

Think bold today for a brighter tomorrow.



Japan Retail Fund Investment Corporation

36th Semi-Annual Report

September 1, 2019–February 29, 2020

Japan Retail Fund Investment Corporation (JRF)

J-REIT Specializing in Retail Properties

JRF was established in 2002 as the first investment corporation in Japan to specialize in retail properties, and was the third REIT to be listed in Japan. JRF currently owns 100 properties throughout Japan, with a value of 877.2 billion yen, making it the largest J-REIT specializing in retail properties, and one of the REITs listed in Japan. (As of February 29, 2020)

Priority Investment in Urban Properties

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

Stable Distributions

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

Strong Sponsors

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

To Our Unitholders

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

In terms of domestic macroeconomic trends during the six months ended February 29, 2020 (36th 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 in reaction to the last-minute surge in demand ahead of the consumption tax hike and due to 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 from the previous fiscal quarter, affected by the spread of infection with the novel coronavirus ("COVID-19"). The J-REIT market generally remained firm through mid-February 2020, although weakening temporarily from November onwards. However, following a rapid fall in the risk tolerance of the capital market worldwide in line with the global spread of COVID-19, the J-REIT market has plunged since late February.

Under the market environment described above, JRF announced the acquisition of one new property (Machinoma Omori) and completed the sale of one property (Ito-Yokado Nishikicho; 45% quasi-co-ownership of trust beneficiary interest) already announced in the 35th fiscal period as a part of portfolio asset replacement measures. As a result, during this fiscal period, operating revenue decreased by 9.7% compared to the previous fiscal period to 32,007 million yen, while net income decreased by 0.1% to 12,800 million yen, affected by a gap from the planned timing of the opening of renovated properties.

Total distributions for the six months ended February 29, 2020 amounted to 11,781 million yen by adding 31 million yen in reversal of reserves for temporary difference adjustments and by deducting reserve for dividends amounting to 1,050 million yen from unappropriated retained earnings at the end of the period. As a result, distributions per unit were 4,500 yen.

A decrease in revenues is anticipated from the next fiscal period onwards due to the impact of COVID-19. However, we will make efforts to deliver stable distributions by using gains on sales of property and reserves while paying attention to how the impact of COVID-19 will change the environment surrounding commercial properties and implementing measures that are appropriate to the circumstances.

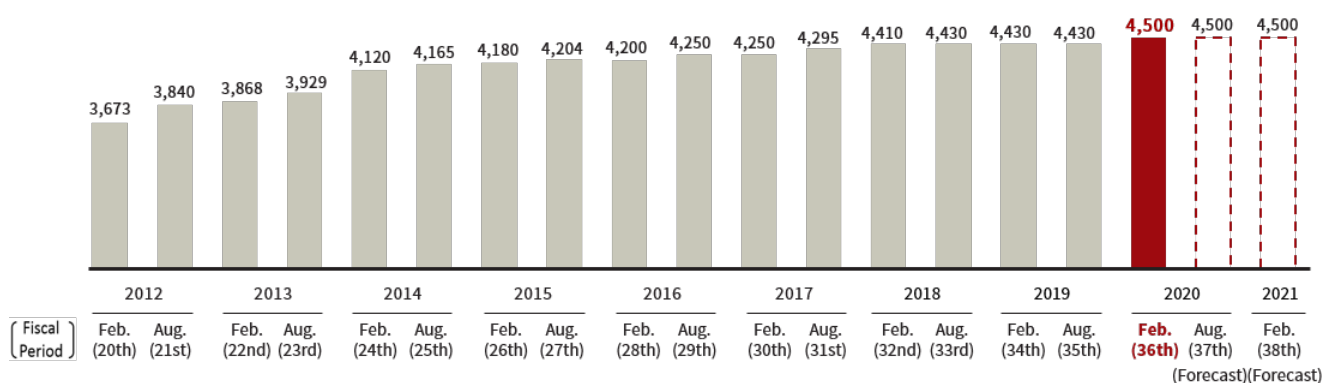
We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 36th Fiscal Period

➤ Distribution per unit (Japanese Yen)

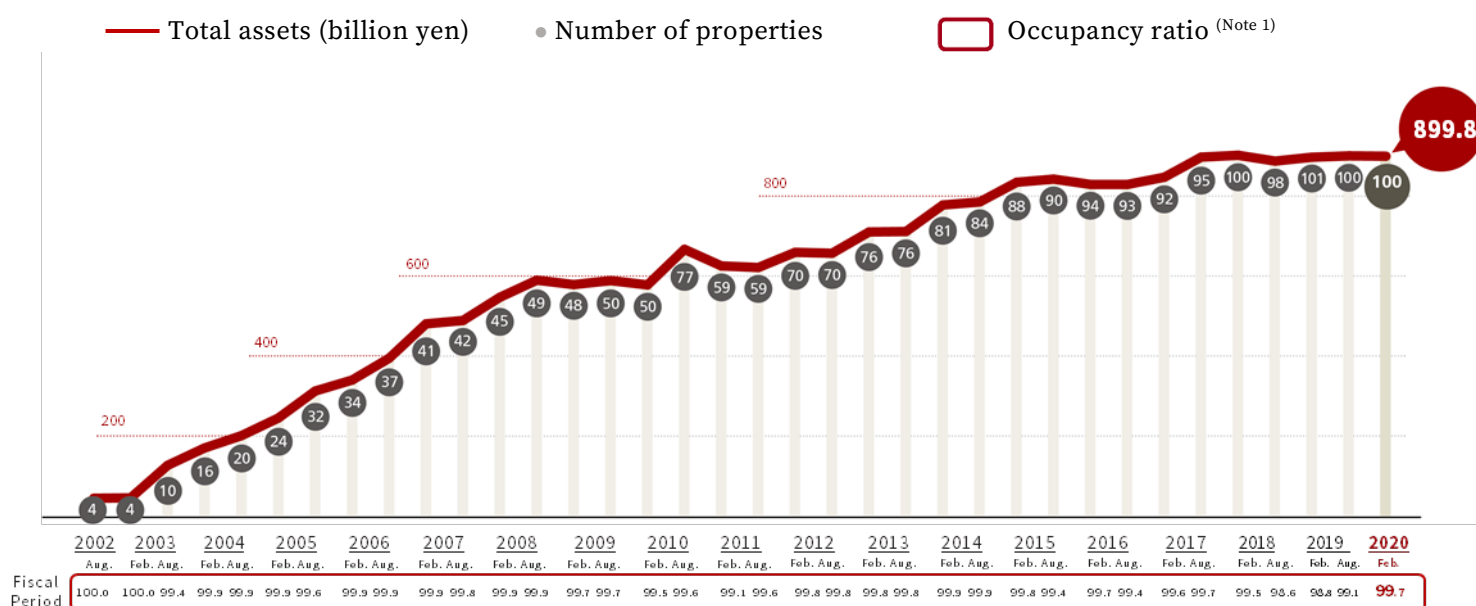
4,500 yen



➤ Financial results

	Aug. 2018 fiscal period	Feb. 2019 fiscal period	Aug. 2019 fiscal period	Feb. 2020 fiscal period
Operating Revenue	32.6 billion yen	30.6 billion yen	35.4 billion yen	32.0 billion yen
Operating Income	13.8 billion yen	13.1 billion yen	14.7 billion yen	14.5 billion yen
Net Income	11.6 billion yen	11.1 billion yen	12.8 billion yen	12.8 billion yen
NAV per Unit	165 thousand yen	165 thousand yen	165 thousand yen	166 thousand yen

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



(Note 1) Figures are as of the end of each fiscal period. The occupancy rate for the 17th fiscal period ended August 31, 2010 excludes non-core assets.

(Note 2) Unless otherwise indicated in a note, figures in the text regarding monetary amounts and areas that are less than the unit indicated are rounded down, and figures regarding ratios are rounded to the first digit after the decimal.

Message from the President of the Asset Management Company

Points

- One Core asset located in a Residential Station area acquired
- Renovation of KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa) proceeding at a steady pace
- Continuing to achieve a balance between cost reductions and stabilization in the financial field

JRF acquired one new Core asset for further stabilization and higher profitability of the portfolio, while implementing renovation of portfolio properties as planned.

JRF is implementing strategic asset replacement from Sub assets to Core assets to build a portfolio that can respond flexibly to changes in the environment surrounding retail properties. JRF is also continually renovating its portfolio properties as planned as internal growth aimed at enhancing profitability.

In this fiscal period, JRF proceeded steadily with its Core asset acquisition and announced the acquisition of Machinoma Omori, a commercial facility focused on daily needs and located in a high-density residential area within 15 minutes of Shinagawa Station, one of Tokyo's main business areas. The acquisition was completed in March 2020. Classified as a Residential Station property that constitutes JRF's Core assets, the property comprises a supermarket, which is its anchor tenant, and tenants focusing on daily needs, including restaurants and services. The population of Ota-ku, where the property is located, is expected to grow in the future, providing an abundant commercial population over the long term.

With regard to sales of Sub assets, JRF completed the disposal of the 45% quasi-co-ownership interest of Ito-Yokado Nishikicho (Warabi-shi, Saitama), which was announced in May 2019, as planned. This has brought the proportion of Core assets in JRF's portfolio as of the end of February 2020 to 75.6% on an appraisal value basis, an improvement of 0.8 percentage points from the previous period, underscoring the steady progress made by JRF toward its goal of achieving a proportion of Core assets of 80%.

Meanwhile, JRF has been steadily implementing measures for strengthening the competitiveness of its portfolio properties. At KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa), the renovation work implemented in stages is entering the final stages. Since August 2019, 22 stores have newly opened, with only a small number of stores left to open, including an aquarium. The aquarium, which it has been decided will be named "Kawasui Kawasaki Aquarium," will be a new type of aquarium that adopts unique display and presentation methods by leveraging AI and IoT technologies under the theme of "The World's Beautiful Waterfronts." At mozo wonder city (Nishi-ku, Nagoya-shi, Aichi), JRF also replaced 19 tenants, including tenants occupying large lots, from September to October 2019, while refurbishing the children's playground and newly establishing nursery rooms. Due to these initiatives, JRF received a fighting-spirit award in the "22nd Best Developer of the Year," hosted by Senken Shinbun.

As described above, in this fiscal period, JRF enhanced the quality of its portfolio, strengthened its competitiveness in a balanced manner, and proceeded steadily with its asset-replacement strategy of focusing on urban type assets in locations where people gather that enable JRF to demonstrate its ability to attract people.

In terms of the financial strategies that support portfolio management, JRF worked to realize debt refinancing at low interest rates, equalize repayment amounts, and diversify repayment

periods. JRF also made efforts to further stabilize its financial foundations by maintaining commitment lines.

With uncertainty growing at present due to the impact of COVID-19, JRF's revenues may temporarily decrease due to responses to struggling tenants. However, JRF will utilize the ample reserves it has accumulated so far, including the gains on sale of Ito-Yokado Nishikicho, to stabilize distribution levels. Moreover, JRF will seek to build a high-stability, high-growth portfolio and pursue operational capabilities that demonstrate its ability to attract customers, with the aim of continuously increasing unitholder value.

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

Katsuji Okamoto

President & CEO

Mitsubishi Corp. – UBS Realty Inc.

Progress of Renovations at KAWASAKI Le FRONT

New stores have opened successively, and renovation work is entering the final stages!

The largest-scale Kids Zone in the Kawasaki Station area and a satellite office were opened after the previous financial results announcement.



6F: Kids Zone



8F: Satellite Office

Kawasui Kawasaki Aquarium* is to be opened this summer! *The name has been changed.



【Image of Aquarium】

Floor plan of KAWASAKI Le FRONT

■ Shops scheduled to be opened

RF	Futsal facility	
10F	Aquarium	Amusement Restaurant
9F		Healthcare, Tutoring school
8F	Sports	Service
7F	Fashion, Sports, Hobbies and others	
6F	Kids and Babies	
5F	Fashion	
4F	Yodobashi Camera	Interior / Variety goods
3F		Fashion / Variety goods
2F		Food court, Café, Convenience store
1F		Super market, Café
B1		
B2	Parking lot	

JRF × ESG

Towards Sustainable Society

1

JRF Granted Score B Designation in 2019 CDP Climate Change Program

JRF participated in the Carbon Disclosure Project (CDP) Climate Change Program, which assesses activities for disclosure of information related to climate change, in 2016 as the first participant in J-REIT, and 2019 marks its 4th time. In terms of assessments, there are nine grades—A, A-, B, B-, C, C-, D, D-, and F, and JRF was designated score B, higher than the previous years' score C, due to its continued efforts.



2

9 Properties Newly Awarded Environmental Certifications by External Institutions

JRF has been promoting environmental and energy conservation measures as well as the efficient use of energy in its properties to strengthen environmental consciousness and reduce environmental load. Recently, nine properties were newly awarded environmental certifications.

"CASBEE for Building" Certifications



- MARINE & WALK YOKOHAMA
- Abiko Shopping Plaza
- Nara Family
- mozo wonder city
- Oyama Yuen Harvest Work

DBJ Green Building Certifications



- G-Bldg. Minami Aoyama 03
- G-Bldg. Umeda 01 (Bldg. A)
- (Bldg. B)
- (Bldg. C)

3

Community contribution through JRF's properties

Eco activities by reusing scrap wood

Aiming for a sustainable society, Marine & Walk YOKOHAMA (Naka-ku, Yokohama-shi, Kanagawa) set up a recycled Christmas tree made from scrap wood, galvanized sheet, and other steel materials. The highly original tree, which incorporates various materials that would otherwise be discarded, attracts people's attention day and night, serving as a symbol of the property's eco activities.



Turning restaurant garbage into compost

GYRE (Shibuya-ku, Tokyo) uses composters to produce compost from garbage collected from the renovated restaurant floor on level 4. It utilizes the reclaimed compost to grow plants on its rooftop, thereby engaging in activities that are friendly to the natural environment.



I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			32nd	33rd	34th	35th	36th
As of /for the six months ended			February 28, 2018	August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020
Operating revenues	Note 1	(Millions of yen)	31,967	32,685	30,680	35,432	32,007
(Rental revenues)	Note 1	(Millions of yen)	(31,967)	(31,898)	(30,680)	(30,857)	(29,985)
Operating expenses	Note 1	(Millions of yen)	17,495	18,813	17,577	20,712	17,444
(Rental expenses)	Note 1	(Millions of yen)	(14,444)	(15,481)	(14,558)	(16,505)	(14,318)
Operating income		(Millions of yen)	14,472	13,871	13,103	14,719	14,563
Ordinary income		(Millions of yen)	12,232	11,645	11,105	12,815	12,801
Net income	(a)	(Millions of yen)	12,232	11,644	11,105	12,814	12,800
Net assets	(b)	(Millions of yen)	432,981	433,229	432,701	433,994	435,298
(Period-on-period change)		(%)	(-2.0)	(+0.1)	(-0.1)	(+0.3)	(+0.3)
Total assets	(c)	(Millions of yen)	902,191	887,668	897,331	900,799	899,888
(Period-on-period change)		(%)	(+0.5)	(-1.6)	(+1.1)	(+0.4)	(-0.1)
Unitholders' capital		(Millions of yen)	411,878	411,878	411,878	411,878	411,878
(Period-on-period change)		(%)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Number of investment units issued and outstanding	(d)	(Units)	2,618,017	2,618,017	2,618,017	2,618,017	2,618,017
Net asset value per unit	(b)/(d)	(Yen)	165,385	165,480	165,278	165,772	166,270
Total distributions	(e)	(Millions of yen)	11,545	11,597	11,597	11,597	11,781
Distribution per unit	(e)/(d)	(Yen)	4,410	4,430	4,430	4,430	4,500
(Profit distribution per unit)		(Yen)	(4,410)	(4,430)	(4,430)	(4,430)	(4,500)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 3	(%)	1.4 (2.7)	1.3 (2.6)	1.2 (2.5)	1.4 (2.8)	1.4 (2.9)
Return on unitholders' equity	Note 3	(%)	2.8 (5.6)	2.7 (5.3)	2.6 (5.2)	3.0 (5.9)	2.9 (5.9)
Ratio of net assets to total assets	(b)/(c)	(%)	48.0	48.8	48.2	48.2	48.4
(Period-on-period change)		(%)	(-1.2)	(+0.8)	(-0.6)	(0.0)	(+0.2)
Payout ratio	(e)/(a)	(%)	94.4	99.6	104.4	90.5	92.0
Additional information:							
Rental net operating income (NOI)	Note 3	(Millions of yen)	23,290	22,129	21,676	19,910	21,044
Net profit margin	Notes 3 and 4	(%)	38.3	35.6	36.2	36.2	40.0
Debt service coverage ratio	Notes 3 and 4	(Multiple)	11.4	11.0	11.6	13.3	14.3
Funds from operation (FFO) per unit	Notes 3 and 4	(Yen)	6,875	6,399	6,363	5,661	6,170
FFO multiples	Notes 3 and 4	(Multiple)	14.8	15.8	17.5	18.9	16.5
Distributable income per unit after adjustment for taxes on property and equipment	Note 5	(Yen)	4,661	4,457	4,427	4,900	4,901
FFO per unit after adjustment for taxes on property and equipment	Notes 4 and 5	(Yen)	6,852	6,397	6,360	5,654	6,170

Note 1 Consumption taxes are not included.

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

Note 3 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 181,184,181,184 and 182 days for the 32nd, 33rd, 34th, 35th and 36th fiscal period, respectively. FFO multiples are unaudited.

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

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

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

2. Outline of asset management operation for the 36th fiscal period

(1) Principal activities

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

During the fiscal period ended February 29, 2020, the 18th year after its listing, a property (45% quasi-co-ownership of trust beneficiary interest) (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).

(2) Investment environment and results

i. Investment environment

(Macroeconomic trends)

In terms of the Japanese economy during this fiscal period, although Gross Domestic Product (GDP) for the 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.

ii. 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 interest of 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 0.6 billion 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.

(3) 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 100.0%, 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.

(4) 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.

3. Changes in unitholders' capital

The changes in unitholders' capital and number of investment units issued and outstanding for last five years from the end of the 36th fiscal period (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.

Fluctuation in market price of the investment securities:

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

(Yen)					
Fiscal period	32nd	33rd	34th	35th	36th
As of /for the six months ended	February 28, 2018	August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020
Highest price	219,400	214,000	228,500	228,000	253,900
Lowest price	195,200	196,900	200,500	208,200	203,700
Closing price at end of period	205,300	201,000	224,400	212,600	205,100

4. Distributions

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

For the six months ended February 29, 2020, JRF declared a total of ¥11,781 million cash distributions consisted all 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. As a result, distribution per unit amounted to ¥4,500 for the six months ended February 29, 2020. Distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2 is not made.

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

Fiscal period	32nd	33rd	34th	35th	36th
As of /for the six months ended	February 28, 2018	August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020
Net income (Thousands of yen)	12,232,341	11,644,816	11,105,312	12,814,606	12,800,544
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	5,089,427	5,136,428	4,643,925	5,860,716	6,880,184
Total distributions (Thousands of yen)	11,545,454	11,597,815	11,597,815	11,597,815	11,781,076
(Distribution per unit) (Y en)	(4,410)	(4,430)	(4,430)	(4,430)	(4,500)
Profit distributions (Thousands of yen)	11,545,454	11,597,815	11,597,815	11,597,815	11,781,076
(Profit distribution per unit) (Y en)	(4,410)	(4,430)	(4,430)	(4,430)	(4,500)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refunds per unit) (Y en)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from retained earnings for temporary difference adjustment (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from retained earnings for temporary difference adjustment) (Y en)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from deduction of unitcapital under tax rules) (Y en)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

(1) Outlook of overall operation

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.

(2) Issues to be addressed

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

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

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

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

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

i. External growth strategy / Replacement strategy

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

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

ii. Internal growth strategy

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

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

JRF is focusing efforts on ESG activities. As a result, JRF was rated "A," in the MSCI ESG Ratings.

In addition, JRF is included in an ESG index, MSCI Japan ESG Select Leaders Index. JRF has received the highest "Green Star" rating in the GRESB (Global Real Estate Sustainability Benchmark) ^(Note) for the fifth consecutive years.

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

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

iii. Financial strategy

JRF constantly works to improve financial stability further.

(i) Effort to secure the financial stability

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

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

(ii) LTV control

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

(iii) Acquisition 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 acquisition and retirement of own investment

units in the future.

(iv) Issuance of Green Bonds

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

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

iv. Measures for ensuring delivery of stable distributions

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

6. Subsequent events

Disposition of properties

JRF disposed of the following property on March 2, 2020.

Property name:	Ito-Yokado Nishikicho (trust beneficiary interest) (40% of quasi-co-ownership)
Disposition amount:	¥5,800 million
Completion date of contract:	May 29, 2019
Disposition date:	March 2, 2020
Purchaser:	Mitsubishi Corporation Urban Development, Inc.
Impact on net income:	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 retired during the fiscal period ending August 31, 2020.

(1) Reason for the Acquisition

While the market price of the Company's investment units has declined significantly due to the impact of the new pneumonia, the Company comprehensively considered condition of funds on hand, financial position or market conditions and determined that the acquisition and retirement of its own investment units enhance returns to unitholders by improvement of the capital efficiency and enable it to increase unitholders value.

(2) Outline of the Acquisition

Total number of its own 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

Outline of JRF

1. Investment unit

Fiscal period	32nd	33rd	34th	35th	36th
As of	February 28, 2018	August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020
Number of investment units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of investment units issued and outstanding (Units)	2,618,017	2,618,017	2,618,017	2,618,017	2,618,017
Number of unitholders (People)	18,721	18,956	17,413	17,505	16,355

2. Unitholders

Major unitholders as of February 29, 2020 were as follows:

Name	Address	Number of investment units owned (Units)	Ratio of number of investment units owned to total number of investment units issued (Note 1) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	446,653	17.06
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	386,600	14.76
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	126,240	4.82
STATE STREET BANK WEST CLIENT -TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	101,841	3.89
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo	70,135	2.67
SMBC Nikko Securities Inc.	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	51,567	1.96
STATE STREET BANK AND TRUST COMPANY 505103	P.O. BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A.	43,404	1.65
Japan Securities Finance Co., Ltd.	2-10, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo	42,695	1.63
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	41,873	1.59
JP MORGAN CHASE BANK 385771	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	32,780	1.25
Total		1,343,788	51.32

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended February 29, 2020 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata LLC	-	19,500

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

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

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

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

4. Name of asset manager and other administrator

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

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of August 31, 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
Bank deposits and other assets		68,156	7.6	73,826	8.2
Total assets		900,799	100.0	899,888	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of February 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
KA WASAKI 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
T 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.

3. Details of property

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, Minamisaikai 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
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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	7,750	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 Hibarigaoka	9-8, Sumiyoshi 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
m-city Kashiwa (Note 4)	10 Oyamada 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 Sennichimae (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 11-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	948.72	8,290	4,270
Round1 Kyoto Kawaramachi	585, Uraeracho, Shijo-agaru yori Rokkaku-sagaramae, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,950	2,711

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Shinsaibashi 03	2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	5,319.29	41,900	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 Kitagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	3,750.38	3,290	3,016
G-Bldg. Midosuji 02	8-18 Shinsaibashisuiji 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, Haginosho 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
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
mozo 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, Higashiyodogawa-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
m-city 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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,400	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 2-jo 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 8-jo 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, Kasuyagun, 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 Sogo Appraisal Co., Ltd.) in accordance with the methods and standard of assets valuation as stipulated in the Articles of Incorporation of JRF as well as the regulations as stipulated by The Investment Trusts Association, Japan.

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

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

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

Operating results of each retail facility for the six months ended 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

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. 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)
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

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 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)
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

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) (%)
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)
Kaden sumairu kan YAMADA Fukuoka Shime 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.

4. Details of specified transaction

The details of specified transaction as of February 29, 2020 were as follows:

(Millions of yen)

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	155,575	115,500	(2,221)
Total		155,575	115,500	(2,221)

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

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

5. Other assets

Real property and trust beneficial interests in real property are included in the above table "3. Details of property". There were no other significant specified assets as of February 29, 2020.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				T 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 amounted 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
mozo 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
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Renewal construction	August, 2019 to February, 2020	51
Other	-	-	-	1,346
Total				4,217

3. Reserved funds for long-term maintenance plan

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

Item A:

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

Item B:

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

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

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	35th fiscal period	36th fiscal period
	For the six months ended August 31, 2019	For the six months ended February 29, 2020
Asset management fees (Note 1)	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	3,183,907	3,126,330

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

2. Borrowings

Borrowings as of February 29, 2020 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Long-term	Aflac Life Insurance Japan Ltd.	September 4, 2009	5,000	-	3.0	September 4, 2019	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	September 22, 2011	3,665	3,665	1.0 (Note 3)	September 22, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	MUFG Bank, Ltd.	September 22, 2011	7,330	7,330	0.9 (Note 3)	March 22, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,670	2,670					
	MUFG Bank, Ltd. (Note 2)	September 22, 2011	7,362	7,362	0.8 (Note 3)	September 18, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,712	2,712					
	MUFG Bank, Ltd. (Note 2)	September 22, 2011	9,500	9,500	0.7 (Note 3)	March 19, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		3,500	3,500					
	Sumitomo Mitsui Banking Corporation (Note 2)	September 30, 2011	2,000	2,000	0.9 (Note 3)	September 30, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	December 21, 2011	5,864	-	0.7 (Note 3)	December 20, 2019	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,136	-					
	MUFG Bank, Ltd.	May 22, 2012	4,030	4,030	1.0 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	1.1 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Long-term	Development Bank of Japan Inc. (Note 2)	October 2, 2012	3,000	3,000	1.0	October 1, 2020	Lump sum	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 2, 2012	1,000	1,000	1.2	October 2, 2022	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 2)	October 2, 2012	2,000	2,000	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	October 2, 2012	2,200	2,200	1.0 (Note 3)	October 2, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		800	800					
	MUFG Bank, Ltd. (Note 2)	October 2, 2012	3,298	3,298	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		1,202	1,202					
	Sumitomo Mitsui Banking Corporation (Note 2)	October 2, 2012	3,000	3,000	0.6 (Note 3)	April 2, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 2, 2012	5,498	-	0.5 (Note 3)	October 2, 2019	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		2,002	-					
	Sumitomo Mitsui Banking Corporation	February 28, 2013	5,000	5,000	1.2 (Note 3)	February 28, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 29, 2013	5,000	5,000	1.2 (Note 3)	March 31, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	September 30, 2013	3,000	3,000	1.3	April 7, 2023	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 7, 2013	1,000	1,000	2.2 (Note 3)	October 6, 2028	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.5	April 5, 2024	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 7, 2013	1,000	1,000	1.3	October 6, 2023	Lump sum	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 7, 2013	2,199	2,199	1.4 (Note 3)	October 6, 2023	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	MUFG Bank, Ltd.	October 7, 2013	2,565	2,565	1.3 (Note 3)	April 7, 2023	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	Development Bank of Japan Inc.	October 7, 2013	1,500	1,500	1.3	April 7, 2023	Lump sum	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 7, 2013	1,500	1,500	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	October 7, 2013	1,000	1,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	October 7, 2013	2,000	2,000	1.2 (Note 3)	October 7, 2022	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 7, 2013	1,000	1,000	1.0	October 7, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
		August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Name of lender								
THE NISHI-NIPPON CITY BANK, LTD.	October 7, 2013	1,000	1,000	1.0 (Note 3)	October 7, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
MUFG Bank, Ltd.	October 7, 2013	2,199	2,199	0.9 (Note 3)	April 7, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited		801	801					
Shinkin Central Bank (Note 2)	October 7, 2013	1,500	1,500	0.8	October 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
The Norinchukin Bank (Note 2)	October 7, 2013	1,500	1,500	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
The Juyo Bank, Ltd. (Note 2)	October 7, 2013	1,000	1,000	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
The Bank of Fukuoka, Ltd.	October 7, 2013	1,000	-	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
The 77 Bank, Ltd.	October 7, 2013	1,000	-	0.7 (Note 3)	October 7, 2019	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 6)	Unsecured and unguaranteed
MUFG Bank, Ltd.	April 1, 2014	1,099	1,099	1.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited		400	400					
Development Bank of Japan Inc.	October 1, 2014	3,000	3,000	1.3	October 1, 2025	Lump sum	(Note 5)	Unsecured and unguaranteed
MUFG Bank, Ltd.	October 1, 2014	1,466	1,466	1.1 (Note 3)	October 1, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited		534	534					
MUFG Bank, Ltd.	October 1, 2014	800	800	1.1	October 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
MUFG Bank, Ltd.	October 1, 2014	2,199	2,199	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited		801	801					
THE NISHI-NIPPON CITY BANK, LTD.	October 1, 2014	1,000	1,000	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Mizuho Bank, Ltd.	October 1, 2014	2,000	2,000	0.7 (Note 3)	April 1, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
MUFG Bank, Ltd.	October 1, 2014	2,565	2,565	0.7 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited		934	934					
The Norinchukin Bank	October 1, 2014	1,500	1,500	0.6 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation	October 1, 2014	3,000	3,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
The Bank of Fukuoka, Ltd.	October 1, 2014	1,000	1,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Long-term

Classification		Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
	Name of lender								
Long-term	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		1,000	1,000					
	MUFG Bank, Ltd.	February 5, 2015	2,928	2,928	0.8 (Note 3)	February 5, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	MUFG Bank, Ltd.	February 5, 2015	2,928	2,928	0.7 (Note 3)	February 3, 2023	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	Sumitomo Mitsui Banking Corporation	March 2, 2015	1,000	1,000	1.6 (Note 3)	March 30, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	7,000	7,000	1.0 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.9 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.7 (Note 3)	March 31, 2023	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 18, 2016	6,000	6,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	February 18, 2016	1,000	1,000	0.5 (Note 3)	July 31, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 1, 2016	733	733	0.5 (Note 3)	March 31, 2026	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		267	267					
	Mizuho Bank, Ltd.	March 1, 2016	2,000	2,000	0.4 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	1,000	1,000	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	1,000	1,000	0.3	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification		Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Name of lender									
Long-term	The 77 Bank, Ltd.	March 31, 2016	1,000	1,000	0.5	March 31, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	April 28, 2016	4,031	4,031	0.5	September 30, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,468	1,468					
	Development Bank of Japan Inc.	July 29, 2016	10,850	10,850	0.4	July 30, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	September 21, 2016	2,000	2,000	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2016	2,500	2,500	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2016	1,000	1,000	0.4	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	December 21, 2016	3,000	3,000	0.7	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2016	2,000	2,000	0.6	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2017	2,000	2,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	May 1, 2017	1,099	1,099	0.4	November 1, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	MUFG Bank, Ltd.	May 1, 2017	1,000	1,000	0.4	May 1, 2025	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 1, 2017	2,000	2,000	0.4	May 1, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	May 1, 2017	2,000	2,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification		Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method (Note 4)	Use (Note 7)	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Name of lender									
Long-term	The Toho Bank, Ltd.	May 19, 2017	2,000	2,000	0.3	May 16, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.		1,800	1,800					
	The Hyakugo Bank, Ltd.		1,350	1,350					
	Taiyo Life Insurance Company		1,000	1,000					
	The Daishi Bank, Ltd.		950	950					
	The Akita Bank, Ltd.		450	450					
	The Iyo Bank, Ltd.		450	450					
	The Bank of Fukuoka, Ltd.	September 14, 2017	3,000	3,000	0.4	March 31, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	September 29, 2017	2,000	2,000	0.5	September 30, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2017	1,000	1,000	0.6	September 30, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Daishi Bank, Ltd.	October 2, 2017	1,500	1,500	0.3	September 30, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	1,000					
	The Juroku Bank, Ltd.		500	500					
	MUFG Bank, Ltd.	October 6, 2017	4,764	4,764	0.5	July 31, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,735	1,735					
	MUFG Bank, Ltd.	November 22, 2017	3,300	3,300	0.5	November 21, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200	1,200					
	MUFG Bank, Ltd.	November 22, 2017	3,300	3,300	0.5	May 22, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200	1,200					
	The Joyo Bank, Ltd.	November 22, 2017	1,000	1,000	0.6	November 22, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	November 22, 2017	2,000	2,000	0.6	November 22, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	December 29, 2017	2,500	2,500	0.6	December 28, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	January 12, 2018	2,000	2,000	0.6	January 12, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	5,500	5,500	0.4	September 30, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	3,000	3,000	0.4	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc. (Note 2)	July 30, 2018	4,300	4,300	0.2	July 31, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2018	8,500	8,500	0.8	July 31, 2029	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)	September 28, 2018	2,000	2,000	0.2	September 30, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Long-term	Shinsei Bank, Limited	September 28, 2018	3,500	3,500	0.6	March 31, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 28, 2018	3,000	3,000	0.6	September 30, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	October 30, 2018	2,500	2,500	0.2	April 30, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.	December 28, 2018	500	500	0.2	December 26, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Tochigi Bank, Ltd.		500	500					
	The Yamaguchi Bank, Ltd.	December 28, 2018	500	500	0.5	December 28, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	February 28, 2019	4,500	4,500	0.2	February 26, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 28, 2019	2,000	2,000	0.2	August 31, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	7,500	7,500	0.4	March 31, 2028	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 29, 2019	5,000	5,000	0.5	March 31, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	7,500	7,500	0.4	September 29, 2028	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	2,500	2,500	0.2	March 31, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	June 21, 2019	5,000	5,000	0.2	June 21, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 21, 2019	2,000	2,000	0.2	December 21, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	August 30, 2019	5,500	5,500	0.3	February 28, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	September 4, 2019	-	3,000	0.3	September 4, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 4, 2019	-	2,000	0.3	September 4, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 2, 2019	-	5,500	0.3	March 31, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	October 2, 2019	-	2,000	0.4	October 2, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2019	-	1,000	0.3	October 5, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	October 7, 2019	-	1,000	0.3	October 5, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Long-term	MUFG Bank, Ltd.	December 20, 2019	-	5,900	0.3	December 20, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 20, 2019	-	2,100	0.4	December 20, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sub-total		360,225	360,225					
Total			360,225	360,225					

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

Note 2 The balances as of February 29, 2020 are included in current portion of long-term borrowings in the balance sheets.

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

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

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

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

Note 7 The funds were appropriated to redemption of corporate bonds.

3. Investment corporation bonds

Classification	Name of bonds	Issuance date	Balance as of		Interest rate (%)	Maturity date	Repayment method	Use	Remarks
			August 31, 2019 (Millions of yen)	February 29, 2020 (Millions of yen)					
Unsecured investment corporation bonds	7th series unsecured investment corporation bonds	December 18, 2013	7,500	7,500	1.108	December 18, 2023	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
	8th series unsecured investment corporation bonds	June 26, 2014	8,000	8,000	1.260	June 26, 2026	Lump sum (Note 1)	(Note 2)	Unsecured and unguaranteed
	9th series unsecured investment corporation bonds	February 5, 2015	7,000	7,000	0.765	February 5, 2025	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
	10th series unsecured investment corporation bonds	May 19, 2017	5,000	5,000	0.220	May 19, 2022	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
	11th series unsecured investment corporation bonds	May 19, 2017	2,000	2,000	0.480	May 19, 2027	Lump sum (Note 1)	(Note 3)	Unsecured and unguaranteed
	Sub-total		29,500	29,500					
Green Bonds	1st Green Bonds (12th series unsecured investment corporation bonds)	May 25, 2018	8,000	8,000	0.210	May 23, 2023	Lump sum (Note 1)	(Note 4)	Unsecured and unguaranteed
	2st Green Bonds (13th series unsecured investment corporation bonds)	June 25, 2019	7,000	7,000	0.200	June 25, 2024	Lump sum (Note 1)	(Note 4)	Unsecured and unguaranteed
	Sub-total		15,000	15,000					
Total			44,500	44,500					

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

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

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

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

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

1. Transactions of property and asset-backed securities

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposition	Disposition amount (Note 1)	Net book value	Gain (loss) on disposition (Note 2)
Ito-Yokado Nishikicho (45% of quasi-co-ownership)	-	-	September 2, 2019	6,525	4,469	2,022
Total		-		6,525	4,469	2,022

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

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

2. Transactions of other assets

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

3. Research for specified assets value

(1) Property (Appraisal value)

(Millions of yen)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Disposition	Ito-Yokado Nishikicho (45% of quasi-co-ownership)	September 2, 2019	6,525	6,525 (Note 2)	Tanizawa Sōgō Appraisal Co., Ltd.	May 29, 2019

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

Note 2 Appraisal value of Ito-Yokado Nishikicho is calculated by multiplying appraisal value of the property as of May 29, 2019 amounting to ¥14,500 million by 45% of co-ownership interest disposed on September 2, 2019.

(2) Other transactions

None

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

(1) Outline of specified assets transactions

Classification	Acquisition cost / Disposition amount (Notes 2 and 3)	
	Acquisition cost	Disposition amount
Total amount	¥ - thousand	¥6,525,000 thousand
<i>Breakdown for transactions with interested parties</i>		
Mitsubishi Corporation Urban Development, Inc.	¥ - thousand (- %)	¥6,525,000 thousand (100.0%)
Total	¥ - thousand (- %)	¥6,525,000 thousand (100.0%)

(2) Amounts of fees paid and other expenses

Classification	Total amount (A)	Transactions with interested parties or major shareholders		
		Name of counter party	Amount of payment (B)	(B) / (A)
Facility management fees	¥1,545,852 thousand	Mitsubishi UFJ Lease & Finance Company Limited	¥445 thousand	0.0%
Property management fees	¥750,941 thousand	Mitsubishi Corporation Urban Development, Inc.	¥19,000 thousand	2.5%
Other rental expenses	¥941,762 thousand	Mitsubishi Corporation Urban Development, Inc.	¥2,096 thousand	0.2%
		Mitsubishi Shoji & Sun Co., Ltd.	¥708 thousand	0.1%

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

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

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

Note 4 In addition to the above transaction, JRF paid Mitsubishi Corporation Urban Development, Inc. repair costs which were capitalized as property costs amounting to ¥120 thousand.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporations

1. Disclosures relating to overseas real estate investment corporations

None

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

None

Other information

1. Investment units held by the asset manager

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

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

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

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

Date	Number of investment units held at end of period (Units)	Aggregated value of investment units held at end of period (Note 1) (Thousands of yen)	Ratio of number of investment units held to number of investment units issued and outstanding
The 27th fiscal period (March 1, 2015 to August 31, 2015)	3,200	715,520	0.1%
The 28th fiscal period (September 1, 2015 to February 29, 2016)	3,200	823,040	0.1%
The 29th fiscal period (March 1, 2016 to August 31, 2016)	3,200	743,360	0.1%
The 30th fiscal period (September 1, 2016 to February 28, 2017)	3,200	723,200	0.1%
The 31st fiscal period (March 1, 2017 to August 31, 2017)	3,200	647,360	0.1%
The 32nd fiscal period (September 1, 2017 to February 28, 2018)	3,200	656,960	0.1%
The 33rd fiscal period (March 1, 2018 to August 31, 2018)	3,200	643,200	0.1%
The 34th fiscal period (September 1, 2018 to February 28, 2019)	3,200	718,080	0.1%
The 35th fiscal period (March 1, 2019 to August 31, 2019)	3,200	680,320	0.1%
The 36th fiscal period (September 1, 2019 to February 29, 2020)	3,200	656,320	0.1%

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

2. Notice

The General Meeting for Unitholders

The 12th General Meeting of Unitholders was held on November 22, 2019 and following matters were resolved at the meeting.

Resolution proposal	Summary
Resolution Proposal 1 - Partial amendment of the Articles of Incorporation	<p>Following amendments were resolved as proposal.</p> <ul style="list-style-type: none"> Amendment in order to clarify that our principal investment target is retail facilities located in urban areas Amendment in order to change fees for the asset management company to a structure that gives more consideration to unitholders' interests and to newly adopt Asset Management Fee II that is linked to the total distribution amount and to reduce the rate of the existing Asset Management Fee I that is linked to the gross asset value. Additionally, amendment in order to adopt new disposition fee, which is a fee paid for activities in line with the current strategy of JRF, and new merger fee, which is a fee paid for services provided by the asset management company in case of a merger. New supplementary provision in order to clarify that the new fee structure will come into effect on March 1, 2020 Amendment in order to change the maximum amount of the fees for accounting auditors so that we will be able to adjust the fees for the accounting auditors to a level appropriate for the assigned audit services Amendment in order to change description of the date from Japanese traditional calendar to the Christian era, except for law numbers
Resolution Proposal 2 - Appointment of one executive director	Shuichi Namba was appointed as proposal.
Resolution Proposal 3 - Appointment of two supervisory directors	Masahiko Nishida and Masaharu Usuki were appointed as proposal.
Resolution Proposal 4 - Appointment of two alternate executive directors	Keita Araki and Takuya Machida were appointed as proposal.
Resolution Proposal 5 - Appointment of one alternate supervisory director	Shuhei Murayama was appointed as proposal.



Independent Auditor's Report

To the Board of Directors of Japan Retail Fund Investment Corporation

We have audited the accompanying financial statements of Japan Retail Fund Investment Corporation ("the Company"), which comprise the balance sheet as of February 29, 2020, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 29, 2020, and its financial performance and cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 25 to the financial statements which discloses the acquisition of investment units of the Company.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended February 29, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into the U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the financial statements.

May 25, 2020

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEET
As of August 31, 2019 and February 29, 2020

	As of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 4).....	¥ 61,620	¥ 67,499	\$ 616,823
Restricted bank deposits (Note 4).....	513	983	8,982
Rent receivables	692	765	6,990
Other current assets	1,339	1,043	9,531
Total current assets.....	64,165	70,292	642,346
Non-current assets:			
Property and equipment (Notes 4, 5, 6, 8 and 11), at cost:			
Land.....	627,785	624,760	5,709,220
Buildings.....	288,162	288,884	2,639,897
Building improvements.....	13,442	13,303	121,566
Machinery and equipment.....	2,139	2,194	20,049
Furniture and fixtures.....	4,633	4,749	43,397
Construction in progress.....	1,097	257	2,348
Total property and equipment.....	937,261	934,150	8,536,507
Less: Accumulated depreciation.....	(109,843)	(113,328)	(1,035,620)
Net property and equipment.....	827,418	820,822	7,500,886
Other assets:			
Leasehold rights (Notes 4, 7 and 8).....	5,134	5,114	46,733
Other intangible assets (Notes 4, 7 and 8).....	102	190	1,736
Lease deposits (Note 4).....	1,636	1,619	14,794
Long-term prepaid expenses	1,614	1,635	14,941
Investment unit issuance costs	23	-	-
Investment corporation bond issuance costs	183	163	1,489
Other	520	49	447
Total other assets.....	9,215	8,772	80,160
TOTAL ASSETS.....	¥ 900,799	¥ 899,888	\$ 8,223,412

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
BALANCE SHEET
As of August 31, 2019 and February 29, 2020

	As of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Current portion of long-term borrowings (Note 9).....	¥ 52,300	¥ 57,875	\$ 528,876
Current portion of tenant leasehold and security deposits (Notes 4 and 11).....	658	658	6,012
Accounts payable — operating	3,222	3,193	29,178
Accounts payable — other	22	37	338
Accrued expenses	2,018	1,978	18,075
Consumption tax payable	949	426	3,892
Rent received in advance	3,226	3,199	29,233
Deposits received	3,027	2,170	19,830
Current portion of asset retirement obligations (Note 21).....	9	-	-
Other current liabilities	170	126	1,151
Total current liabilities	65,605	69,664	636,607
Non-current liabilities:			
Long-term borrowings (Note 9).....	307,925	302,350	2,762,953
Long-term bonds issued — unsecured (Note 10).....	44,500	44,500	406,652
Tenant leasehold and security deposits (Notes 4 and 11).....	47,936	47,320	432,422
Asset retirement obligations (Note 21).....	540	543	4,962
Derivatives liabilities (Note 20).....	277	191	1,745
Other	20	20	182
Total non-current liabilities	401,199	394,925	3,608,928
TOTAL LIABILITIES	466,805	464,590	4,245,545
Net Assets (Note 12):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,618,017 units as of August 31, 2019 and February 29, 2020 issued and outstanding	411,878	411,878	3,763,849
Capital surplus.....	14,986	14,986	136,945
Deduction from capital surplus.....	(9,999)	(9,999)	(91,373)
Capital surplus, net.....	4,986	4,986	45,563
Reserve for reduction entry of property.....	15	15	137
Reserve for dividends.....	1,616	2,864	26,171
Retained earnings for temporary difference adjustment (Note 13).....	3,012	2,981	27,241
Retained earnings.....	12,814	12,800	116,969
Total unitholders' equity	434,323	435,526	3,979,950
Valuation and translation adjustments:			
Deferred losses on hedges.....	(328)	(228)	(2,083)
Total valuation and translation adjustments	(328)	(228)	(2,083)
TOTAL NET ASSETS	433,994	435,298	3,977,867
TOTAL LIABILITIES AND NET ASSETS	¥ 900,799	¥ 899,888	\$ 8,223,412

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF INCOME AND RETAINED EARNINGS
For the six months ended August 31, 2019 and February 29, 2020

	For the six months ended		
	August 31,	February 29,	February 29,
	2019	2020	2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Operating revenues			
Rent and other operating revenues (Note 15).....	¥ 30,857	¥ 29,985	\$ 274,010
Gain on sales of property (Note 16).....	4,574	2,022	18,477
	<u>35,432</u>	<u>32,007</u>	<u>292,488</u>
Operating expenses			
Property-related expenses (Note 15).....	16,505	14,318	130,841
Loss on sales of property (Note 16).....	1,023	-	-
Asset management fees	2,725	2,696	24,636
Custodian fees	30	29	265
General administration fees	129	128	1,169
Other	298	271	2,476
	<u>20,712</u>	<u>17,444</u>	<u>159,407</u>
Operating income.....	<u>14,719</u>	<u>14,563</u>	<u>133,080</u>
Non-operating revenues			
Non-operating revenues.....	2	2	18
	<u>2</u>	<u>2</u>	<u>18</u>
Non-operating expenses			
Interest expenses	1,355	1,228	11,221
Interest expenses on investment corporation bonds.....	141	143	1,306
Amortization of investment corporation bond issuance costs	18	20	182
Amortization of investment unit issuance costs	23	23	210
Loan-related costs	362	343	3,134
Other non-operating expenses	4	4	36
	<u>1,906</u>	<u>1,764</u>	<u>16,119</u>
Ordinary income.....	<u>12,815</u>	<u>12,801</u>	<u>116,978</u>
Income before income taxes.....	<u>12,815</u>	<u>12,801</u>	<u>116,978</u>
Income taxes (Note 17):			
Current.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income.....	<u>12,814</u>	<u>12,800</u>	<u>116,969</u>
Unappropriated earnings at beginning of period.....	<u>-</u>	<u>-</u>	<u>-</u>
Retained earnings at the end of period (Note 14).....	<u>¥ 12,814</u>	<u>¥ 12,800</u>	<u>\$ 116,969</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
For the six months ended August 31, 2019 and February 29, 2020

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Voluntary reserve													
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
(in millions)														
Balance as of February 28, 2019.....	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 476	¥ 1,616	¥ 3,044	¥ 5,136	¥ 11,105	¥ 21,228	¥ 433,106	¥ (405)	¥ (405)	¥ 432,701
<u>Changes during the period</u>														
Reversal of reserve for reduction entry of property.....	-	-	-	-	(461)	-	-	(461)	461	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(31)	(31)	31	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	-	(11,597)	(11,597)	(11,597)	-	-	(11,597)
Net income.....	-	-	-	-	-	-	-	-	12,814	12,814	12,814	-	-	12,814
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	76	76	76
<u>Total changes during the period</u>	-	-	-	-	(461)	-	(31)	(492)	1,709	1,216	1,216	76	76	1,293
Balance as of August 31, 2019.....	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 15	¥ 1,616	¥ 3,012	¥ 4,643	¥ 12,814	¥ 22,445	¥ 434,323	¥ (328)	¥ (328)	¥ 433,994
<u>Changes during the period</u>														
Provision of reserve for dividends.....	-	-	-	-	-	1,248	-	1,248	(1,248)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(31)	(31)	31	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	-	(11,597)	(11,597)	(11,597)	-	-	(11,597)
Net income.....	-	-	-	-	-	-	-	-	12,800	12,800	12,800	-	-	12,800
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	100	100	100
<u>Total changes during the period</u>	-	-	-	-	-	1,248	(31)	1,216	(14)	1,202	1,202	100	100	1,303
Balance as of February 29, 2020.....	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 15	¥ 2,864	¥ 2,981	¥ 5,860	¥ 12,800	¥ 23,648	¥ 435,526	¥ (228)	¥ (228)	¥ 435,298

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CHANGES IN NET ASSETS
For the six months ended August 31, 2019 and February 29, 2020

	Unitholders' equity										Valuation and translation adjustments			
	Surplus													
	Voluntary reserve													
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
(in thousands of U.S. dollars (Note 3))														
Balance as of August 31, 2019.....	\$ 3,763,849	\$ 136,945	\$ (91,373)	\$ 45,563	\$ 137	\$ 14,767	\$ 27,524	\$ 42,428	\$ 117,097	\$ 205,108	\$ 3,968,957	\$ (2,997)	\$ (2,997)	\$ 3,965,950
<u>Changes during the period</u>														
Provision of reserve for dividends.....	-	-	-	-	-	11,404	-	11,404	(11,404)	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(283)	(283)	283	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	-	(105,976)	(105,976)	(105,976)	-	-	(105,976)
Net income.....	-	-	-	-	-	-	-	-	116,969	116,969	116,969	-	-	116,969
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	913	913	913
<u>Total changes during the period</u>	-	-	-	-	-	11,404	(283)	11,112	(127)	10,984	10,984	913	913	11,907
Balance as of February 29, 2020.....	<u>\$ 3,763,849</u>	<u>\$ 136,945</u>	<u>\$ (91,373)</u>	<u>\$ 45,563</u>	<u>\$ 137</u>	<u>\$ 26,171</u>	<u>\$ 27,241</u>	<u>\$ 53,550</u>	<u>\$ 116,969</u>	<u>\$ 216,101</u>	<u>\$ 3,979,950</u>	<u>\$ (2,083)</u>	<u>\$ (2,083)</u>	<u>\$ 3,977,867</u>

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
STATEMENT OF CASH FLOWS
For the six months ended August 31, 2019 and February 29, 2020

	For the six months ended		
	August 31,	February 29,	February 29,
	2019	2020	2020
	(in millions)		(in thousands of U.S.dollars (Note 3))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 12,815	¥ 12,801	\$ 116,978
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,558	5,379	49,154
Amortization of investment corporation bond issuance costs.....	18	20	182
Amortization of investment unit issuance costs.....	23	23	210
Gain on sales of property.....	(4,574)	(2,022)	(18,477)
Loss on sales of property.....	1,023	-	-
Loss on disposal of fixed assets.....	179	58	530
Interest income.....	-	-	-
Interest expenses.....	1,497	1,372	12,537
Changes in assets and liabilities:			
(Increase) decrease in rent receivables.....	27	(28)	(255)
(Increase) decrease in long-term prepaid expenses.....	(195)	(20)	(182)
Increase (decrease) in accounts payable - operating.....	711	(235)	(2,147)
Increase (decrease) in accounts payable - other.....	-	14	127
Increase (decrease) in accrued expenses.....	40	5	45
Increase (decrease) in consumption tax payable.....	947	(523)	(4,779)
Increase (decrease) in rent received in advance.....	31	(26)	(237)
Increase (decrease) in deposits received.....	1,498	(572)	(5,227)
Other, net.....	599	339	3,097
Sub total.....	20,202	16,584	151,548
Interest received.....	-	-	-
Interest expenses paid.....	(1,507)	(1,417)	(12,948)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	18,695	15,167	138,600
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(16,554)	(3,215)	(29,379)
Proceeds from sales of property and equipment.....	32,936	6,491	59,316
Payments for sales of property and equipment.....	-	(256)	(2,339)
Purchase of intangible assets.....	(18)	(79)	(721)
Proceeds from sales of intangible assets.....	2	-	-
Payments of tenant leasehold and security deposits.....	(2,732)	(1,278)	(11,678)
Proceeds from tenant leasehold and security deposits.....	1,047	628	5,738
Proceeds from deposits and others.....	7	17	155
Net cash provided by investing activities.....	14,687	2,307	21,081
Cash Flows from Financing Activities:			
Repayments of short-term borrowings.....	(8,000)	-	-
Proceeds from long-term borrowings.....	35,000	22,500	205,610
Repayments of long-term borrowings.....	(34,000)	(22,500)	(205,610)
Proceeds from issuance of investment corporation bonds.....	6,959	-	-
Distribution payments.....	(11,596)	(11,596)	(105,967)
Net cash used in financing activities.....	(11,637)	(11,596)	(105,967)
Net change in cash and cash equivalents.....	21,745	5,878	53,714
Cash and cash equivalents at the beginning of period.....	39,874	61,620	563,099
Cash and cash equivalents at the end of period.....	¥ 61,620	¥ 67,499	\$ 616,823

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS

As of and for the six months ended August 31, 2019 and February 29, 2020

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 36th fiscal period (February 29, 2020) amounted to ¥877.2 billion (US\$8,016 million) (the total acquisition price of 100 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Investment Corporation Bond Issuance Costs

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

(i) Investment Unit Issuance Costs

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

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

Taxes on property and equipment capitalized amounted to ¥35 million for the six months ended August 31, 2019. No taxes on property and equipment were capitalized for the six months ended February 29, 2020.

(m) Revenue Recognition

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

(n) Hedge Accounting

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

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

(o) Leases

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

Note 3 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥109.43 = US\$1, the effective rate of exchange prevailing at February 29, 2020. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended February 29, 2020 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 4 — Trust Beneficiary Interests in Real Estate Trusts

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

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

	As of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 13,158	¥ 11,998	\$ 109,640
Restricted bank deposits.....	513	983	8,982
Property and equipment, at cost:			
Land.....	599,326	596,301	5,449,154
Buildings.....	285,730	286,450	2,617,655
Building improvements.....	13,376	13,237	120,963
Machinery and equipment.....	2,139	2,194	20,049
Furniture and fixtures.....	4,613	4,730	43,223
Construction in progress.....	1,097	257	2,348
<i>Total property and equipment.....</i>	<i>906,284</i>	<i>903,170</i>	<i>8,253,404</i>
Less: Accumulated depreciation.....	(109,184)	(112,624)	(1,029,187)
<i>Net property and equipment.....</i>	<i>797,100</i>	<i>790,545</i>	<i>7,224,207</i>
Other assets:			
Leasehold rights.....	5,134	5,114	46,733
Other intangible assets.....	90	124	1,133
Lease deposits.....	1,636	1,619	14,794
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	658	658	6,012
Non-current liabilities:			
Tenant leasehold and security deposits.....	46,074	45,525	416,019

Note 5 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction for the six months ended August 31, 2019 and February 29, 2020 were ¥334 million and ¥334 million (US\$3,052 thousand), respectively.

Note 6 — Schedule of Property and Equipment

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

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

(ii) Schedule of Property and Equipment as of February 29, 2020 consisted of the following:

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in millions)						
Land.....	¥ 627,785	¥ -	¥ 3,024	¥ 624,760	¥ -	¥ -	¥ 624,760
Buildings.....	288,162	3,783	3,061	288,884	104,084	4,948	184,800
Building improvements.....	13,442	58	196	13,303	4,984	198	8,318
Machinery and equipment.....	2,139	71	17	2,194	1,322	55	872
Furniture and fixtures.....	4,633	195	79	4,749	2,936	137	1,813
Construction in progress.....	1,097	93	933	257	-	-	257
Total.....	¥ 937,261	¥ 4,202	¥ 7,313	¥ 934,150	¥ 113,328	¥ 5,340	¥ 820,822

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars (Note 3))						
Land.....	\$ 5,736,863	\$ -	\$ 27,634	\$ 5,709,220	\$ -	\$ -	\$ 5,709,220
Buildings.....	2,633,299	34,570	27,972	2,639,897	951,146	45,216	1,688,750
Building improvements.....	122,836	530	1,791	121,566	45,545	1,809	76,012
Machinery and equipment.....	19,546	648	155	20,049	12,080	502	7,968
Furniture and fixtures.....	42,337	1,781	721	43,397	26,829	1,251	16,567
Construction in progress.....	10,024	849	8,525	2,348	-	-	2,348
Total.....	\$ 8,564,936	\$ 38,398	\$ 66,828	\$ 8,536,507	\$ 1,035,620	\$ 48,798	\$ 7,500,886

Note 7 — Schedule of Intangible Assets

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

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

(ii) Schedule of Intangible Assets as of February 29, 2020 consisted of the following:

	At cost			Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease			
	(in millions)					
Leasehold rights.....	¥ 5,384	¥ -	¥ -	¥ 5,384	¥ 270	¥ 5,114
Other intangible assets.....	381	108	2	487	297	190
Total.....	¥ 5,766	¥ 108	¥ 2	¥ 5,871	¥ 567	¥ 5,304

	At cost			Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease			
	(in thousands of U.S. dollars (Note 3))					
Leasehold rights.....	\$ 49,200	\$ -	\$ -	\$ 49,200	\$ 2,467	\$ 46,733
Other intangible assets.....	3,481	986	18	4,450	2,714	1,736
Total.....	\$ 52,691	\$ 986	\$ 18	\$ 53,650	\$ 5,181	\$ 48,469

Note 8 — Fair Value of Investment and Rental Property

The following table shows the net book value and the fair value of the investment and rental properties in the aggregate for the six months ended August 31, 2019 and February 29, 2020.

	As of / For the six months ended		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 851,358	¥ 832,643	\$ 7,608,909
Net increase(decrease) during the period ⁽ⁱⁱ⁾	(18,714)	(6,582)	(60,148)
Balance at the end of the period.....	¥ 832,643	¥ 826,061	\$ 7,548,761
Fair value⁽ⁱⁱⁱ⁾	¥ 994,145	¥ 988,190	\$ 9,030,339

Notes:

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

For the six months ended August 31, 2019:	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 3))
Acquisitions:		
G-Bldg. Jingu mae 09.....	¥	7,075
m-city Kashiwa.....		5,777
Capital expenditure:		
Renewal construction of KAWASAKI Le FRONT.....		2,113
Dispositions:		
8953 Osaka Shinsaibashi Building.....		(12,034)
AEON Sendai Nakayama.....		(8,469)
Naru park.....		(7,128)
Ito-Yokado Nishikicho (partial disposition of interest).....		(1,499)
For the six months ended February 29, 2020:	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 3))
Capital expenditure:		
Renewal construction of KAWASAKI Le FRONT.....	975	8,909
Disposition:		
Ito-Yokado Nishikicho (partial disposition of interest).....	(4,469)	(40,838)

- (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 15 — Analysis of Rent and Other Operating Revenues and Property-Related Expenses”.

Note 9 — Bank Borrowings, Credit Facilities and Commitment Lines

Bank borrowings outstanding as of August 31, 2019 and February 29, 2020 and average interest rates range for each period were as follows:

	As of / For the six months ended		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ -	¥ -	\$ -
Long-term borrowings.....	360,225	360,225	3,291,830
Total.....	¥ 360,225	¥ 360,225	\$ 3,291,830
Average interest rates range for the period.....	From 0.2% to 3.0%	From 0.2% to 3.0%	

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

	As of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 324,408
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 324,408
Commitment Lines			
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 548,295
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 548,295

Note 10 — Investment Corporation Bonds

The details of unsecured investment corporation bonds issued and outstanding as of August 31, 2019 and February 29, 2020 are as follows:

	Balance as of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Long-term bonds — unsecured			
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%.....	¥ 7,500	¥ 7,500	\$ 68,536
¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.260%.....	8,000	8,000	73,106
¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%.....	7,000	7,000	63,967
¥5 billion of 5-year bonds, issued on May 19, 2017, maturing on May 19, 2022 with a coupon of 0.220%.....	5,000	5,000	45,691
¥2 billion of 10-year bonds, issued on May 19, 2017, maturing on May 19, 2027 with a coupon of 0.480%.....	2,000	2,000	18,276
¥8 billion of 5-year bonds (Green Bonds), issued on May 25, 2018, maturing on May 25, 2023 with a coupon of 0.210%.....	8,000	8,000	73,106
¥7 billion of 5-year bonds (Green Bonds), issued on June 25, 2019, maturing on June 25, 2024 with a coupon of 0.200%.....	7,000	7,000	63,967
Total.....	¥ 44,500	¥ 44,500	\$ 406,652

Note 11 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥204,161 million and ¥202,779 million (US\$1,853,047 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥18,967 million and ¥18,427 million (US\$168,390 thousand) as of August 31, 2019 and February 29, 2020, respectively.

Certain land and buildings included in the above aggregate book value were pledged as collateral to secure co-owners' payments of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,314 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,198 thousand) as of August 31, 2019 and February 29, 2020, respectively.

Note 12 — Net Assets

The Company issues only non-par value investment units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$456 thousand) as required by the Investment Trust Act.

The number of investment units issued and outstanding were 2,618,017 as of August 31, 2019 and February 29, 2020. For the six months ended February 28, 2018, the Company purchased a total of 49,181 of its own investment units at ¥9,999 million and retired all of its own investment units on February 9, 2018. The acquisition cost of the Company's own investment units is deducted from capital surplus in unitholders' equity.

Note 13 — Retained Earnings for Temporary Difference Adjustment

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

<i>For the six months ended August 31, 2019:</i>	Balance at beginning of the period				Balance at end of the period
	Initial amount		Provision	Reversal	
			(in millions)		
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ 3,044	¥ -	¥ (31)	¥ 3,012

<i>For the six months ended February 29, 2020:</i>	Balance at beginning of the period				Balance at end of the period
	Initial amount		Provision	Reversal	
			(in millions)		
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ 3,012	¥ -	¥ (31)	¥ 2,981
			(in thousands of U.S. dollars (Note 3))		
	\$ 28,675	\$ 27,524	\$ -	\$ (283)	\$ 27,241

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 and appropriated for dividends in forthcoming periods by an amount equal to or more than the initial amount divided by 50 years.

Note 14 — Appropriation of Retained Earnings

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

The following table shows the distributions of retained earnings for the six months ended August 31, 2019 and February 29, 2020, respectively.

	For the six months ended		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Retained earnings at the end of period.....	¥ 12,814	¥ 12,800	\$ 116,969
Reversal of retained earnings for temporary difference adjustment.....	31	31	283
Cash distribution declared.....	(11,597)	(11,781)	(107,657)
Provision of reserve for dividends.....	(1,248)	(1,050)	(9,595)
Retained earnings carried forward.....	¥ -	¥ -	\$ -

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

For the six months ended February 29, 2020, the Company declared a total distribution of ¥11,781 million (US\$107,657 thousand), representing all of retained earnings at the end of the period then ended after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million (US\$283 thousand) and provision of reserve for dividends amounting to ¥1,050 million (US\$9,595 thousand).

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

Cash distributions per investment unit were ¥4,430 and ¥4,500 (US\$41) for the six months ended August 31, 2019 and February 29, 2020, respectively.

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

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

	For the six months ended		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Rent and other operating revenues:			
Rent and parking revenue.....	¥ 27,157	¥ 26,341	\$ 240,710
Common area charges.....	1,388	1,259	11,505
Other.....	2,312	2,385	21,794
Total rent and other operating revenues.....	¥ 30,857	¥ 29,985	\$ 274,010
Property-related expenses:			
Property management fees.....	¥ 769	¥ 750	\$ 6,853
Facility management fees.....	1,551	1,545	14,118
Utilities.....	1,530	1,336	12,208
Property-related taxes.....	2,779	2,632	24,051
Repair and maintenance.....	2,261	826	7,548
Insurance.....	33	30	274
Trust fees.....	56	50	456
Rent expense ⁽ⁱ⁾	769	766	6,999
Other.....	1,016	941	8,599
Depreciation.....	5,557	5,377	49,136
Loss on disposal of property.....	179	58	530
Total property-related expenses.....	¥ 16,505	¥ 14,318	\$ 130,841
Operating income from property leasing activities.....	¥ 14,352	¥ 15,667	\$ 143,169

Note :

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

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

Analysis of gain or loss on sales of property for the six months ended August 31, 2019 and February 29, 2020 is as follows:

	For the six months ended			
	August 31, 2019		February 29, 2020	
	Gain on sales of property	Loss on sales of property	Gain on sales of property	
	(in millions)		(in millions)	(in thousands of U.S. dollars (Note 3))
Sales of property.....	¥ 26,995	¥ 6,115	¥ 6,525	\$ 59,627
Costs of property.....	22,003	7,128	4,469	40,838
Other sales expenses.....	417	10	33	301
Gain (Loss) on sales of property, net.....	¥ 4,574	¥ (1,023)	¥ 2,022	\$ 18,477

Note 17 — Income Taxes

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

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

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

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

	For the six months ended	
	August 31, 2019	February 29, 2020
	(Rate)	
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%

Deferred tax assets and liabilities consist of the following:

	As of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Deferred tax assets:			
Tax loss carryforwards ⁽ⁱ⁾	¥ 1,625	¥ -	\$ -
Asset retirement obligations.....	173	170	1,553
Amortization of leasehold rights.....	125	135	1,233
Depreciation.....	19	21	191
Valuation differences on assets acquired through the merger.....	5,321	5,315	48,569
Deferred losses on hedges.....	103	71	648
Other.....	115	38	347
Sub total.....	7,484	5,754	52,581
Valuation allowance for tax loss carryforwards ⁽ⁱ⁾	(1,625)	-	-
Valuation allowance for temporary differences, etc.....	(5,858)	(5,754)	(52,581)
Total valuation allowance ⁽ⁱⁱ⁾	(7,484)	(5,754)	(52,581)
Total deferred tax assets.....	-	-	-
Net deferred tax assets.....	¥ -	¥ -	\$ -

Notes:

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

As of August 31, 2019:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years	Total
	(in millions)						
Tax loss carryforwards ^(a)	¥ 1,625	¥ -	¥ -	¥ -	¥ -	¥ -	¥ 1,625
Valuation allowance.....	(1,625)	-	-	-	-	-	(1,625)
Deferred tax assets.....	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -	¥ -

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

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

Note 18 — Leases

(a) Lease Rental Revenues

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

	As of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Due within one year.....	¥ 20,252	¥ 20,460	\$ 186,968
Due after one year.....	85,211	83,595	763,913
Total.....	¥ 105,463	¥ 104,055	\$ 950,881

(b) Lease Commitments

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

Note 19 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

	August 31, 2019			As of February 29, 2020			February 29, 2020		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)						(in thousands of U.S. dollars (Note 3))		
Assets:									
(1) Cash and cash equivalents.....	¥ 61,620	¥ 61,620	¥ -	¥ 67,499	¥ 67,499	¥ -	\$ 616,823	\$ 616,823	\$ -
(2) Restricted bank deposits.....	513	513	-	983	983	-	8,982	8,982	-
Total.....	¥ 62,133	¥ 62,133	¥ -	¥ 68,483	¥ 68,483	¥ -	\$ 625,815	\$ 625,815	\$ -
Liabilities:									
(1) Current portion of long-term borrowings.....	¥ 52,300	¥ 52,301	¥ (1)	¥ 57,875	¥ 57,907	¥ (32)	\$ 528,876	\$ 529,169	\$ (292)
(2) Current portion of tenant leasehold and security deposits.....	658	668	(10)	658	669	(11)	6,012	6,113	(100)
(3) Long-term borrowings.....	307,925	311,545	(3,620)	302,350	306,056	(3,706)	2,762,953	2,796,819	(33,866)
(4) Long-term bonds issued — unsecured.....	44,500	45,663	(1,163)	44,500	45,389	(889)	406,652	414,776	(8,123)
(5) Tenant leasehold and security deposits.....	1,928	1,973	(45)	1,304	1,318	(14)	11,916	12,044	(127)
Total.....	¥ 407,311	¥ 412,153	¥ (4,842)	¥ 406,687	¥ 411,341	¥ (4,653)	\$ 3,716,412	\$ 3,758,941	\$ (42,520)
Derivative instruments*	¥ (328)	¥ (328)	¥ -	¥ (228)	¥ (228)	¥ -	\$ (2,083)	\$ (2,083)	\$ -

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

Notes:

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

Assets

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

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

Liabilities

- (1) Current portion of long-term borrowings and (3) Long-term borrowings

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

- (2) Current portion of tenant leasehold and security deposits and (5) Tenant leasehold and security deposits

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

- (4) Long-term bonds issued — unsecured

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

Derivative instruments

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

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

	As of		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Tenant leasehold and security deposits.....	¥ 46,008	¥ 46,016	\$ 420,506
Total liabilities.....	¥ 46,008	¥ 46,016	\$ 420,506

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

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

As of August 31, 2019:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 61,620	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total.....	¥ 62,133	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 29, 2020:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 67,499	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	983	-	-	-	-	-
Total.....	¥ 68,483	¥ -	¥ -	¥ -	¥ -	¥ -
As of February 29, 2020:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 3))					
Cash and cash equivalents.....	\$ 616,823	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits.....	8,982	-	-	-	-	-
Total.....	\$ 625,815	\$ -	\$ -	\$ -	\$ -	\$ -

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

<i>As of August 31, 2019:</i>		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in millions)					
Current portion of long-term borrowings	¥	52,300	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of tenant leasehold and security deposits		658	-	-	-	-	-
Long-term borrowings		-	54,575	40,500	28,500	30,000	154,350
Long-term bonds issued		-	-	5,000	8,000	14,500	1,700
Tenant leasehold and security deposits		-	658	658	168	68	375
Total	¥	52,958	¥ 55,233	¥ 46,158	¥ 36,668	¥ 44,568	¥ 156,425
<i>As of February 29, 2020:</i>		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in millions)					
Current portion of long-term borrowings	¥	57,875	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of tenant leasehold and security deposits		658	-	-	-	-	-
Long-term borrowings		-	51,000	30,500	22,000	37,000	161,850
Long-term bonds issued		-	-	5,000	15,500	14,000	10,000
Tenant leasehold and security deposits		-	658	68	168	68	341
Total	¥	58,533	¥ 51,658	¥ 35,568	¥ 37,668	¥ 51,068	¥ 172,191
<i>As of February 29, 2020:</i>		Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
		(in thousands of U.S. dollars (Note 3))					
Current portion of long-term borrowings	\$	528,876	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of tenant leasehold and security deposits		6,012	-	-	-	-	-
Long-term borrowings		-	466,051	278,716	201,041	338,115	1,479,027
Long-term bonds issued		-	-	45,691	141,643	127,935	91,382
Tenant leasehold and security deposits		-	6,012	621	1,535	621	3,116
Total	\$	534,889	\$ 472,064	\$ 325,029	\$ 344,220	\$ 466,672	\$ 1,573,526

Note 20 — Derivatives

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

As of August 31, 2019:

As of August 31, 2019.								
Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value ⁽ⁱⁱⁱ⁾			
			Total	Over 1 year				
			(in millions)					
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥	72,075	¥	36,075	¥	(328)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings		101,000		96,500		(2,068)
Total.....			¥	173,075	¥	132,575	¥	(2,397)

As of February 29, 2020:

As of February 29, 2020.									
Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾			Notional amounts ⁽ⁱⁱ⁾			Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾	Total	Over 1 year	Fair value ⁽ⁱⁱⁱ⁾	
			(in millions)			(in thousands of U.S. dollars (Note 3))			
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 56,575	¥ 24,000	¥ (228)	\$ 516,997	\$ 219,318	\$ (2,083)	
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	99,000	91,500	(1,993)	904,687	836,150	(18,212)	
Total.....			¥ 155,575	¥ 115,500	¥ (2,221)	\$ 1,421,685	\$ 1,055,469	\$ (20,296)	

Notes:

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

Note 21 — Asset Retirement Obligations

The Company has an obligation under a fixed-term leasehold agreement to restore its leased land, which represents a portion of the land where DFS T GALLERIA OKINAWA, owned by the Company, is located, upon the termination of the agreement, and contractual or legal obligations to remove asbestos contained in the buildings of KAWASAKI Le FRONT and G-Bldg. Jingumae 08.

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

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

	For the six months ended		
	August 31, 2019	February 29, 2020	February 29, 2020
	(in millions)		(in thousands of U.S. dollars (Note 3))
Balance at the beginning of the period.....	¥ 612	¥ 550	\$ 5,026
Adjustment for passage of time.....	3	3	27
Derecognition due to execution of obligations.....	(65)	(9)	(82)
Balance at the end of the period.....	¥ 550	¥ 543	\$ 4,962

Note 22 — Related-Party Transactions

For the six months ended August 31, 2019 and February 29, 2020, there were no applicable transactions with related parties as defined under the Financial Instruments and Exchanges Act.

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

(a) Real Estate Disposition

The Company disposed of certain properties to Mitsubishi Corporation Urban Development, Inc. for ¥2,175 million and 6,525 million (US\$59,627 thousand) for the six months ended August 31, 2019 and February 29, 2020, respectively. The disposition amount of the transaction was determined through negotiations with the counterparty based on recent appraisals undertaken by external appraisers.

(b) Fees Paid to the Asset Manager

Fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., are comprised of asset management fees and acquisition fees. Asset management fees in the aggregate amount of ¥2,725 million and ¥2,696 million (US\$24,636 thousand) were paid by the Company for the six months ended August 31, 2019 and February 29, 2020, respectively. These fees are calculated at 0.6% of the Company's total assets. Acquisition fees amounting to ¥100 million were paid by the Company for the six months ended August 31, 2019. The fees are calculated at 0.8% of the purchase price of the property acquired. Such acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥129 million and ¥128 million (US\$1,169 thousand) for general administration fees, and ¥30 million and ¥27 million (US\$246 thousand) for custodian fees for the six months ended August 31, 2019 and February 29, 2020, respectively. These fees have been decided based on standard terms commensurate with arm's length transactions.

The ending balances of accrued general administration fees and accounts payable for custodian fees as of February 29, 2020 were ¥45 million (US\$411 thousand) and ¥5 million (US\$45 thousand), respectively.

Note:

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

Note 23 — Per Unit Information

The following table shows the net asset value per unit as of August 31, 2019 and February 29, 2020 and net income per unit for the six months then ended.

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

	As of / For the six months ended		
	August 31, 2019	February 29, 2020	February 29, 2020
	(Yen)		(US\$ (Note 3))
Net asset value per unit.....	¥ 165,772	¥ 166,270	\$ 1,519
Net income per unit.....	¥ 4,894	¥ 4,889	\$ 44
Weighted average number of investment units.....	2,618,017	2,618,017	

Note 24 — Segment Information

Segment information for the six months ended August 31, 2019 and February 29, 2020 is as follows:

(a) Operating Segment Information

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

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(iii) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	August 31, 2019	February 29, 2020	February 29, 2020	
	(in millions)		(in thousands of U.S. dollars (Note 3))	
AEON Retail Co., Ltd.	¥ 4,736	¥ 3,326	\$ 30,393	Property rental business
AEON Mall Co., Ltd. ⁽ⁱ⁾	3,344	2,900	26,500	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 25 — Subsequent Events

Disposition of properties

The Company disposed of the following property on March 2, 2020.

Property name:	Ito-Yokado Nishikicho (trust beneficiary interest) (40% of quasi-co-ownership)
Disposition amount:	¥5,800 million (US\$53,001 thousand)
Completion date of contract:	May 29, 2019
Disposition date:	March 2, 2020
Purchaser:	Mitsubishi Corporation Urban Development, Inc.
Impact on net income:	Gains on sales of property of approximately ¥1,786 million (US\$16,320 thousand) will be recognized in profit as operating revenues for the six months ending August 31, 2020.

Acquisition of the Company's Investment Units

The Board of Directors of the Company, 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 retired during the fiscal period ending August 31, 2020.

(1) Reason for the Acquisition

While the market price of the Company's investment units has declined significantly due to the impact of the new pneumonia, the Company comprehensively considered condition of funds on hand, financial position or market conditions and determined that the acquisition and retirement of its own investment units enhance returns to unitholders by improvement of the capital efficiency and enable it to increase unitholders value.

(2) Outline of the Acquisition

Total number of its own investment units to be acquired:	25,000 units (maximum)
Total amount of the acquisition:	¥2,000 million (US\$18,276 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