and other assets:		
Lease deposits in trust	1,636,829	1,619,331
Long-term prepaid expenses	1,614,516	1,635,392
Other investments (Note 1)	520,292	49,741
Total investment and other assets	3,771,637	3,304,465
Total non-current assets	836,426,512	829,431,588
Deferred assets:		
Investment unit issuance costs	23,840	-
Investment corporation bond issuance costs	183,898	163,516
Total deferred assets	207,738	163,516
TOTAL ASSETS	900,799,858	899,888,084

(To be continued on the following page)

(Thousands of yen)

	As of	
	August 31, 2019	February 29, 2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	3,222,435	3,193,057
Current portion of long-term borrowings	52,300,000	57,875,000
Accounts payable – other	22,436	37,127
Accrued expenses	2,018,494	1,978,243
Income taxes payable	605	605
Consumption tax payable	949,832	426,096
Rent received in advance	3,226,068	3,199,536
Deposits received	3,027,689	2,170,966
Current portion of tenant leasehold and security deposits in trust (Note 1)	658,065	658,065
Current portion of asset retirement obligations	9,740	-
Derivatives liabilities	51,116	36,206
Other current liabilities	118,974	89,381
Total current liabilities	65,605,458	69,664,286
Non-current liabilities:		
Long-term bonds issued – unsecured	44,500,000	44,500,000
Long-term borrowings	307,925,000	302,350,000
Tenant leasehold and security deposits	1,862,216	1,795,208
Tenant leasehold and security deposits in trust (Note 1)	46,074,538	45,525,273
Asset retirement obligations	540,301	543,334
Derivatives liabilities	277,530	191,960
Other non-current liabilities	20,000	20,000
Total non-current liabilities	401,199,587	394,925,777
TOTAL LIABILITIES	466,805,045	464,590,063
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	15,151	15,151
Reserve for dividends	1,616,048	2,864,222
Retained earnings for temporary difference adjustment (Note 5)	3,012,724	2,981,342
Total voluntary reserve	4,643,925	5,860,716
Retained earnings	12,814,606	12,800,544
Total surplus	22,445,377	23,648,106
Total unitholders' equity	434,323,459	435,526,188
Valuation and translation adjustments:		
Deferred losses on hedges	(328,647)	(228,167)
Total valuation and translation adjustments	(328,647)	(228,167)
TOTAL NET ASSETS	433,994,812	435,298,021
TOTAL LIABILITIES AND NET ASSETS	900,799,858	899,888,084

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	August 31, 2019	February 29, 2020
Operating revenues		
Rent and other operating revenues (Note 7)	30,857,961	29,985,702
Gain on sales of property (Note 8)	4,574,062	2,022,021
Total operating revenues	35,432,023	32,007,723
Operating expenses		
Property-related expenses (Note 7)	16,505,010	14,318,343
Loss on sales of property (Note 9)	1,023,538	-
Asset management fees	2,725,434	2,696,697
Custodian fees	30,400	29,990
General administration fees	129,484	128,142
Compensation for Directors	5,940	5,940
Other operating expenses	292,648	265,560
Total operating expenses	20,712,455	17,444,674
Operating income	14,719,568	14,563,048
Non-operating revenues		
Interest income	186	873
Other non-operating revenues	2,230	1,278
Total non-operating revenues	2,416	2,151
Non-operating expenses		
Interest expenses	1,355,972	1,228,712
Interest expenses on investment corporation bonds	141,282	143,493
Amortization of investment corporation bond issuance costs	18,338	20,381
Amortization of investment unit issuance costs	23,840	23,840
Loan-related costs	362,802	343,139
Other non-operating expenses	4,536	4,482
Total non-operating expenses	1,906,773	1,764,050
Ordinary income	12,815,211	12,801,149
Income before income taxes	12,815,211	12,801,149
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	12,814,606	12,800,544
Unappropriated earnings at beginning of period	-	-
Retained earnings at the end of period	12,814,606	12,800,544

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

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Voluntary reserve													
	Unitholders' capital (Note 6)	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of February 28, 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
Changes during the period														
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
Total changes during the period	-	-	-	-	(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
Changes during the period														
Provision of reserve for dividends	-	-	-	-	-	1,248,173	-	1,248,173	(1,248,173)	-	-	-	-	-
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	-	-	-	-	-	-	-	-	12,800,544	12,800,544	12,800,544	-	-	12,800,544
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	100,479	100,479	100,479
Total changes during the period	-	-	-	-	-	1,248,173	(31,382)	1,216,791	(14,061)	1,202,729	1,202,729	100,479	100,479	1,303,209
Balance as of February 29, 2020	411,878,082	14,986,826	(9,999,980)	4,986,845	15,151	2,864,222	2,981,342	5,860,716	12,800,544	23,648,106	435,526,188	(228,167)	(228,167)	435,298,021

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

(4) Statements of cash distributions

		(Y en)	
		For the six months ended	
		August 31, 2019	February 29, 2020
I	Retained earnings at the end of period	12,814,606,329	12,800,544,469
II	Reversal of voluntary reserve		
	<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	11,781,076,500
	<i>(Cash distribution declared per unit)</i>	<i>(4,430)</i>	<i>(4,500)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	1,248,173,569	1,050,850,519
V	Retained earnings carried forward	-	-

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 and reversal of 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 February 29, 2020:

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 29, 2020 amounting to ¥11,781,076,500 consisted all of retained earnings at the end of the period and reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550 except for fractional distribution per unit less than one yen. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	August 31, 2019	February 29, 2020
Cash Flows from Operating Activities:		
Income before income taxes	12,815,211	12,801,149
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,558,695	5,379,428
Amortization of investment corporation bond issuance costs	18,338	20,381
Amortization of investment unit issuance costs	23,840	23,840
Gain on sales of property	(4,574,062)	(2,022,021)
Loss on sales of property	1,023,538	-
Loss on disposal of fixed assets	179,620	58,593
Interest income	(186)	(873)
Interest expenses	1,497,255	1,372,206
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	27,104	(28,970)
(Increase) decrease in income taxes receivable	88	(105)
(Increase) decrease in long-term prepaid expenses	(195,045)	(20,876)
Increase (decrease) in accounts payable - operating	711,025	(235,158)
Increase (decrease) in consumption tax payable	947,589	(523,736)
Increase (decrease) in accounts payable - other	463	14,690
Increase (decrease) in accrued expenses	40,315	5,050
Increase (decrease) in rent received in advance	31,592	(26,532)
Increase (decrease) in deposits received	1,498,562	(572,184)
Other, net	599,002	340,102
Sub total	20,202,948	16,584,986
Interest received	186	873
Interest expenses paid	(1,507,184)	(1,417,507)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	18,695,345	15,167,747
Cash Flows from Investing Activities:		
Purchase of property and equipment	(2,862)	(7,060)
Purchase of property and equipment in trust	(16,551,302)	(3,207,941)
Proceeds from sales of property and equipment in trust	32,936,228	6,491,375
Payments for sales of property and equipment in trust	-	(256,251)
Purchase of intangible assets	(10,050)	(34,500)
Purchase of intangible assets in trust	(8,910)	(45,281)
Proceeds from sales of intangible assets in trust	2,044	-
Payments of tenant leasehold and security deposits	(477,849)	(94,868)
Proceeds from tenant leasehold and security deposits	46,361	5,000
Payments of tenant leasehold and security deposits in trust	(2,254,316)	(1,183,186)
Proceeds from tenant leasehold and security deposits in trust	1,000,732	623,085
Payments of lease deposits in trust	-	(2)
Proceeds from lease deposits in trust	7,500	17,500
Payments for restricted bank deposits in trust	-	(24)
Net cash provided by investing activities	14,687,576	2,307,842
Cash Flows from Financing Activities:		
Repayments of short-term borrowings	(8,000,000)	-
Proceeds from long-term borrowings	35,000,000	22,500,000
Repayments of long-term borrowings	(34,000,000)	(22,500,000)
Proceeds from issuance of investment corporation bonds	6,959,137	-
Distribution payments	(11,596,339)	(11,596,641)
Net cash used in financing activities	(11,637,201)	(11,596,641)
Net change in cash and cash equivalents	21,745,720	5,878,949
Cash and cash equivalents at the beginning of period	39,874,970	61,620,691
Cash and cash equivalents at the end of period (Note 11)	61,620,691	67,499,640

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 ¥35,085 thousand for the six months ended August 31, 2019. No taxes on property and equipment were capitalized for the six months ended February 29, 2020.

(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 ¥18,967,312 thousand and ¥18,427,312 thousand as of August 31, 2019 and February 29, 2020, respectively.

	(Thousands of yen)	
	As of	
	August 31, 2019	February 29, 2020
Cash and bank deposits in trust	513,284	983,859
Buildings in trust	58,610,349	57,316,162
Building improvements in trust	2,553,852	2,516,670
Machinery and equipment in trust	203,953	191,566
Furniture and fixtures in trust	659,743	620,977
Land in trust	141,097,758	141,097,758
Construction in progress in trust	3,454	3,454
Other investments	519,256	48,705
Total	204,161,651	202,779,154

Certain lands and buildings included in the above table were pledged as collateral to secure co-owner's payment of tenant leasehold and security deposits for amounts of ¥691,908 thousand and a former owner's payment of retirement benefit obligation for amounts of ¥350,000 thousand as of August 31, 2019 and February 29, 2020.

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	
	August 31, 2019	February 29, 2020
Buildings in trust	334,351	334,351

Note 3 — Credit facilities and commitment lines

As of August 31, 2019 and February 29, 2020, JRF entered into credit facilities and committed lines of credit as follows:

(Thousands of yen)

	As of	
	August 31, 2019	February 29, 2020
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

	August 31, 2019	February 29, 2020
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 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.

For the six months ended February 29, 2020

(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	3,012,724	-	(31,382)	2,981,342	Appropriation for dividends

Note:

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

Note 6 — Net assets

(1) Number of investment units

	As of	
	August 31, 2019	February 29, 2020
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,618,017 units	2,618,017 units

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

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

Rent and other operating revenues and property-related expenses for the six months ended August 31, 2019 and February 29, 2020 consist of the following:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2019	February 29, 2020
Rent and other operating revenues:		
Rent and parking revenue	27,157,026	26,341,103
Common area charges	1,388,286	1,259,216
Other	2,312,648	2,385,381
Total rent and other operating revenues	30,857,961	29,985,702
Property-related expenses:		
Property management fees	769,619	750,941
Facility management fees	1,551,978	1,545,852
Utilities	1,530,132	1,336,969
Property-related taxes	2,779,175	2,632,250
Repair and maintenance	2,261,566	826,856
Insurance	33,248	30,695
Trust fees	56,252	50,997
Rent expense	769,153	766,209
Other	1,016,779	941,762
Depreciation	5,557,481	5,377,213
Loss on disposal of property	179,620	58,593
Total property-related expenses	16,505,010	14,318,343
Operating income from property leasing activities	14,352,951	15,667,358

Note 8 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2019	February 29, 2020
Sale of property	26,995,000	6,525,000
Cost of property	22,003,058	4,469,353
Other sales expenses	417,879	33,625
Gain on sales of property, net	4,574,062	2,022,021

Note 9 — Analysis of loss on sales of property

Analysis of loss on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2019	February 29, 2020
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 August 31, 2019 and February 29, 2020, respectively.

Note 11 — Cash and cash equivalents

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

	(Thousands of yen)	
	As of	
	August 31, 2019	February 29, 2020
Cash and bank deposits	48,462,441	55,501,014
Cash and bank deposits in trust	13,671,533	12,982,484
Restricted bank deposits in trust ⁽ⁱ⁾	(513,284)	(983,859)
Cash and cash equivalents	61,620,691	67,499,640

Note:

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

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

JRF leases its properties to retail tenants. Future minimum rental revenues pursuant to existing rental contracts as of August 31, 2019 and February 29, 2020 (exclusive of the recovery of utility and other charges) scheduled to be received are summarized as follows:

	(Thousands of yen)	
	As of	
	August 31, 2019	February 29, 2020
Due within one year	20,252,010	20,460,399
Due after one year	85,211,399	83,595,455
Total	105,463,410	104,055,855

(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 agreements.

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

The following table shows the carrying amounts, fair value and unrealized gain (loss) of financial instruments for which fair value is available as of August 31, 2019 and February 29, 2020.

	As of August 31, 2019			As of February 29, 2020		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	48,462,441	48,462,441	-	55,501,014	55,501,014	-
(2) Cash and bank deposits in trust	13,671,533	13,671,533	-	12,982,484	12,982,484	-
Total assets	62,133,975	62,133,975	-	68,483,499	68,483,499	-
(1) Current portion of long-term borrowings	52,300,000	52,301,472	1,472	57,875,000	57,907,105	32,105
(2) Current portion of tenant leasehold and security deposits in trust	658,065	668,923	10,858	658,065	669,195	11,130
(3) Long-term bonds issued - unsecured	44,500,000	45,663,605	1,163,605	44,500,000	45,389,535	889,535
(4) Long-term borrowings	307,925,000	311,545,282	3,620,282	302,350,000	306,056,661	3,706,661
(5) Tenant leasehold and security deposits in trust	1,928,055	1,973,892	45,837	1,304,022	1,318,570	14,548
Total liabilities	407,311,120	412,153,176	4,842,056	406,687,087	411,341,068	4,653,980
Derivatives (derivatives liabilities), net	(328,647)	(328,647)	-	(228,167)	(228,167)	-

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

Long-term borrowings with floating interest rates are stated at their carrying amounts as their carrying amounts approximate their fair values. When long-term borrowings with floating interest rates are hedged by interest rate swaps 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.

(2) Current portion of tenant leasehold and security deposits in trust and (5) 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.

(3) Long-term bonds issued - unsecured

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

Derivatives

Please refer to "Note 15 – Derivatives".

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

(Thousands of yen)

	As of	
	August 31, 2019	February 29, 2020
Tenant leasehold and security deposits	1,862,216	1,795,208
Tenant leasehold and security deposits in trust	44,146,483	44,221,251
Total	46,008,700	46,016,459

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

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

(Thousands of yen)

As of August 31, 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	-	-	-	-	-
As of February 29, 2020	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	55,501,014	-	-	-	-	-
Cash and bank deposits in trust	12,982,484	-	-	-	-	-
Total	68,483,499	-	-	-	-	-

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

(Thousands of yen)

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
As of February 29, 2020	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	57,875,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	658,065	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	5,000,000	15,500,000	14,000,000	10,000,000
Long-term borrowings	-	51,000,000	30,500,000	22,000,000	37,000,000	161,850,000
Tenant leasehold and security deposits in trust	-	658,065	68,065	168,065	68,065	341,761
Total	58,533,065	51,658,065	35,568,065	37,668,065	51,068,065	172,191,761

Note 14 — Securities

JRF has no securities to be disclosed as of August 31, 2019 and February 29, 2020.

Note 15 — Derivatives

Information on derivative transactions undertaken by JRF as of August 31, 2019 and February 29, 2020 is as follows. Derivative transactions are carried out for hedging purposes and are subject to hedge accounting.

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	(328,647)	-

As of February 29, 2020

(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	56,575,000	24,000,000	(228,167)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	99,000,000	91,500,000	- ⁽ⁱ⁾	-
Total			155,575,000	115,500,000	(228,167)	-

Note:

(i) As disclosed in “(7) Summary of significant accounting policies (h) Hedge accounting”, JRF applies the special treatment provided under Japanese GAAP for the interest rate swaps which qualify for hedge accounting and meet specific criteria, under which only the interest received or paid under swap contracts, and not the fair value of the derivative, is determined separately from the hedged asset or liability. Consequently, the fair value of the interest rate swaps as the hedging instrument and the long-term borrowings as hedged item is calculated together as one and disclosed as such under Note (i) in “Note 13 Financial instruments (b) Quantitative information for financial instruments”.

(ii) The notional amounts relating to the derivatives do not, by themselves, represent the market risk exposure associated with the derivative transactions.

(iii) The fair value is evaluated at the amount calculated by the counterparty to the interest rate swaps contracts.

Note 16 — Related-party transaction

There was no related-party transaction to be disclosed for the six months ended August 31, 2019 and February 29, 2020.

Note 17 — Tax effect accounting

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	August 31, 2019	February 29, 2020
Deferred tax assets:		
Tax loss carryforwards ⁽ⁱ⁾	1,625,992	-
Current portion of asset retirement obligations	173,043	170,932
Amortization of leasehold rights	125,950	135,787
Depreciation	19,430	21,348
Valuation differences on assets acquired through merger	5,321,400	5,315,981
Deferred losses on hedges	103,398	71,781
Other	115,490	38,218
Sub total	7,484,706	5,754,050
Valuation allowance for tax loss carryforwards ⁽ⁱ⁾	(1,625,992)	-
Valuation allowance for temporary differences, etc.	(5,858,714)	(5,754,050)
Total valuation allowance	(7,484,706)	(5,754,050)
Total deferred tax assets	-	-
Net deferred tax assets	-	-

Note:

(i) Details of valuation allowance for tax loss carryforwards are as follows.

As of August 31, 2019:

(Thousands of yen)

	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
Tax loss carryforwards ^(a)	1,625,992	-	-	-	-	-	1,625,992
Valuation allowance	(1,625,992)	-	-	-	-	-	(1,625,992)
Deferred tax assets	-	-	-	-	-	-	-

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

As of February 29, 2020:

None

(ii) Valuation allowance for tax loss carryforwards decreased mainly due to decrease of deferred assets by expiration of tax loss carried forward.

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

(%)

	For the six months ended	
	August 31, 2019	February 29, 2020
Statutory tax rate	31.51	31.51
Deductible cash distributions	(28.52)	(29.00)
Change in valuation allowance (for deferred tax assets)	(3.50)	(2.54)
Reversal of retained earnings for temporary difference adjustment	0.08	0.08
Other	0.43	(0.03)
Effective tax rate	0.00	0.00

Note 18 — Asset retirement obligations

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

Movements of asset retirement obligations for the six months ended August 31, 2019 and February 29, 2020 are as follows:

	(Thousands of yen)	
	For the six months ended	
	August 31, 2019	February 29, 2020
Balance at the beginning of the period	612,299	550,041
Adjustment for passage of time	3,657	3,109
Derecognition due to settlement of obligations	(65,915)	(9,816)
Balance at the end of the period	550,041	543,334

Note 19 — Fair value of investment and rental property

JRF has mainly retail facilities as investment assets which are located mainly in three major metropolitan areas and other metropolitan areas in Japan. The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2019 and February 29, 2020.

	(Thousands of yen)	
	For the six months ended	
	August 31, 2019	February 29, 2020
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	851,358,239	832,643,348
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(18,714,890)	(6,582,036)
Balance at the end of the period	832,643,348	826,061,312
Fair value⁽ⁱⁱⁱ⁾	994,145,000	988,190,000

Note:

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

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

	Increase (decrease) in net book value
(Thousands of yen)	
For the six months ended August 31, 2019:	
Acquisitions:	
G-Bldg. Jingumae 09.....	7,075,225
m-city Kashiwa.....	5,777,226
Capital expenditure:	
Renewal construction of KAWASAKI Le FRONT.....	2,113,691
Dispositions:	
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)
For the six months ended February 29, 2020:	
Capital expenditure:	
Renewal construction of KAWASAKI Le FRONT.....	975,127
Disposition:	
Ito-Yokado Nishikicho (partial disposition of interest).....	(4,469,353)

(iii) Fair value has been determined based on appraisals or researched value by independent appraisers. For Ito-Yokado Nishikicho signed disposition contract on May 29, 2019, the selling price is used.

For rent revenues and expenses for the six months ended August 31, 2019 and February 29, 2020, please refer to "Note 7 — Analysis for rent and other operating revenues and property-related expenses".

Note 20 — Segment information

Segment information for the six months ended August 31, 2019 and February 29, 2020 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
	August 31, 2019	February 29, 2020	
AEON Retail Co., Ltd.	4,736,683	3,326,443	Property rental business
AEON Mall Co., Ltd. ⁽ⁱ⁾	3,344,389	2,900,809	Property rental business

Note:

(i) Although the revenues are less than 10% of total operating revenues for the six months ended August 31, 2019 and February 29, 2020, the amount is noted for comparability.

Note 21 — Per unit information

The net asset value per unit as of August 31, 2019 and February 29, 2020 was ¥165,772 and ¥166,270, respectively. Net income per unit for the six months ended August 31, 2019 and February 29, 2020 was ¥4,894 and ¥4,889, 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:

	For the six months ended	
	August 31, 2019	February 29, 2020
Net income	12,814,606	12,800,544
Effect of dilutive unit	-	-
Net income available to common unitholders	12,814,606	12,800,544
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 disposed the following property on March 2, 2020.

<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
<i>Purchaser:</i>	Mitsubishi Corporation Urban Development, Inc.
<i>Gains on sales of property:</i>	Gains on sales of property of approximately ¥1,786 million will be recognized in profit as operating revenues for the six months ending August 31, 2020.

Acquisition of the JRF's Investment Units

The Board of Directors of JRF, at its meeting held on April 13, 2020, resolved to acquire its own investment units pursuant to the provisions of Article 80-5, Paragraph 2 and Article 80-2 of the Act on Investment Trusts and Investment Corporations of Japan. All the acquired investment units will be cancelled during the fiscal period ending August 31, 2020.

(1) Reason for the Acquisition

The acquisition of its own investment units was resolved with the intention of enhancing returns to unitholders by improvement of the capital efficiency and increasing distributions per unit. The purpose is to increase unitholders value. This is based on comprehensive consideration including significant decline in the market price of the investment units due to new pneumonia, condition of funds on hand, financial position and market conditions.

(2) Outline of the Acquisition

Total number of JRF's investment units to be acquired:	25,000 units (maximum)
Total amount of the acquisition:	¥2,000,000 thousand (maximum)
Period for the acquisition:	From April 14, 2020 to June 5, 2020
Method:	Purchase at Tokyo Stock Exchange Market based on a discretionary transaction contract with a securities company

(9) Changes in investment unit issued and outstanding

The changes in unitholders' capital and number of investment units issued and outstanding for last five years until February 29, 2020 were as follows:

Date	Capital transaction	Number of investment units issued and outstanding		Unitholders' capital (Millions of yen)		Note
		Increase	Balance	Increase	Balance	
September 9, 2015	Global offering	119,500	2,549,698	23,453	386,707	Note 1
October 7, 2015	Allocation of investment units to a third party	2,500	2,552,198	490	387,198	Note 2
March 14, 2017	Global offering	112,500	2,664,698	24,143	411,341	Note 3
March 29, 2017	Allocation of investment units to a third party	2,500	2,667,198	536	411,878	Note 4
February 9, 2018	Retirement	(49,181)	2,618,017	-	411,878	Note 5

Note 1 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 2 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 3 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 4 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 5 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 August 31, 2019		As of February 29, 2020	
		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	18,949	2.1	18,921	2.1
	Osaka and Nagoya metropolitan areas	6,897	0.7	6,891	0.8
	Other areas	4,471	0.5	4,463	0.5
	Sub-total	30,318	3.3	30,276	3.4
Trust beneficial interest in real property	Tokyo metropolitan area	406,147	45.1	401,764	44.6
	Osaka and Nagoya metropolitan areas	322,235	35.8	320,711	35.6
	Other areas	73,942	8.2	73,308	8.2
	Sub-total	802,325	89.1	795,784	88.4
Sub-total		832,643	92.4	826,061	91.8
Bank deposits and other assets		68,156	7.6	73,826	8.2
Total assets		900,799	100.0	899,888	100.0
Total liabilities (Note 2)		466,805	51.8	464,590	51.6
Total net assets		433,994	48.2	435,298	48.4

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

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of February 29, 2020 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)	52,127	86,474.12	84,195.50	97.4	11.0	Retail facilities
Higashi-Totsuka Aurora City (trust beneficial interest)	44,614	109,355.90	109,355.90	100.0	4.3	Retail facilities
Nara Family (Note 4) (trust beneficial interest)	34,772	82,927.89	82,479.41	99.5	6.1	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	33,941	49,144.92	47,315.37	96.3	5.1	Retail facilities
G-Bldg. Shinsaibashi 03 (trust beneficial interest)	30,366	5,319.29	5,319.29	100.0	Note 5	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	24,909	137,466.97	137,466.97	100.0	3.1	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	23,282	138,538.63	138,538.63	100.0	3.0	Retail facilities
GYRE (trust beneficial interest)	21,974	4,870.81	4,870.81	100.0	2.0	Retail facilities
AEON MALL Itami (trust beneficial interest)	18,307	157,904.26	157,904.26	100.0	2.0	Retail facilities
Kawaramachi OPA (trust beneficial interest)	17,992	18,848.20	18,848.20	100.0	1.1	Retail facilities
Total	302,289	790,850.99	786,294.34	99.4	-	

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

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

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

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

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

The retail facilities as of February 29, 2020 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	5,580	5,171
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,610	1,200
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,870.81	28,500	21,974
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	22,800	13,518
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,700	921
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	2,274.60	5,190	2,773
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,760	3,908
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.42	2,960	2,325
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,630	3,379
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,730	2,270
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	9,490	10,044
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,158.53	11,300	9,223
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	8,970	6,520
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	4,010	5,375
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,066.06	8,630	5,962
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	5,250	2,686
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	8,500	5,808
Round1 Yokohama Station West	8-16, Minamisaiwai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	5,500	3,742
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	6,410	3,606
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	10,400	5,546
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	49,144.92	36,900	33,941
G-Bldg. Shibuya 01	20-13, Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,630.03	4,890	3,126
G-Bldg. Omotesando 02	25-15, Jingumae 4-chome, Shibuya-ku, Tokyo, etc.	Trust beneficial interest	5,555.65	23,100	17,799
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,718.21	4,130	3,537
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.55	10,400	8,505

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	3,860	3,440
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	7,400	6,087
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	7,750	5,100
G-Bldg. Akihabara 02	113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,037.33	2,970	2,487
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	17,100	15,186
G-Bldg. Ginza Chuo-dori 01	6-16, Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	14,200	13,020
MARINE & WALK YOKOHAMA	3-1, Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	8,347.69	11,200	11,021
G-Bldg. Jingumae 07	26-4 Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	373.12	2,130	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	12,299
G-Bldg. Jingumae 08	25-5 Jingumae 3-chome, Shibuya-ku, Tokyo	Trust beneficial interest	802.40	2,670	2,637
Round1 Stadium Kawasaki Daishi	5-1, Tonomachi 1-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	13,559.17	2,930	2,435
G-Bldg. Jingumae 09	25-28 Jingumae 4-chome, Shibuya-ku, Tokyo, etc.	Trust beneficial interest	1,127.06	7,350	7,072
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	41,293.90	12,700	9,642
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,880	1,264
Ito-Yokado Nishikicho	12-1, Nishikicho 1-chome, Warabi-shi, Saitama	Trust beneficial interest	73,438.52	5,800	3,952
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,130	4,505
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,700	10,481
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,100	14,950
SEIYU Hibirigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	8,190	4,564
Higashi-Totsuka Aurora City	537-1, Shinanocho, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,355.90	43,400	44,614
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	10,000	12,307
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,900	24,909
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,830	5,474
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,410	2,285
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,400	2,160
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,820	3,030
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	4,260	3,226

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)
m-city Kashiwa (Note 4)	10 Oyamadai 1-chome, Kashiwa-shi, Chiba, etc.	Trust beneficial interest	20,437.36	5,980	5,780
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	15,200	17,992
G-Bldg. Shinsaibashi 01	5-3, Shinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	3,690	1,583
Round1 Stadium Sennichime (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	13,000	8,091
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	948.72	8,290	4,270
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,950	2,711
G-Bldg. Shinsaibashi 03	2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	5,319.29	41,900	30,366
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	927.09	1,400	1,926
EDION Kyobashi (Land with leasehold interest)	53-1, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	4,307.16	5,970	5,756
G-Bldg. Abeno 01	4-7, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka	Trust beneficial interest	4,757.35	5,430	4,451
G-Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	11,000	9,759
G-Bldg. Shinsaibashi 04	10-5, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,360	3,313
G-Bldg. Kyoto Kawaramachi 01	235, Yamazakicho 2-chome, Sanjo-sagaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	2,398.34	2,490	2,188
G-Bldg. Midosuji 01	10-25, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	2,446.00	10,300	10,454
Round1 Sannomiya Station	1-17 Onoe-dori 6-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	10,054.52	3,330	3,202
G-Bldg. Kobe Sannomiya 01	1-15 Kitanagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	3,750.38	3,290	3,016
G-Bldg. Midosuji 02	8-18 Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	1,428.28	16,200	15,557
Nara Family (Note 6)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,927.89	38,800	34,772
AEON Takatsuki	47-2, Haginoshio 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,900	9,852
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,702.48	3,640	3,170
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,639.09	5,540	6,048
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,700	23,282
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,600	18,307
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	14,400	14,307
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	12,250	8,589
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,010	1,942

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 Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	2,080	1,717
LIFE Taiheiji (Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,250	1,304
Izumisano Shofudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,710	2,657
mzo wonder city (Note 6)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,474.12	64,500	52,127
Round1 Stadium Sakai Chuo Kanjyo	241, Ishiara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,530	1,604
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,970	5,330
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashi odogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	12,033.68	5,060	4,305
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	3,000	1,962
mcity Toyonaka	2-18, Hinode-cho, 2-chome, Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,540	5,265
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	4,140	2,801
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,400	14,974
G-Bldg. Sendai Ichibancho 01	5-12, Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi	Real property	2,387.17	4,840	4,463
G-Bldg. Naha-shintoshin 01	5-33, Omoromachi 2-chome, Naha-shi, Okinawa	Trust beneficial interest	(Note 5)	6,770	5,590
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	6,214
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,900	9,543
Oyama Yuen Harvest Walk (Note 4)	1475-52, Aza-kaido-nishi, Oaza-Kizawa, Oyama-shi, Tochigi, etc.	Trust beneficial interest	59,535.10	9,970	8,416
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,162.16	19,900	14,818
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,300	2,383
Kaden sumairu kan YAMADA Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	(Note 5)	5,590	3,612
Total			2,397,265.59	988,190	826,061

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 August 31, 2019 and February 29, 2020 were as follows:

Name of property	For the six months ended August 31, 2019				For the six months ended February 29, 2020			
	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	87	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	563	1.8	14	100.0	591	2.0
Bic Camera Tachikawa	2	100.0	627	2.0	2	100.0	628	2.1
G-Bldg. Kita Aoyama 01	3	100.0	34	0.1	2	100.0	34	0.1
G-Bldg. Jiyugaoka 01	3	100.0	107	0.3	3	100.0	107	0.4
Cheers Ginza	10	100.0	110	0.4	10	100.0	108	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	83	0.3	2	100.0	82	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	0.6
La Porte Aoyama (Note 3)	24	100.0	299	1.0	24	100.0	300	1.0
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	161	0.5
G-Bldg. Jingumae 03	7	93.3	80	0.3	7	93.3	77	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	243	0.8	8	100.0	249	0.8
Urban Terrace Jingumae	2	100.0	104	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	0.5
Round1 Yokohama Station West	1	100.0	114	0.4	1	100.0	114	0.4
G-Bldg. Sangenjaya 01	3	100.0	180	0.6	3	100.0	177	0.6
G-Bldg. Ginza 01	6	100.0	178	0.6	6	100.0	177	0.6
KAWASAKI Le FRONT	51	87.4	1,304	4.2	62	96.3	1,535	5.1
G-Bldg. Shibuya 01	2	100.0	99	0.3	2	100.0	99	0.3
G-Bldg. Omotesando 02	5	97.6	379	1.2	6	100.0	379	1.3
G-Bldg. Kichijoji 01	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
CUTE CUBE HARAJUKU	10	100.0	241	0.8	10	100.0	198	0.7
G-Bldg. Ueno 01	1	100.0	76	0.2	1	100.0	76	0.3
G-Bldg. Takadanobaba 01	14	100.0	162	0.5	13	100.0	164	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	210	0.7
MARINE & WALK YOKOHAMA	24	94.3	417	1.4	25	98.5	396	1.3
G-Bldg. Jingumae 07	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)

Name of property	For the six months ended August 31, 2019				For the six months ended February 29, 2020			
	Number of tenants	Occupancy ratio	Rent and other operating revenues	Ratio of rent revenue to total rent revenues	Number of tenants	Occupancy ratio	Rent and other operating revenues	Ratio of rent revenue to total rent revenues
	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)	(Note 1)	(Note 2) (%)	(Millions of yen)	(Note 2) (%)
G-Bldg. Minami Aoyama 03 (Note 3)	5	74.7	166	0.5	5	74.7	158	0.5
G-Bldg. Jingumae 08	3	100.0	54	0.2	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	6	95.1	119	0.4
Abiko Shopping Plaza	59	100.0	611	2.0	58	100.0	606	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	411	1.3	1	100.0	179	0.6
Ito-Yokado Tsunashima	1	100.0	168	0.5	1	100.0	168	0.6
AEON Itabashi Shopping Center	1	100.0	676	2.2	1	100.0	671	2.2
AEON MALL Yamato	1	100.0	541	1.8	1	100.0	537	1.8
SEIYU Hibarigaoka	1	100.0	249	0.8	1	100.0	249	0.8
Higashi-Totsuka Aurora City	4	100.0	1,367	4.4	5	100.0	1,299	4.3
Ito-Yokado Yotsukaido	2	100.0	298	1.0	2	100.0	313	1.0
AEON MALL Musashi Murayama	1	100.0	917	3.0	1	100.0	916	3.1
Makuhari Plaza	5	100.0	210	0.7	5	100.0	212	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	141	0.5	10	100.0	140	0.5
m-city Kashiwa (Notes 3 and 7)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
8953 Osaka Shinsaibashi Building (Note 8)	—	—	360	1.2	—	—	—	—
Kawaramachi OPA	1	100.0	335	1.1	1	100.0	335	1.1
G-Bldg. Shinsaibashi 01	2	100.0	74	0.2	2	100.0	73	0.2
Round1 Stadium Sennichimae (Land with leasehold interest)	1	100.0	240	0.8	1	100.0	240	0.8
G-Bldg. Shinsaibashi 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Round1 Kyoto Kawaramachi	1	100.0	104	0.3	1	100.0	104	0.4
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	1	25.0	(Note 4)	(Note 4)
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	150	0.5
G-Bldg. Umeda 01	12	100.0	232	0.8	12	100.0	246	0.8
G-Bldg. Shinsaibashi 04	5	100.0	87	0.3	5	100.0	87	0.3
G-Bldg. Kyoto Kawaramachi 01	4	100.0	74	0.2	4	100.0	72	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 August 31, 2019				For the six months ended February 29, 2020			
	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	4	84.5	(Note 4)	(Note 4)	5	100.0	(Note 4)	(Note 4)
G-Bldg. Midosuji 02	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Narupark (Notes 3 and 9)	—	—	291	0.9	—	—	—	—
Nara Family (Note 10)	116	99.6	1,830	5.9	113	99.5	1,832	6.1
AEON Takatsuki	1	100.0	406	1.3	1	100.0	398	1.3
AEON Yagoto	1	100.0	127	0.4	1	100.0	125	0.4
Kyoto Family	62	100.0	573	1.9	62	99.5	573	1.9
AEON MALL Tsurumi Ryokuchi	1	100.0	917	3.0	1	100.0	890	3.0
AEON MALL Itami	1	100.0	596	1.9	1	100.0	584	2.0
Ario Otori	1	100.0	549	1.8	1	100.0	550	1.8
AEON MALL Kobe Kita	1	100.0	409	1.3	1	100.0	402	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)	211	87.8	3,208	10.4	214	97.4	3,307	11.0
Round1 Stadium Sakai Chuo Kanryo	1	100.0	82	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	313	1.0	39	100.0	310	1.0
Round1 Stadium Takatsuki	1	100.0	91	0.3	1	100.0	91	0.3
m-city Toyonaka	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Valor Kachigawa (Land with leasehold interest)	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Round1 Hiroshima	1	100.0	119	0.4	1	100.0	119	0.4
DFS T GALLERIA OKINAWA	1	100.0	499	1.6	1	100.0	497	1.7
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	8	100.0	119	0.4
AEON Sendai Nakayama (Note 11)	—	—	331	1.1	—	—	—	—
AEON MALL Sapporo Naebo	1	100.0	377	1.2	1	100.0	368	1.2
AEON Naha Shopping Center	1	100.0	380	1.2	1	100.0	370	1.2
Oyama Yuen Harvest Walk (Note 3)	64	97.6	803	2.6	66	98.7	769	2.6
AEON MALL Sapporo Hassamu	1	100.0	583	1.9	1	100.0	578	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 August 31, 2019				For the six months ended February 29, 2020			
	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) (%)
Kaden sumairu kan Y A M A D A Fukuoka Shine Honten	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Total	923	99.1	30,857	100.0	938	99.7	29,985	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% and 45% quasi-co-ownership interest of the property on May 31, 2019 and September 2, 2019, respectively.

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 February 29, 2020 was as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended February 29, 2020	Total of advanced payment
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	November, 2019 to June, 2020	1,093	93	251
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal of cubicle	November, 2019 to June, 2020	94	-	-
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Renewal of package air conditioner	April, 2020 to August, 2020	87	-	-
Nara Family	Nara-shi, Nara	Rezoning construction	May, 2020 to August, 2020	81	-	-
G-Bldg. Sangenjaya 01	Setagaya-ku, Tokyo	Renewal of GHP	May, 2020	80	-	-
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Repair of outer wall	March, 2020 to August, 2020	68	-	-
AEON MALL Kobe Kita	Kita-ku, Kobe-shi, Hyogo	Repair of outer wall	February, 2020 to July, 2020	64	-	-
G-Bldg. Kobe Sannomiya 01	Chuo-ku, Kobe-shi, Hyogo	Renewal of GHP	May, 2020	55	-	-
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal of air conditioning system	November, 2019 to June, 2020	55	-	-
AEON Itabashi Shopping Center	Itabashi-ku, Tokyo	Renewal of package air conditioner	March, 2020 to July, 2020	54	-	-
For the six months ending February 28, 2021 (the 38th fiscal period from September 1, 2020 to February 28, 2021)						
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Renewal of package air conditioner	September, 2020 to February, 2021	91	-	-
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Installation of environmental attraction system	September, 2020 to October, 2020	61	-	-
AEON Itabashi Shopping Center	Itabashi-ku, Tokyo	Renewal of package air conditioner	September, 2020 to January, 2021	52	-	-
Oyama Yuen Harvest Walk	Oyama-shi, Tochigi	Repair of rest room	September, 2020 to November, 2020	51	-	-
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Repair of outer wall	November, 2020 to January, 2021	51	-	-

2. Capital expenditures for the six months ended February 29, 2020

Maintenance expenditures on property for the six months ended February 29, 2020 were totaling to ¥5,044 million consisting of ¥4,217 million of capital expenditures stated as below and ¥826 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 of equipment	October, 2018 to January, 2020	975
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal construction	October, 2018 to February, 2020	895
GYRE	Shibuya-ku, Tokyo	Renewal construction	June, 2019 to February, 2020	482
mzo wonder city	Nishi-ku, Nagoya-shi, Aichi	Repair of outer wall	August, 2019 to February, 2020	161
AEON Itabashi Shopping Center	Itabashi-ku, Tokyo	Renewal of package air conditioner	December, 2019 to February, 2020	72
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Renewal of package air conditioner	January, 2020 to February, 2020	71
Other capital expenditures		Application development for commercial facility	February, 2019 to February, 2020	56
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 conditioning system	June, 2019 to October, 2019	52
mzo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	August, 2019 to February, 2020	51
Other	-	-	-	1,346
Total				4,217