

Translation

JAPAN RETAIL FUND INVESTMENT CORPORATION SUMMARY OF FINANCIAL RESULTS FOR THE SIX MONTHS ENDED AUGUST 31, 2020

October 16, 2020

Name of issuer:	Japan Retail Fund Investment Corporation ("JRF")
Stock exchange listing:	Tokyo Stock Exchange
Securities code:	8953
Website:	https://www.jrf-reit.com/
Representative of JRF:	Shuichi Namba, Executive Director
Name of asset manager:	Mitsubishi Corp.-UBS Realty Inc.
Representative of the asset manager:	Katsuji Okamoto, President & CEO & Representative Director
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Scheduled date for filing of securities report:	November 25, 2020
Scheduled date for distributions payment:	November 18, 2020
Supplementary materials for financial results:	Otherwise prepared
Analyst meeting:	Scheduled

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

1. Financial results for the six months ended August 31, 2020 (March 1, 2020 to August 31, 2020)

(1) Operating results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2020	30,848	-3.6	13,828	-5.0	12,116	-5.3	12,116	-5.3
February 29, 2020	32,007	-9.7	14,563	-1.1	12,801	-0.1	12,800	-0.1

	Net income per unit		Return on net assets		Ratio of ordinary income to total assets		Ratio of ordinary income to operating revenues	
For the six months ended	Yen		%		%		%	
August 31, 2020	4,645		2.8		1.3		39.3	
February 29, 2020	4,889		2.9		1.4		40.0	

(2) Distributions

	Distributions (excluding distributions in excess of profit)		Distributions in excess of profit		Payout ratio	Ratio of distributions to net assets
	Per unit	Total	Per unit	Total		
For the six months ended	Yen	Millions of yen	Yen	Millions of yen	%	%
August 31, 2020	4,500	11,711	-	-	96.9	2.7
February 29, 2020	4,500	11,781	-	-	92.0	2.7

Note 1: Total distributions for the six months ended August 31, 2020 consist of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for reduction entry of property amounting to ¥437 million.

Note 2: Total distributions for the six months ended February 29, 2020 consist of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥1,050 million.

(3) Financial position

	Total assets	Net assets	Ratio of net assets to total assets	Net asset value per unit
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2020	903,461	433,725	48.0	166,658
February 29, 2020	899,888	435,298	48.4	166,270

(4) Cash flows

	Net cash provided by (used in)			Cash and cash equivalents at end of period
	Operating activities	Investing activities	Financing activities	
For the six months ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2020	15,227	(14,632)	(6,798)	61,297
February 29, 2020	15,167	2,307	(11,596)	67,499

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

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
For the six months ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2021	29,857	-3.2	12,363	-10.6	10,742	-11.3	10,742	-11.3
August 31, 2021	39,633	32.7	16,640	34.6	14,592	35.8	41,855	289.6

	Net income per unit		Distributions per unit (excluding distributions in excess of profit)		Distributions in excess of profit per unit	
For the six months ending	Yen		Yen		Yen	
February 28, 2021	4,127		4,500		0	
August 31, 2021	5,988		2,286		0	

Note1: Total distributions for the six months ending February 28, 2021 consist of retained earnings after reversals of retained earnings for temporary difference adjustment amounting to ¥516 million and reserve for reduction entry of property amounting to ¥452 million. Total distributions for the six months ending August 31, 2021 consist of retained earnings after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of retained earnings for temporary difference adjustment amounting to ¥25,906 million which is remaining amount of gain on negative goodwill amounting to ¥27,263 million after deducting merger fees and merger expenses, etc. totaled to ¥1,357 million.

Note2: JRF and MCUBS MidCity Investment Corporation ("MMI") (hereinafter collectively referred to as "Both Corporations") resolved to an absorption-type merger ("Merger") with JRF as the surviving corporation and MMI as the extinct corporation effective on March 1, 2021 at meetings of the Board of Directors of the Both Corporations held on August 28, 2020, and entered into the merger agreement on August 28, 2020. In addition, JRF will execute a two-for-one investment unit split ("Unit Split") on the effective date of the Merger. The outlook for the six months ending August 31, 2021 is calculated based on the assumption that the Merger and the Unit Split will be implemented.

3. Others

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

Changes in accounting policies due to accounting standards revision: None

Changes in accounting policies due to other reasons: None

Changes in accounting estimates: None

Restatements: None

(2) Number of investment units issued

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

As of August 31, 2020 2,602,483 units

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

Number of own investment units at the end of period:

As of August 31, 2020 0 units

As of February 29, 2020 0 units

Note: For the number of investment unit as a basis of calculation of net income per unit, please refer to per unit information on page 37.

Forward-looking Statements and Other Notes

Forward-looking statements in this presentation are based on the information currently available and certain assumptions we believe reasonable. Actual results may differ materially from the forward-looking statements in this presentation due to various factors. In particular, the following factors could possibly have an impact on the actual results, but are not limited to them:

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

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

For further information and assumptions regarding the forward-looking statements, please refer to "2. Management policy and results of operation, (2) State of operation, B. Outlook of next period" on page 5-18.

1. State of operations

(1) State of operations

A. Operations during the period

i. Principal activities

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

During the fiscal period ended on August 31, 2020, the 18th year after its listing, two properties (a 40% quasi-co-ownership of trust beneficiary right and a 45.04% quasi-co-ownership of trust beneficiary right) (total sale price: 7.13 billion yen) were sold in March and April 2020 as part of the portfolio asset replacement measures. Three properties were acquired in March, April and August 2020.

As a result, the total assets managed by JRF as at the end of the 37th fiscal period (fiscal period ended on August 31, 2020) amounted to 888.8 billion yen (the total acquisition price for 102 properties).

As the needs for real estate are changing, the categories of asset types are becoming increasingly obscure. In this changing environment, JRF and MCUBS MidCity Investment Corporation ("MMI"; JRF and MMI are referred to as "both investment corporations") decided to effect a merger of MMI (as the dissolving corporation) into JRF (as the surviving corporation), which will take effect on March 1, 2021, at their respective Board of Directors meetings convened on August 28, 2020 in order to be able to cope with this changing environment and be reestablished as a stable and growing J-REIT that will contribute to increasing unitholder value. The merger agreement was concluded on August 28, 2020. For detailed information, please refer to "B. Outlook of next period - ii. Merger of JRF with MMI"

ii. Investment environment and results

(1) Investment environment

(Macroeconomic trends)

During this fiscal period, the Japanese economy recorded negative growth results in terms of gross domestic product (GDP): -0.6% for the January to March 2020 quarter compared to the previous quarter (-2.3% annualized) and -7.9% (according to the 2nd preliminary estimate published on September 8, 2020) for the April to June quarter compared to the previous quarter (-28.1% annualized). During the April to June quarter in particular, when the public was requested to avoid unnecessary outings under the declared national state of emergency for public health, household consumption (ultimate consumption) dipped sharply and capital investment and exports in the private sector also fell considerably.

In capital markets, the Nikkei Stock Average fell to 16,552 yen (around 71% of the first-of-the-year level) on March 19, 2020 due to the COVID-19 pandemic, but has since recovered to 23,139 yen (around 99% of the first-of-the-year level) at the end of August, driven by international monetary relaxation and large-scale economic measures. In the J-REIT market, the Tokyo Stock Exchange REIT Index fell to 1,145 points (around 53% of the first-of-the-year level) on March 19, 2020 and recovered to 1,747 points (around 81% of the first-of-the-year level) as of the end of August. However, differences among securities have been large. The investment unit prices of logistics REITs have developed favorably with expanding EC demand and the recent satisfactory rental market. The investment unit prices of hotel REITs and retail REITs were directly impacted by COVID-19 pandemic, as were office REITs, for which there are concerns regarding tenant demand as a result of the expansion and solid establishment of teleworking, and they have exhibited unfavorable developments.

(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 in April 2020 were 13.9% lower than a year earlier, and sales in May 2020 were 12.5% lower. Sales in July recovered to the level of 2.8% lower than a year earlier.

According to the Japan Council of Shopping Centers, sales of SCs were 68.8% lower than a year earlier in April 2020 and 61.4% lower in May 2020, and in July recovered to 17.6% lower than a year earlier.

According to a questionnaire of retailers conducted by CBRE in May 2020, around 90% of respondents operate roadside stores in major cities stated that they had requested owners to reduce the rent. More than 30% of the respondents stated that they would curtail opening new stores for the next year, and approximately 30% of the respondents stated that they would actively open new stores. Meanwhile, some respondents showed an expectation for offerings on the market of new properties at favorable locations because of the closure of stores and other factors.

(Trends in the real estate sector)

According to the results of the "2020 Land Price Research by Prefectural Governments" as of July 1, 2020, released by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), commercial land prices declined for the first time in five years. These results show weakening demand due to the uncertainty in the outlook for the economy affected by the COVID-19 pandemic. In the three metropolitan areas that are JRF's main investment areas, land prices increased by 1.0% and 1.2% over the year-earlier level in the Tokyo and Osaka metropolitan areas, respectively (although these increase rates decreased from the levels of previous years). Meanwhile, land prices in the Nagoya metropolitan area were down for the first time since 2012.

(2) Results

In this environment, JRF acquired three new properties (Machinoma Omori, G-Bldg. Daikanyama 02 and G-Bldg. Tenjin Nishi-dori 02) during the period under review while finalizing the sale of two properties (a 40% quasi-co-ownership of trust beneficiary right to the Ito-Yokado Nishikicho and a 45.04% quasi-co-ownership of trust beneficiary right to Arkangel Daikanyama (land with leasehold interest)) during this period as part of the portfolio asset replacement measures.

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 carried out a large-scale renovation of KAWASAKI Le FRONT. The renovation was completed with the opening of an aquarium in July 2020.

As a result, the total assets managed by JRF at the end of the fiscal period totaled 102 properties with a total value of 888.8 billion yen on an acquisition price basis and 997.1 billion yen on an appraisal value basis. The total leasable area was 2,336,391.47 m² with the total number of tenants standing at 984, 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 decreased to 161.1 billion yen (a decline of 0.9 billion yen from the end of the previous fiscal period) as a result of the removal of unrealized gains resulting primarily from the sale of the properties and other factors.

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

iii. Funding

In the period under review, JRF took on a short-term borrowing of 7 billion yen in March 2020 to be allocated to acquisition of new properties.

In addition, JRF took on a long-term borrowing of 13 billion yen in March 2020 to be allocated to repayment of an existing long-term borrowing of 13 billion yen. Moreover, in April 2020, JRF obtained a short-term

borrowing of 7 billion yen and a long-term borrowing of 12.5 billion yen, both to be allocated to repayment of an existing short-term borrowing of 7 billion yen and an existing long-term borrowing of 12.5 billion yen.

In July 2020, JRF also took on a long-term borrowing of 4.3 billion yen to be allocated to repayment of a long-term borrowing of 4.3 billion yen.

As a result, JRF's interest-bearing borrowings outstanding at the end of the fiscal period amounted to 411.7 billion yen, consisting of short-term borrowings of 7 billion yen, long-term borrowings of 360.2 billion yen ^(Note 1) and investment corporation bonds of 44.5 billion yen (including Green Bonds ^(Note 2)).

Consequently, the ratio of long-term borrowings^(Note 3), ratio of fixed interest rates^(Note 4), and LTV^(Note 5) were 98.5%, 92.8% and 50.9%, respectively, as at the end of the fiscal period.

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

Note 2: The issuance of Green Bonds must adhere to the International Capital Market Association's (ICMA) Green Bond Principles. Green Bonds are a type of bond instrument issued by corporations, investment funds and municipalities to finance eligible "green projects" (environmentally-friendly investment projects).

Note 3: The long-term debt ratio is calculated by dividing the total of long-term loans, investment corporation bonds, and tenant leasehold and security deposits (including those in trusts) by the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts).

Note 4: The ratio of fixed interest rates is calculated by dividing the total of fixed-rate debts (including debts, which the interest rates are fixed through interest rate swap agreements), investment corporation bonds and tenant leasehold and security deposits (including those in trusts) by the total of interest-bearing debts and tenant leasehold and security deposits (including those in trusts).

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

iv. Results and distributions

The operating revenue for the period was 30,848 million yen, and operating income was 13,828 million yen after deducting operating expenses such as property taxes and asset management fees. Ordinary income was 12,116 million yen, and net income was 12,116 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 retained earnings 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 11,711 million yen, the amount after deducting 437 million yen of provision of reserve for reduction entry of property from the sum of 31 million yen of the reversal of retained earnings for temporary difference adjustments and the unappropriated retained earnings at the end of the period of 12,116 million yen. As a result, distributions per unit amounted to 4,500 yen.

B. Outlook of next period

i. Outlook of overall operation

On a short-term basis, corporate performance and the economic fundamentals should closely be monitored in the current environment affected by COVID-19. There is a concern that in the retail sector, the decline of consumer sentiment could prevail for some time due to worsening of the economic fundamentals.

However, on a medium- to long-term basis, new need may arise for various usages in urban areas, as people's work styles, dwelling styles and consumption patterns are changing considerably. Thus, management capabilities that cover specific properties or specific areas and are not limited to existing applications and property categories are thought to be necessary,

ii. Merger of JRF with MMI

a. Conclusion of contract on merger of JRF with MMI

JRF and MMI decided to effect a merger of MMI (as the dissolving corporation) into JRF (as the surviving corporation), which will take effect on March 1, 2021, at their respective Board of Directors meetings convened on August 28, 2020 and concluded an agreement on the merger on August 28, 2020.

(1) Purposes of the Merger

JRF and MMI, by taking advantages of each corporation's characteristics, have conducted management with the aim of securing medium- to long-term revenue stability and fostering steady expansion of asset size. However, under uncertainty about the recent trend in the retail and office property sectors of the real estate market as well as under environmental changes such as less distinctions among types of asset as the needs for real estate is changing, JRF and MMI recognize, as a challenge for both corporations, that there would be a certain limitation on their business growth due to their specialization (for JRF) and focus (for MMI) in specific sectors. In particular, as management environment surrounding JRF and MMI is changing by the minute, such as that e-commerce and telecommuting are growing due to rapid advancement in information technologies and diversification of purposes of use of assets both on an area basis and on a property basis, and such changes are further accelerating due to the recent outbreak of the novel coronavirus. Therefore, JRF and MMI believe that both corporations need to cope more flexibly than ever with the shifts in needs regarding locations of properties or added value provided by properties. In such a situation, JRF and MMI, in order to cope with these challenges and to develop into a J-REIT which has both stability and growth potential that would lead to continuous enhancement of unitholder value, agreed to enter into discussions regarding the merger between JRF and MMI and have held several discussions so far. Consequently, JRF and MMI concluded that the Merger would lead to their further increased stability and growth potential owing to increased presence in the J-REIT Market realized by the expanded asset size and to the diversified purposes of use of investment target assets realized by conversion to a diversified REIT^(Note), and as of August 28, 2020, have executed the Merger Agreement.

Note: JRF is considering making amendments, etc. to the investment policy for its guidelines on the management of its assets upon the set-up, etc. of a new investment policy for the diversified REIT as of the effective date of the Merger on the condition that the Merger and the Amendment of the Articles of Incorporation become effective. JRF has no plan to acquire any industrial properties, which is the investment target of Industrial & Infrastructure Fund Investment Corporation, even after the Merger becomes effective. Hereinafter the same shall apply.

JRF and MMI believe that the Merger has the following significance.

(i) Fit to Environment Changes

The Asset Management Company, through management of JRF and MMI thus far, has gained various management experience, such as leasing properties within each purpose of use based on tenant relationships and information collection regarding the lease market, value improvement by renewals and rebuilding/increase of floor areas/conversion of purposes of use etc., area management through concentrated property acquisition and analysis of the flow of people, and promotion of ESG which is recognized with the highest rating from MSCI, and has been refining its management skills. The Asset Management Company aims to flexibly respond to surrounding environment that keeps changing by combining various management skills cultivated by experience of management of both investment corporations thus far and implementing an active internal growth policy

beyond distinctions among purposes of use without adhering to the existing purposes of use.

(ii) Expand Investment Universe

In conducting the Merger, JRF and MMI are planning that the new investment corporation will use the opportunity of converting to a diversified REIT to diversify the purposes of use of investment target assets. JRF and MMI believe that, after the Merger, in addition to retail facilities which are JRF's existing investment targets, and office buildings and hotel properties which are MMI's existing investment targets, investment in new assets such as residences and mixed-use properties that are used for a combination of those purposes will also become possible, which will enable continuous external growth by the new investment corporation in line with environment changes. In particular, JRF and MMI believe that since combining purposes of property use is advancing in urban areas, diversification of purposes of use of investment target assets will improve the flexibility of property management in line with environment changes without being bound by a single purpose of property use. Also, JRF and MMI believe that, when acquiring properties, a large-scale acquisition in a large transaction such as bulk sale of properties across multiple purposes of use, which was difficult for both corporations to conduct before the Merger will become possible after the Merger, which will make the external growth more likely. Both corporations are planning continuous external growth by further leveraging their own connections and sponsor's support.

(iii) Create the Largest J-REIT ^(Note1)

The asset size of the new investment corporation after the Merger is expected to reach 127 properties, excluding its equity interest in a silent partnership (tokumei kumiai) the underlying asset of which is Nagoya Lucent Tower, with a total asset value of 1,191.5 billion yen (on an acquisition price basis) ^(Note 2), which makes the corporation a J-REIT with the largest asset size ^(Note 1) (as of the end of August 2020). Through the expansion of asset size, JRF and MMI believe that they can establish the groundwork consisting of not only stability of cash flow, but also increased presence in the capital market, diversification of properties/tenants, and improvement of management flexibility, for realizing the improvement of stability and the acceleration of growth.

Note 1: Compared based on the total acquisition price (as of the end of the most recent fiscal period) stated in account settlement information of each investment corporation as of the end of August 2020.

Note 2: The asset size of the new investment corporation is calculated as the sum of the total acquisition price for assets of JRF as of the end of August, 2020, and the total appraisal value for assets of MMI as of the end of June, 2020 which is used to estimate acquisition price by JRF (JRF will be the acquiring corporation for accounting purposes by application of the purchase method, and therefore, JRF will succeed to the assets of MMI, which will be the acquired corporation, at market value). The actual acquisition price for assets of MMI will be calculated based on the appraisal value as of the end of February, 2021 and therefore the actual asset size of the new investment corporation may differ from that stated herein. As such, there is no guarantee that the new investment corporation will have the largest asset size as of the effective date of the Merger.

The new investment corporation after the Merger, as a diversified REIT with the largest asset size ^(Note) among J-REITs investing in real estate properties serving as a foundation of urban lives, will hold up as its vision, "Support metropolitan life (live, work and consume) in Japan from the perspective of real estate".

As its growth strategy, the new corporation will aim in the short term to further increase distributions per unit through implementing various measures to increase revenue, while seeking further promotion of investment in urban properties through strategic asset replacement and appropriate diversification of purposes of use in the portfolio. In the medium to long term, through external growth by capital increase through public offerings, as well as further increase in profitability through renewal or conversion, the new investment corporation will aim that, in the future, the various purposes of use of properties which serve as a foundation of urban life activities will create virtuous cycle where area value and asset value improve together.

Note: Compared based on the total acquisition price (as of the end of the most recent fiscal period) stated in account settlement information of each investment corporation as of the end of August, 2020. The asset size of the new investment corporation is calculated as the sum of the

total acquisition price for assets of JRF as of the end of August, 2020, and the total appraisal value for assets of MMI as of the end of June, 2020 which is used to estimate acquisition price by JRF (JRF will be the acquiring corporation for accounting purposes by application of the purchase method, and therefore, JRF will succeed to the assets of MMI, which will be the acquired corporation, at market value). The actual acquisition price for assets of MMI will be calculated based on the appraisal value as of the end of February, 2021 and therefore the actual asset size of the new investment corporation may differ from that stated herein. As such, there is no guarantee that the new corporation will have the largest asset size as of the effective date of the Merger.

(2) Form of the Merger

JRF will be the surviving corporation under an absorption-type merger and MMI will be dissolved in the Merger.

(3) Merger ratio and other conditions

	JRF (Surviving corporation in the absorption-type merger)	MMI (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1
		(Reference): Before the Investment Unit Split 0.5

Note 1: The number of new JRF investment units to be issued as a result of the Merger (the number of units after the Investment Unit Split of JRF): 1,784,125

Note 2: JRF plans to split one investment unit into two investment units with February 28, 2021 as the record date for splitting the investment units and March 1, 2021 as the effective date of the split; the allocation ratio shown above and the number of new investment units JRF will allocate and deliver are subject to the Investment Unit Split taking effect. If, 0.5 JRF investment units are allocated and delivered against 1 MMI investment unit on the basis of the merger ratio before the Investment Unit Split, there will be many MMI unitholders being allocated fractions of less than one JRF investment unit. To make it possible for MMI unitholders to continue holding JRF investment units after the Merger, a split of JRF investment units will be carried out before the allocation towards MMI unitholders, in the ratio of two JRF investment units to one JRF investment unit for the purpose of delivering to all MMI unitholders at least one JRF investment unit, and for every one MMI investment unit, 1 JRF investment unit post Investment Unit Split will be allocated and delivered.

(Reference) Number of investment units increased after the Investment Unit Split and the Merger

1) Outstanding investment units before the Investment Unit Split	2,602,483
2) Investment units increased by the Investment Unit Split	2,602,483
3) Outstanding investment units after the Investment Unit Split	5,204,966
4) Total outstanding investment units after the Merger	6,989,091 ^(Note1)
5) Issuable investment units after the Investment Unit Split and the Merger	16,000,000 ^(Note2)

Note 1: In the case that one unit of JRF after the Investment Unit Split will be distributed for each of all the investment units of MMI (1,784,125 units) in the Merger.

Note 2: Although the current number of issuable investment units is 8,000,000, JRF is planning to amend its articles of incorporation partially in association with the Investment Unit Split according to a resolution at the board of directors of JRF and to change the number of issuable investment units as of the date when the Merger becomes effective.

(4) Payment upon merger

In addition to the JRF investment units to be allocated and distributed as stated in paragraph (3), JRF intends to pay MMI unitholders (the unitholders stated or recorded in the final unitholders' register on the day before the effective date of the Merger (excluding JRF, MMI and those MMI unitholders who have demanded the purchase of their investment units pursuant to Article 149-3 of the Investment Trust Act) (excluding those who have withdrawn such demand for purchase) (hereinafter referred to as the "Unitholders Subject to Allocation"), in lieu of cash distributions for the last business period of MMI which ends the day before the effective date of the Merger, a merger consideration in the form of cash distribution based on MMI's distributable income for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from a division of the amount of MMI's distributable income on the date before the effective date of the Merger by the number of issued MMI investment units on that date as reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation. The merger consideration will be paid within a reasonable period from the effective date of the Merger.

In addition, MMI will submit to the general meeting of its unitholders, which is scheduled to be held on October 22, 2020, a proposal for an amendment to be made to its articles of incorporation with a view to changing the 29th business period, on the condition that the Merger Agreement is approved in the general meetings of unitholders of JRF and MMI, respectively, from the current period from July 1, 2020 until December 31, 2020 to the period from July 1, 2020 until the last day of February, 2021. If the aforementioned amendment is approved in the general meeting of unitholders, the last business period before the effective date of the Merger is expected to be an eight month period from July 1, 2020 to February 28, 2021 as the 29th business period, and cash

distributions with December 31, 2020 as the record date will not be made (and instead, as mentioned above, a merger consideration in the form of cash distributions based on MMI's distributable income for that same period will be paid).

(5) Overview of status of the dissolving corporation (MMI) for the fiscal period immediately preceding the merger (period ended on June 30, 2020)

Business: Operation of assets principally as investment in specific assets defined in the Act on Investment Trusts and Investment Corporations

Operating Revenue	9,061 million yen
Net Income	3,657 million yen
Total Assets	301,502 million yen
Total Liabilities	145,305 million yen
Total Net Assets	156,196 million yen

(6) Date of merger

This merger is scheduled to take effect on March 1, 2021.

b. Agenda items to be discussed at the 13th session of the General Unitholders' Meeting

In relation to the merger, JRF plans to discuss agenda items related to the merger agreement and partial amendment of the Articles of Incorporation at the 13th General Meeting of Unitholders of JRF to be held on October 23, 2020.

The proposed amendments to the Articles of Incorporation are as follows:
(Amended parts are underlined.)

Current Articles	Proposed Amendment
<p>Article 1 Corporate Name</p> <p>The name of the Investment Corporation in Japanese shall be <u>Nihon Riteru Fando Toshi Hojin</u>. In English, the Investment Corporation shall be called <u>Japan Retail Fund Investment Corporation</u>.</p> <p>Article 14 Investment Policy</p> <p>1. The Investment Corporation shall principally invest in retail facilities, either directly or through Specified Assets principally backed by <u>retail facilities</u>. Especially, the Investment Corporation shall focus on investment in <u>retail facilities</u> located in urban areas, while <u>retail facilities</u> located in the suburbs shall also be its investment targets.</p> <p>2. In order to reduce the effect of risks such as regional economic risk and earthquakes risk which increases by converging to a specific region in locations of <u>retail facilities</u> in which the Investment Corporation is to own directly or through Specified Assets, the Investment Corporation shall regularly review the relevant information and disperse locations of <u>retail facilities</u> on the basis of their geographic position.</p> <p>3. As a general rule, the Investment Corporation shall lease its <u>retail facilities</u> and other real estate, either directly or through Specified Assets, by entering into a lease contract pursuant to the basic policy set forth in Article 11. Further, in relation to such lease, the Investment</p>	<p>Article 1 Corporate Name</p> <p>The name of the Investment Corporation in Japanese shall be <u>Nihon Toshi Fando Toshi Hojin</u>. In English, the Investment Corporation shall be called <u>Japan Metropolitan Fund Investment Corporation</u>.</p> <p>Article 14 Investment Policy</p> <p>1. The Investment Corporation shall principally invest in retail facilities, <u>office buildings, residences, hotels and mixed-use properties for these purposes (collectively referred to as “Core Assets”)</u>, either directly or through Specified Assets principally backed by <u>Core Assets</u>. Especially, the Investment Corporation shall focus on investment in <u>Core Assets</u> located in urban areas, while <u>Core Assets</u> located in the suburbs shall also be its investment targets.</p> <p>2. In order to reduce the effect of risks such as regional economic risk and earthquakes risk which increases by converging to a specific region in locations of <u>Core Assets</u> in which the Investment Corporation is to own directly or through Specified Assets, the Investment Corporation shall regularly review the relevant information and disperse locations of <u>Core Assets</u> on the basis of their geographic position.</p> <p>3. As a general rule, the Investment Corporation shall lease its <u>Core Assets</u> and other real estate, either directly or through Specified Assets, by entering into a lease contract pursuant to the basic policy set forth in Article 11. Further, in relation to such lease, the Investment Corporation shall</p>

Current Articles	Proposed Amendment
<p>Corporation shall endeavor to secure stable profits by carefully examining the financial position, operating results and industry potential of the lessee. In addition, the Investment Corporation may also lend other managed assets.</p> <p>4. (Omitted)</p> <p>5. (Omitted)</p> <p>6. The Investment Corporation shall, when it acquires properties other than <u>retail facilities</u> which it deems to be appropriate, also strive to ensure stable profits with respect to those properties.</p> <p>7. (Omitted)</p>	<p>endeavor to secure stable profits by carefully examining the financial position, operating results and industry potential of the lessee. In addition, the Investment Corporation may also lend other managed assets.</p> <p>4. (Same as the current articles)</p> <p>5. (Same as the current articles)</p> <p>6. The Investment Corporation shall, when it acquires properties other than <u>Core Assets</u> which it deems to be appropriate, also strive to ensure stable profits with respect to those properties.</p> <p>7. (Same as the current articles)</p>
<p>Article 23 Limits for Borrowing and Issuance of Investment Corporation Bonds</p> <p>Borrowing and issuance of investment corporation bonds are limited to <u>one</u> trillion (1,000,000,000,000) yen respectively and the aggregate amount thereof shall not exceed <u>one</u> trillion (1,000,000,000,000) yen.</p>	<p>Article 23 Limits for Borrowing and Issuance of Investment Corporation Bonds</p> <p>Borrowing and issuance of investment corporation bonds are limited to <u>two</u> trillion (2,000,000,000,000) yen respectively and the aggregate amount thereof shall not exceed <u>two</u> trillion (2,000,000,000,000) yen.</p>
<p>Article 31 Fees for Accounting Auditor</p> <p>The Investment Corporation shall pay fees for the accounting auditor within one (1) month of the receipt of all of the audit reports which are required under the Investment Trust Act or other laws or regulations in an amount set by the board of directors that is no more than <u>25</u> million yen for each accounting period subject to audit.</p>	<p>Article 31 Fees for Accounting Auditor</p> <p>The Investment Corporation shall pay fees for the accounting auditor within one (1) month of the receipt of all of the audit reports which are required under the Investment Trust Act or other laws or regulations in an amount set by the board of directors that is no more than <u>30</u> million yen for each accounting period subject to audit.</p>
<p>Supplementary Provision</p> <p><u>1.The amendment to Article 29 shall come into effect on March 1, 2020.</u></p>	<p>Supplementary Provision</p> <p><u>1.The amendments to these Articles of Incorporation shall take effect on the effective date of the merger pursuant to the Merger Agreement dated August 28, 2020 by and between the Investment Corporation and</u></p>

Current Articles	Proposed Amendment
	<p><u>MCUBS MidCity Investment Corporation, on the condition that the merger between the Investment Corporation and MCUBS MidCity Investment Corporation, with the Investment Corporation being the surviving corporation and MCUBS MidCity Investment Corporation being the dissolving corporation, takes effect. This Supplementary Provision shall be deleted after the amendments to these Articles of Incorporation under this Supplementary Provision take effect.</u></p>

iii Earnings forecast

The following forecasts have been made regarding asset management operation in the fiscal period ending February 2021 (38th fiscal period) and the fiscal period ending August 2021 (39th fiscal period).

Please refer to the “Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 2021 (38th Fiscal Period: September 1, 2020 to February 28, 2021)” and the Fiscal Period Ending August 2021 (39th Fiscal Period: March 1, 2021 to August 31, 2021)” on the following page for the assumptions of the forecast.

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

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

Operating revenues	29,857 million yen
Ordinary income	10,742 million yen
Net income	10,742 million yen
Distributions per unit	4,500 yen

Fiscal Period Ending August 2021(39th Fiscal Period: March 1, 2021 to August 31, 2021)

Operating revenues	39,633 million yen
Ordinary income	14,592 million yen
Net income	41,855 million yen
Distributions per unit	2,286 yen

(2) Investment risk

There have not been any significant changes to the “investment risk” in the most recent financial report (submitted on May 26, 2020) and hence, description of these matters is omitted.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending February 28, 2021 (38th Fiscal Period: September 1, 2020 to February 28, 2021) and the Fiscal Period Ending August 31, 2021 (39th Fiscal Period: May 1, 2021 to August 31, 2021)

Item	Assumption
Accounting Period	<ul style="list-style-type: none"> - Fiscal period ending February 28, 2021 (38th Fiscal Period: September 1, 2020 to February 28, 2021) (181 days) - Fiscal period ending August 31, 2021 (39th Fiscal Period: March 1, 2021 to August 31, 2021) (184 days) <p>*It is assumed that the Merger will come into effect on March 1, 2021.</p>
Assets owned	<ul style="list-style-type: none"> - We assume that with this merger, JRF will acquire the 102 properties owned by JRF as of August 31, 2020 and the 25 real estate trust beneficiary rights and the equity interest in a silent partnership (tokumei kumiai) held by MMI as of the current date. - We also assume that no other (anticipated) changes (new property acquisition and disposition of owned properties, etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current properties, etc. will occur prior to the end of the August 2021 (39th) fiscal period. - The actual number may vary according to potential acquisition of new properties or disposition of any of the properties in the portfolio, etc.
Issue of units	<ul style="list-style-type: none"> - The number of investment units issued at the end of the fiscal period is 2,602,483 units, assuming that there will not be any additional issuance of new investment units or repurchase/retirement of own investment units until the end of the February 2021 (38th) fiscal period. - We assume that the number of issued investment units of JRF will be 6,989,091 units, calculated by adding 1,784,125 units to be newly issued in association with the Merger to the total JRF investment units outstanding (5,204,966 units) after the scheduled two-to-one unit split with the record date and effective date set as February 28, 2021 and March 1, 2021, respectively. - The number of new investment units to be issued by JRF through the Merger is not yet determined as of this moment and could fluctuate due to whether or not the right to demand the purchase of units will be exercised, etc. The number of such new investment units will be promptly announced as soon as they are finalized after March 1, 2021, the effective date of the Merger. - Moreover, we assume that no additional investment units will be issued and no treasury investment units will be acquired or cancelled through the end of the fiscal period ending on August 31, 2021 (39th fiscal period).
Interest-bearing debt	<ul style="list-style-type: none"> - Interest-bearing debt as of August 31, 2020 stood at 411,725 million yen, which comprises short-term borrowings of 7,000 million yen, long-term borrowings of 360,225 million yen and investment corporation bonds (including Green Bonds) of 44,500 million yen. Interest-bearing debt as of the date of this document stood at 411,700 million yen (long-term borrowings of 367,200 million yen and investment corporation bonds (including Green Bonds) of 44,500 million yen) after the debt refinancing for which a loan agreement was concluded on September 11, 2020 and took effect on September 18, 2020 and the debt refinancing for which loan agreements were concluded on September 25, 2020 and took effect on September 30, October 1, October 2 and October 7, 2020. - In addition to the above, MMI has 126,975 million yen in interest-bearing debt as of the date of this document. Of that amount, 118,975 million yen is long-term borrowings and 8,000 million yen is investment corporation bonds. It is assumed that JRF will acquire these debts.

Item	Assumption
	<ul style="list-style-type: none"> - Interest-bearing debt that will come due by the end of the fiscal period ending on August 31, 2021 (39th fiscal period) amounts to 45,250 million yen in long-term borrowings and 1,500 million yen in investment corporation bonds, but it is assumed that the entire amount will be procured through borrowings as the source of funds for repayment.
Operating revenues	<ul style="list-style-type: none"> - Rent and other operating revenues are calculated based on the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. - We assume that there will be no arrears or nonpayment of rent by our tenants until the end of the August 2021 (39th) fiscal period. - Considering the state of negotiations with the tenants, etc. as of today, certain risks of a potential decrease in revenues due to the impact of COVID-19 are assumed to exist.
Operating expenses	<ul style="list-style-type: none"> - We assume that taxes and public charge of 2,670 million yen and 3,547 million yen in the February 2021 (38th) fiscal period and August 2021 (39th) fiscal period, respectively. - With respect to property taxes, city planning taxes and depreciable assets taxes (“taxes on property and equipment”) on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as property related expenses. However, should any need arise for settlement, such as a need to pay settlement amount for taxes on property and equipment, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to taxes on property and equipment”), such amounts are taken into account in the acquisition cost of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to taxes on property and equipment pertaining to the properties acquired in 2020 (Machinoma Omori, G-Bldg. Daikanyama 02 and G-Bldg. Tenjin Nishi-dori 02), the tax amount assessed and payable for the relevant accounting period will be recorded as property related expenses from 2021 onwards. We have assumed the amounts equivalent to taxes on property and equipment included in the acquisition cost of Machinoma Omori, G-Bldg. Daikanyama 02 and G-bldg. Tenjin Nishi-dori 02 to be equivalent to 69 million yen in total. - We assume that repair and maintenance will be 600 million yen for the February 2021 (38th) fiscal period and 947 million yen for the August 2021 (39th) fiscal period. However, repair and maintenance expenses may vary substantially from the estimate since such expenses may be incurred due to unforeseeable reasons. - We assume that depreciation will be 5,428 million yen for the February 2021 (38th) fiscal period and 6,470 million yen for the August 2021 (39th) fiscal period. For the fiscal period ending August 31, 2021 (39th fiscal period), the book values of properties which JRF will succeed from MMI as of the effective date of the merger agreement are not determined as of the date of this document and actual depreciation may be different from the expected value. - We assume that property management fees will be 794 million yen for the February 2021 (38th) fiscal period and 793 million yen for the August 2021 (39th) fiscal period, and facility management fees will be 1,603 million yen for the February 2021 (38th) fiscal period and 2,408 million yen for the August 2021 (39th) fiscal period. - We assume that we will incur losses of 59 million yen and 21 million yen in the February 2021

Item	Assumption
	<p>(38th) fiscal period and the August 2021 (39th) fiscal period, respectively, on disposal of property related to the facility update, etc. at each property. With respect to the loss on disposal of property described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation.</p> <ul style="list-style-type: none"> - Asset management fees are based on the assumption that the ongoing asset management fee structure of JRF will not be changed. - We assume some temporarily expenses resulting from the merger: merger-related expenses of 73 million yen as of the end of February 2021 (38th) fiscal period, merger fees (classified as asset management fees) of 1,000 million yen and merger expenses of 357 million yen.
Non-operating expenses	<ul style="list-style-type: none"> - We assume that non-operating expenses (including interest expense, loan-related costs, interest expenses on investment corporation bonds, etc.) will be 1,620 million yen for the February 2021 (38th) fiscal period and 2,047 million yen for the August 2021 (39th) fiscal period. Moreover, we assume that for the fiscal period ending on August 2021 (39th fiscal period), an amount of 40 million yen will be deducted as reversal of deferred revenues from interest expenses. The amount of such deferred revenues is equal to the market value of interest-rate swaps of MMI as of August 31, 2020, which is 217 million yen. However, the actual amount to be recorded may vary substantially from the above estimate as it will be represented by the market value as of the end of February 2021.
Extraordinary profit (negative goodwill gain)	<ul style="list-style-type: none"> - The negative goodwill gain to be recorded from the Merger is estimated at 27,263 million yen, and in accordance with the Accounting Standard for Business Combinations (Corporate Accounting Standard No. 21, last amended on January 16, 2019), the amount will be recorded in full as extraordinary gains for the fiscal period ending August 31, 2021. This amount is an estimate based on the assumption of 327,575 million yen as the total amount of assets acquired from MMI, the corporation being acquired under the Accounting Standard for Business Combinations; 145,523 million yen as the total amount of assumed liabilities from MMI, the corporation being acquired under the Accounting Standard for Business Combinations; and 149,420 million yen as Merger acquisition costs (estimated using the closing price of 167,500 yen on October 8, 2020 for an investment unit of JRF (acquiring corporation), which is the consideration for the Merger. The amount of negative goodwill gain as of the effective date of the Merger has not been definitively determined and may change from the above amount. In addition, goodwill may occur depending on the investment unit price of JRF.
Distributions per unit	<ul style="list-style-type: none"> - The distribution per unit for the fiscal period ending on February 28, 2021 (38th fiscal period) is determined in accordance with the cash distribution policy in the Articles of Incorporation of JRF and August 31, 2021 (39th fiscal period) is determined in accordance with the cash distribution policy in the Articles of Incorporation of the new investment corporation resulting from the merger. - It is assumed that the distribution amount for the fiscal period ending on February 28, 2021 (38th fiscal period) will be a total of 11,711 million yen (4,500 yen per unit) consisting of retained earnings at the end of the period amounting to 10,742 million yen, reversal of retained earnings for temporary difference adjustment amounting to 516 million yen, and reserve for reduction of entry of property amounting to 452 million yen. - It is assumed that the distribution amount for the fiscal period ending on August 31, 2021 (39th fiscal period) will be a total of 15,977 million yen (2,286 yen per unit), the amount after deducting

Item	Assumption
	<p>the reversal of retained earnings for temporary difference adjustments amounting to 25,906 million yen (the balance after appropriating 1,357 million yen in merger compensation and merger related expenses to negative goodwill) included in the 27,263 million yen in negative goodwill from retained earnings at the end of the period amounting to 41,855 million yen plus reversal of retained earnings for temporary difference adjustment amounting to 31 million yen.</p> <ul style="list-style-type: none"> - It is assumed that retained earnings for temporary difference adjustment of JRF will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period ended August 2017. - With respect to the negative goodwill set forth in the assumptions for extraordinary gain, except for the portion that will be applied to distributions for the fiscal period ending on August 31, 2021 (39th fiscal period) for the purpose of avoiding the impact that the merger fees and merger expenses will have on distributions per unit, the majority of such unapplied portion (the amount necessary for satisfying conduit (pay-through) taxation requirements) will be set aside as retained earnings for temporary difference adjustments as stipulated in the rules concerning investment corporation calculations. Retained earnings for temporary difference adjustments will be reversed through 50 equal annual payments (259 million yen) each fiscal period starting in the period ending February 2022 (40th fiscal period). - Since amounts of tax loss carryforwards will be removed after the fiscal period ended August 31, 2020 (37th fiscal period), it was assumed that additional tax imposition that results from the inconsistencies between tax and accounting treatment would be avoided by reversing retained earnings for temporary difference adjustments. However, after the fiscal period ending August 31, 2021 (39th fiscal period), it is now assumed that no additional taxable income will be incurred as a result of new inconsistencies between tax and accounting treatment in association with the Merger.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> - We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> - We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

2. Financial information

(1) Balance sheets

(Thousands of yen)

	As of	
	February 29, 2020	August 31, 2020
ASSETS		
Current assets:		
Cash and bank deposits	55,501,014	47,708,197
Cash and bank deposits in trust (Note 1)	12,982,484	14,102,177
Rent receivables	765,598	1,003,614
Income taxes receivable	133	89
Other current assets	1,043,747	1,077,242
Total current assets	70,292,979	63,891,321
Non-current assets:		
Property and equipment:		
Buildings	2,434,403	2,448,550
Accumulated depreciation	(662,816)	(705,708)
Buildings, net	1,771,586	1,742,841
Building improvements	66,693	66,693
Accumulated depreciation	(26,149)	(27,639)
Building improvements, net	40,543	39,053
Furniture and fixtures	19,461	21,358
Accumulated depreciation	(14,199)	(14,831)
Furniture and fixtures, net	5,261	6,526
Land	28,459,580	28,459,580
Construction in progress	-	3,400
Buildings in trust (Note 2)	286,450,427	288,883,377
Accumulated depreciation	(103,421,759)	(106,817,939)
Buildings in trust, net (Note 1)	183,028,667	182,065,437
Building improvements in trust	13,237,131	13,165,005
Accumulated depreciation	(4,958,845)	(5,062,461)
Building improvements in trust, net (Note 1)	8,278,285	8,102,544
Machinery and equipment in trust	2,194,334	2,190,574
Accumulated depreciation	(1,322,053)	(1,366,804)
Machinery and equipment in trust, net (Note 1)	872,280	823,770
Furniture and fixtures in trust	4,730,458	4,793,727
Accumulated depreciation	(2,922,305)	(2,975,103)
Furniture and fixtures in trust, net (Note 1)	1,808,153	1,818,623
Land in trust (Notes 1 and 2)	596,301,353	607,714,846
Construction in progress in trust (Note 1)	257,011	11,805
Total property and equipment	820,822,723	830,788,430
Intangible assets:		
Leasehold rights in trust	5,114,139	5,094,066
Other intangible assets	65,810	77,652
Other intangible assets in trust	124,449	124,279
Total intangible assets	5,304,399	5,295,998
Investment and other assets:		
Lease deposits in trust	1,619,331	1,611,831
Long-term prepaid expenses	1,635,392	1,730,008
Other investments (Note 1)	49,741	1,036
Total investment and other assets	3,304,465	3,342,875
Total non-current assets	829,431,588	839,427,304
Deferred assets:		
Investment corporation bond issuance costs	163,516	143,134
Total deferred assets	163,516	143,134
TOTAL ASSETS	899,888,084	903,461,761

(To be continued on the following page)

(Thousands of yen)

	As of	
	February 29, 2020	August 31, 2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable – operating	3,193,057	2,362,925
Short-term borrowings	-	7,000,000
Current portion of long-term borrowings	57,875,000	54,575,000
Accounts payable – other	37,127	235,346
Accrued expenses	1,978,243	1,713,758
Income taxes payable	605	605
Consumption tax payable	426,096	395,426
Rent received in advance	3,199,536	3,173,469
Deposits received	2,170,966	1,244,846
Current portion of tenant leasehold and security deposits in trust (Note 1)	658,065	789,310
Derivatives liabilities	36,206	31,494
Other current liabilities	89,381	99,325
Total current liabilities	69,664,286	71,621,507
Non-current liabilities:		
Long-term bonds issued – unsecured	44,500,000	44,500,000
Long-term borrowings	302,350,000	305,650,000
Tenant leasehold and security deposits	1,795,208	1,760,180
Tenant leasehold and security deposits in trust (Note 1)	45,525,273	45,533,582
Asset retirement obligations	543,334	546,434
Derivatives liabilities	191,960	104,763
Other non-current liabilities	20,000	20,000
Total non-current liabilities	394,925,777	398,114,960
TOTAL LIABILITIES	464,590,063	469,736,468
Net Assets (Note 6)		
Unitholders' equity:		
Unitholders' capital	411,878,082	411,878,082
Surplus:		
Capital surplus	14,986,826	14,986,826
Deduction from capital surplus (Note 4)	(9,999,980)	(11,999,843)
Capital surplus, net	4,986,845	2,986,982
Voluntary reserve		
Reserve for reduction entry of property	15,151	15,151
Reserve for dividends	2,864,222	3,915,072
Retained earnings for temporary difference adjustment (Note 5)	2,981,342	2,949,959
Total voluntary reserve	5,860,716	6,880,184
Retained earnings	12,800,544	12,116,300
Total surplus	23,648,106	21,983,467
Total unitholders' equity	435,526,188	433,861,549
Valuation and translation adjustments:		
Deferred losses on hedges	(228,167)	(136,257)
Total valuation and translation adjustments	(228,167)	(136,257)
TOTAL NET ASSETS	435,298,021	433,725,292
TOTAL LIABILITIES AND NET ASSETS	899,888,084	903,461,761

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

(2) Statements of income and retained earnings

(Thousands of yen)

	For the six months ended	
	February 29, 2020	August 31, 2020
Operating revenues		
Rent and other operating revenues (Note 7)	29,985,702	29,061,155
Gain on sales of property (Note 8)	2,022,021	1,787,708
Total operating revenues	32,007,723	30,848,863
Operating expenses		
Property-related expenses (Note 7)	14,318,343	13,691,283
Asset management fees	2,696,697	2,720,055
Custodian fees	29,990	30,430
General administration fees	128,142	129,334
Compensation for Directors	5,940	5,940
Merger expenses	-	193,776
Other operating expenses	265,560	249,205
Total operating expenses	17,444,674	17,020,023
Operating income	14,563,048	13,828,839
Non-operating revenues		
Interest income	873	585
Other non-operating revenues	1,278	3,085
Total non-operating revenues	2,151	3,670
Non-operating expenses		
Interest expenses	1,228,712	1,202,318
Interest expenses on investment corporation bonds	143,493	145,310
Amortization of investment corporation bond issuance costs	20,381	20,381
Amortization of investment unit issuance costs	23,840	-
Loan-related costs	343,139	328,674
Other non-operating expenses	4,482	18,919
Total non-operating expenses	1,764,050	1,715,604
Ordinary income	12,801,149	12,116,905
Income before income taxes	12,801,149	12,116,905
Income taxes		
Current	605	605
Total income taxes	605	605
Net income	12,800,544	12,116,300
Unappropriated earnings at beginning of period	-	-
Retained earnings at the end of period	12,800,544	12,116,300

(3) Statements of changes in net assets

(Thousands of yen)

	Unitholders' equity										Valuation and translation adjustments				
	Surplus														
	Voluntary reserve														
	Unitholders' capital (Note 6)	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus	Own investment units	Total unitholders' equity	Deferred losses on hedges	Total valuation and translation adjustments	Total net assets
Balance as of August 31, 2019	411,878,082	14,986,826	(9,999,980)	4,986,845	15,151	1,616,048	3,012,724	4,643,925	12,814,606	22,445,377	-	434,323,459	(328,647)	(328,647)	433,994,812
Changes during the period															
Provision of reserve for dividends	-	-	-	-	-	1,248,173	-	1,248,173	(1,248,173)	-	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,597,815)	(11,597,815)	-	(11,597,815)	-	-	(11,597,815)
Net income	-	-	-	-	-	-	-	-	12,800,544	12,800,544	-	12,800,544	-	-	12,800,544
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	100,479	100,479	100,479
Total changes during the period	-	-	-	-	-	1,248,173	(31,382)	1,216,791	(14,061)	1,202,729	-	1,202,729	100,479	100,479	1,303,209
Balance as of February 29, 2020	411,878,082	14,986,826	(9,999,980)	4,986,845	15,151	2,864,222	2,981,342	5,860,716	12,800,544	23,648,106	-	435,526,188	(228,167)	(228,167)	435,298,021
Changes during the period															
Provision of reserve for dividends	-	-	-	-	-	1,050,850	-	1,050,850	(1,050,850)	-	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(31,382)	(31,382)	31,382	-	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(11,781,076)	(11,781,076)	-	(11,781,076)	-	-	(11,781,076)
Net income	-	-	-	-	-	-	-	-	12,116,300	12,116,300	-	12,116,300	-	-	12,116,300
Acquisition of own investment units	-	-	-	-	-	-	-	-	-	-	(1,999,863)	(1,999,863)	-	-	(1,999,863)
Retirement of own investment units	-	-	(1,999,863)	(1,999,863)	-	-	-	-	-	(1,999,863)	1,999,863	-	-	-	-
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	91,910	91,910	91,910
Total changes during the period	-	-	(1,999,863)	(1,999,863)	-	1,050,850	(31,382)	1,019,467	(684,243)	(1,664,639)	-	(1,664,639)	91,910	91,910	(1,572,729)
Balance as of August 31, 2020	411,878,082	14,986,826	(11,999,843)	2,986,982	15,151	3,915,072	2,949,959	6,880,184	12,116,300	21,983,467	-	433,861,549	(136,257)	(136,257)	433,725,292

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

(4) Statements of cash distributions

		(Yen)	
		For the six months ended	
		February 29, 2020	August 31, 2020
I	Retained earnings at the end of period	12,800,544,469	12,116,300,791
II	Reversal of voluntary reserve		
	<i>Reversal of retained earnings for temporary difference adjustment (Note 9)</i>	31,382,550	31,920,293
III	Cash distribution declared	11,781,076,500	11,711,173,500
	<i>(Cash distribution declared per unit)</i>	<i>(4,500)</i>	<i>(4,500)</i>
IV	Voluntary reserve		
	<i>Provision of reserve for dividends</i>	1,050,850,519	-
	<i>Provision of reserve for reduction entry of property</i>	-	437,047,584
V	Retained earnings carried forward	-	-

For the six months ended February 29, 2020:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended February 29, 2020 amounting to ¥11,781,076,500 consisted all of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31,382,550 and provision of reserve for dividends amounting to ¥1,050,850,519. As a result, distribution per unit amounted to ¥4,500. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

For the six months ended August 31, 2020:

In accordance with the distribution policy in the JRF's article of incorporation 26, Paragraph 1, Item 2, which stipulates to make distribution in excess of 90% of distributable profit as defined in Article 67-15, Paragraph 1 of the Special Taxation Measures Act of Japan for the fiscal period, a total of cash distributions declared for the six months ended August 31, 2020 amounting to ¥11,711,173,500 consisted all of retained earnings at the end of the period after reversal of retained earnings for temporary difference adjustment amounting to ¥31,920,293 and provision of reserve for reduction entry of property amounting to ¥437,047,584. As a result, distribution per unit amounted to ¥4,500. JRF generally does not make distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2.

(5) Statements of cash flows

(Thousands of yen)

	For the six months ended	
	February 29, 2020	August 31, 2020
Cash Flows from Operating Activities:		
Income before income taxes	12,801,149	12,116,905
Adjustments to reconcile income before income taxes to net cash provided by operating activities:		
Depreciation	5,379,428	5,444,170
Amortization of investment corporation bond issuance costs	20,381	20,381
Amortization of investment unit issuance costs	23,840	-
Gain on sales of property	(2,022,021)	(1,787,708)
Loss on disposal of fixed assets	58,593	41,814
Interest income	(873)	(585)
Interest expenses	1,372,206	1,347,629
Changes in assets and liabilities:		
(Increase) decrease in rent receivables	(28,970)	(265,835)
(Increase) decrease in income taxes receivable	(105)	44
(Increase) decrease in long-term prepaid expenses	(20,876)	(94,615)
Increase (decrease) in accounts payable - operating	(235,158)	408
Increase (decrease) in consumption tax payable	(523,736)	(30,669)
Increase (decrease) in accounts payable - other	14,690	196,074
Increase (decrease) in accrued expenses	5,050	(351,140)
Increase (decrease) in rent received in advance	(26,532)	(26,066)
Increase (decrease) in deposits received	(572,184)	(732,861)
Other, net	340,102	693,252
Sub total	16,584,986	16,571,197
Interest received	873	585
Interest expenses paid	(1,417,507)	(1,343,254)
Income taxes paid	(605)	(605)
Net cash provided by operating activities	15,167,747	15,227,923
Cash Flows from Investing Activities:		
Purchase of property and equipment	(7,060)	(5,028)
Purchase of property and equipment in trust (Note 11)	(3,207,941)	(20,805,360)
Proceeds from sales of property and equipment in trust	6,491,375	5,773,480
Payments for sales of property and equipment in trust	(256,251)	-
Purchase of intangible assets	(34,500)	(16,995)
Purchase of intangible assets in trust	(45,281)	(13,467)
Payments of tenant leasehold and security deposits	(94,868)	(45,932)
Proceeds from tenant leasehold and security deposits	5,000	30,114
Payments of tenant leasehold and security deposits in trust	(1,183,186)	(859,594)
Proceeds from tenant leasehold and security deposits in trust	623,085	783,871
Payments of lease deposits in trust	(2)	-
Proceeds from lease deposits in trust	17,500	7,500
Payments for restricted bank deposits in trust	(24)	-
Proceeds from restricted bank deposits in trust	-	519,256
Net cash provided by (used in) investing activities	2,307,842	(14,632,155)
Cash Flows from Financing Activities:		
Proceeds from short-term borrowings	-	14,000,000
Repayments of short-term borrowings	-	(7,000,000)
Proceeds from long-term borrowings	22,500,000	29,800,000
Repayments of long-term borrowings	(22,500,000)	(29,800,000)
Payments for acquisition of own investment units	-	(2,014,265)
Distribution payments	(11,596,641)	(11,784,077)
Net cash used in financing activities	(11,596,641)	(6,798,342)
Net change in cash and cash equivalents	5,878,949	(6,202,574)
Cash and cash equivalents at the beginning of period	61,620,691	67,499,640
Cash and cash equivalents at the end of period (Note 10)	67,499,640	61,297,066

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

(6) Note relating to going concern assumption

Not applicable.

(7) Summary of significant accounting policies

(a) Property and equipment

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

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

(b) Other intangible assets

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

(c) Leased assets

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

(d) Long-term prepaid expenses

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

(e) Investment unit issuance costs

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

(f) Investment corporation bond issuance costs

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

(g) Taxes on property and equipment

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

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

No taxes on property and equipment were capitalized for the six months ended February 29, 2020. Taxes on property and equipment capitalized amounted to ¥70,374 thousand for the six months ended August 31, 2020.

(h) Hedge accounting

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

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

(i) Cash and cash equivalents

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

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

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

(k) Consumption tax

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

(New accounting standards not yet applied)

- "Accounting Standard for Revenue Recognition" (Accounting Standards Board of Japan (ASBJ) Statement No. 29 revised on March 31, 2020)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30 revised on March 31, 2020)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 31, 2020)

(1) Overview

The International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) in the United States have jointly developed comprehensive accounting standards for revenue recognition and issued "Revenue from Contracts with Customers" (IFRS 15 in IASB and Topic 606 in FASB) in May 2014. Given the situation where IFRS 15 will be applied from fiscal years beginning on or after January 1, 2018 and that Topic 606 will be applied from fiscal years beginning after December 15, 2017, the ASBJ has developed comprehensive accounting standards for revenue recognition and issued them together with the implementation guidance. The basic policy of the ASBJ when it developed the accounting standards for revenue recognition was to specify the accounting standards, incorporating the basic principles of IFRS 15 as a starting point, from the perspective of comparability between financial statements, which is one of the benefits of maintaining compatibility with IFRS 15. The basic policy also stipulates that if there is an item to which consideration should be given, such as practices that have been conducted thus far in Japan, alternative treatments will be added to the extent to which comparability is not impaired.

(2) Scheduled date of application

JRF will adopt the accounting standards from the beginning of the six months ending February 28, 2022.

(3) Impact of applying the accounting standards

JRF is currently evaluating the effect on its financial statements by applying the "Accounting Standard for Revenue Recognition", etc.

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30 issued on July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10 revised on July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31 issued on July 4, 2019)
- "Implementation Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19 revised on March 31, 2020)

(1) Overview

The IASB and FASB have established similar detailed guidance regarding fair value measurement (IFRS 13 "Fair Value Measurement" in IFRS and Accounting Standards Codification Topic 820 "Fair Value Measurement" in FASB).

The ASBJ repeatedly considered the guidance regarding fair value of financial instruments and disclosure in order to ensure the consistency of Japanese GAAP with such international accounting standards, and issued the Accounting Standard for Fair Value Measurement, etc.

As the basic policy of the ASBJ for the development of accounting standard for fair value measurement, the ASBJ basically adopted all provisions of IFRS 13 by using the unified measurement method, from the point of view of improving the comparability of financial statements among domestic and foreign companies.

In addition, considering the actual practices that have been executed in Japan, other treatments for individual items are established within the scope not to impair comparability between the financial statements.

(2) Scheduled date of application

JRF will adopt the accounting standards from the beginning of the six months ending February 28, 2022.

(3) Impact of applying the accounting standards

JRF is currently evaluating the effect on its financial statements by applying the "Accounting Standard for Fair Value Measurement", etc.

- "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31 revised on March 31, 2020)

(1) Overview

With respect to "Sources of estimation uncertainty" which are required to be disclosed under Paragraph 125 of International Accounting Standard ("IAS") 1 "Presentation of Financial Statements" ("IAS 1") issued by the IASB in 2003, the ASBJ was requested to examine disclosures of such information under Japanese GAAP as useful information for users of financial statements. Accordingly, the ASBJ has developed and published the accounting standard for disclosures of accounting estimates (the "Accounting Standard").

The basic policy of ASBJ for the development of the Accounting Standard was to provide general principles (disclosure purpose) instead of expanding individual notes, and an entity shall determine specific disclosure content in accordance with its disclosure purpose. The development of this standard is based on Paragraph 125 of IAS 1.

(2) Scheduled date of application

JRF will adopt the accounting standard from the end of the six months ending August 31, 2021.

- "Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections" (ASBJ Statement No. 24 revised on March 31, 2020)

(1) Overview

In response to the recommendation to improve note information concerning "The accounting policies and methods which have been adopted in the cases where the relevant accounting standards are not available", the ASBJ revised Accounting Standard for Accounting Policy Disclosures, Accounting Changes and Error Corrections.

To improve the note information concerning "The accounting policies and methods which have been adopted in the cases where the relevant accounting standards are not available", the provision of Financial Accounting Principles (note 1-2) will be followed to ensure consistency with actual practices when the relevant accounting standards exist.

(2) Scheduled date of application

JRF will adopt the accounting standard from the end of the six months ending August 31, 2021.

(8) Notes to financial information

Note 1 — Collateral

The carrying amounts of assets stated below were pledged as collateral to secure tenant leasehold and security deposits in trust totaling ¥18,427,312 thousand and ¥18,427,312 thousand as of February 29, 2020 and August 31, 2020, respectively.

(Thousands of yen)

	As of	
	February 29, 2020	August 31, 2020
Cash and bank deposits in trust	983,859	513,308
Buildings in trust	57,316,162	55,993,125
Building improvements in trust	2,516,670	2,460,590
Machinery and equipment in trust	191,566	179,675
Furniture and fixtures in trust	620,977	582,906
Land in trust	141,097,758	141,097,758
Construction in progress in trust	3,454	1,050
Other investments	48,705	-
Total	202,779,154	200,828,414

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

Note 2 — Reduction entry of property

Certain properties were acquired by government subsidies received or through exchange. The acquisition costs of such properties were reduced as follows:

(Thousands of yen)

	As of	
	February 29, 2020	August 31, 2020
Buildings in trust acquired by government subsidies	334,351	334,351
Land in trust acquired through exchange	-	450,559

Note 3 — Credit facilities and commitment lines

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

	(Thousands of yen)	
	As of	
	February 29, 2020	August 31, 2020
Credit facilities		
Total amount of credit facilities	35,500,000	35,500,000
Borrowings drawn down	-	-
Unused credit facilities	35,500,000	35,500,000
Commitment lines		
Total amount of committed lines of credit	60,000,000	60,000,000
Borrowings drawn down	-	-
Unused committed lines of credit	60,000,000	60,000,000

Note 4 — Retirement of own investment units

JRF retired its own investment units as follows:

	As of	
	February 29, 2020	August 31, 2020
Total number of own investment units retired	49,181 units	64,715 units
Total amount of retirement (Thousands of yen)	9,999,980	11,999,843

Note 5 — Retained earnings for temporary difference adjustment

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

For the six months ended February 29, 2020

(Thousands of yen)

	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period	Reason for provision or reversal
Reserve for dividends ⁽ⁱ⁾	3,138,254	3,012,724	-	(31,382)	2,981,342	Appropriation for dividends

Note:

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

For the six months ended August 31, 2020

(Thousands of yen)

	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period	Reason for provision or reversal
Reserve for dividends ⁽ⁱ⁾	3,138,254	2,981,342	-	(31,382)	2,949,959	Appropriation for dividends

Note:

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

Note 6 — Net assets

(1) Number of investment units

	As of	
	February 29, 2020	August 31, 2020
Authorized	8,000,000 units	8,000,000 units
Issued and outstanding	2,618,017 units	2,602,483 units

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

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

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

	(Thousands of yen)	
	For the six months ended	
	February 29, 2020	August 31, 2020
Rent and other operating revenues:		
Rent and parking revenue	26,341,103	25,286,929
Common area charges	1,259,216	1,204,858
Other	2,385,381	2,569,366
Total rent and other operating revenues	29,985,702	29,061,155
Property-related expenses:		
Property management fees	750,941	601,618
Facility management fees	1,545,852	1,585,976
Utilities	1,336,969	1,321,744
Property-related taxes	2,632,250	2,671,292
Repair and maintenance	826,856	442,686
Insurance	30,695	31,729
Trust fees	50,997	48,173
Rent expense	766,209	766,627
Other	941,762	742,747
Depreciation	5,377,213	5,436,872
Loss on disposal of property	58,593	41,814
Total property-related expenses	14,318,343	13,691,283
Operating income from property leasing activities	15,667,358	15,369,872

Note 8 — Analysis of gain on sales of property

Analysis of gain on sales of property is as follows:

	(Thousands of yen)	
	For the six months ended	
	February 29, 2020	August 31, 2020
Sale of property	6,525,000	5,800,000
Cost of property	4,469,353	3,947,491
Other sales expenses	33,625	64,800
Gain on sales of property, net	2,022,021	1,787,708

Certain properties were acquired through exchange. Gain on exchange of the properties is reduced from the acquisition costs of such properties as follows:

	(Thousands of yen)	
	For the six months ended	
	February 29, 2020	August 31, 2020
Revenue from transfer of property	-	1,333,184
Cost of property transferred	-	829,722
Other transfer expenses	-	52,901
Reduction entry of property	-	450,559
Gain on exchange of property	-	-

Note 9 — Provision of retained earnings for temporary difference adjustment

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

JRF reversed ¥31,382,550 and ¥31,920,293 of retained earnings for temporary difference adjustment for the six months ended February 29, 2020 and August 31, 2020, respectively.

Note 10 — Cash and cash equivalents

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

(Thousands of yen)

	As of	
	February 29, 2020	August 31, 2020
Cash and bank deposits	55,501,014	47,708,197
Cash and bank deposits in trust	12,982,484	14,102,177
Restricted bank deposits in trust ⁽ⁱ⁾	(983,859)	(513,308)
Cash and cash equivalents	67,499,640	61,297,066

Note:

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

Note 11 — Significant non-cash transactions

JRF acquired certain properties through exchange on April 30, 2020. Non-cash transactions arising from the exchange consisted of the following:

(Thousands of yen)

Total amount of properties acquired through exchange	(1,666,332)
Amount of property disposed through exchange	1,333,184
Payments for purchases of property and equipment in trust	(333,148)

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

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

(Thousands of yen)

	As of	
	February 29, 2020	August 31, 2020
Due within one year	20,460,399	18,241,304
Due after one year	83,595,455	79,478,076
Total	104,055,855	97,719,380

(b) Lease commitments

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

Note 13 — Financial instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

	As of February 29, 2020			As of August 31, 2020		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and bank deposits	55,501,014	55,501,014	-	47,708,197	47,708,197	-
(2) Cash and bank deposits in trust	12,982,484	12,982,484	-	14,102,177	14,102,177	-
Total assets	68,483,499	68,483,499	-	61,810,374	61,810,374	-
(1) Short-term borrowings	-	-	-	7,000,000	7,000,000	-
(2) Current portion of long-term borrowings	57,875,000	57,907,105	32,105	54,575,000	54,585,579	10,579
(3) Current portion of tenant leasehold and security deposits in trust	-	669,195	11,130	-	799,898	10,588
(4) Long-term bonds issued - unsecured	44,500,000	45,389,535	889,535	44,500,000	44,896,095	396,095
(5) Long-term borrowings	302,350,000	306,056,661	3,706,661	305,650,000	307,245,220	1,595,220
(6) Tenant leasehold and security deposits in trust	1,304,022	1,318,570	14,548	1,269,990	1,267,346	(2,643)
Total liabilities	406,687,087	411,341,068	4,653,980	413,784,300	415,794,139	2,009,839
Derivatives (derivatives liabilities), net	(228,167)	(228,167)	-	(136,257)	(136,257)	-

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

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

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

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

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

(4) Long-term bonds issued - unsecured

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

Derivatives

Please refer to "Note 15—Derivatives".

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

	(Thousands of yen)	
	As of	
	February 29, 2020	August 31, 2020
Tenant leasehold and security deposits	1,795,208	1,760,180
Tenant leasehold and security deposits in trust	44,221,251	44,263,592
Total	46,016,459	46,023,772

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

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

As of February 29, 2020	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	55,501,014	-	-	-	-	-
Cash and bank deposits in trust	12,982,484	-	-	-	-	-
Total	68,483,499	-	-	-	-	-
As of August 31, 2020	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Cash and bank deposits	47,708,197	-	-	-	-	-
Cash and bank deposits in trust	14,102,177	-	-	-	-	-
Total	61,810,374	-	-	-	-	-

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

As of February 29, 2020	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Current portion of long-term borrowings	57,875,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	658,065	-	-	-	-	-
Long-term bonds issued - unsecured	-	-	5,000,000	15,500,000	14,000,000	10,000,000
Long-term borrowings	-	51,000,000	30,500,000	22,000,000	37,000,000	161,850,000
Tenant leasehold and security deposits in trust	-	658,065	68,065	168,065	68,065	341,761
Total	58,533,065	51,658,065	35,568,065	37,668,065	51,068,065	172,191,761
As of August 31, 2020	(Thousands of yen)					
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
Short-term borrowings	7,000,000	-	-	-	-	-
Current portion of long-term borrowings	54,575,000	-	-	-	-	-
Current portion of tenant leasehold and security deposits in trust	789,310	-	-	-	-	-
Long-term bonds issued - unsecured	-	5,000,000	8,000,000	14,500,000	7,000,000	10,000,000
Long-term borrowings	-	43,000,000	28,500,000	30,000,000	39,500,000	164,650,000
Tenant leasehold and security deposits in trust	-	658,065	168,065	68,065	68,065	307,729
Total	62,364,310	48,658,065	36,668,065	44,568,065	46,568,065	174,957,729

Note 14 — Securities

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

Note 15 — Derivatives

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

As of February 29, 2020

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	56,575,000	24,000,000	(228,167)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	99,000,000	91,500,000	- ⁽ⁱ⁾	-
Total			155,575,000	115,500,000	(i) (228,167)	-

As of August 31, 2020

(Thousands of yen)

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾		Fair value	Valuation method
				Over 1 year		
Deferred hedge accounting	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	36,075,000	14,000,000	(136,257)	(iii)
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swaps (Floating-rate to fixed-rate interest)	Long-term borrowings	96,500,000	84,500,000	- ⁽ⁱ⁾	-
Total			132,575,000	98,500,000	(i) (136,257)	-

Note:

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

Note 16 — Related-party transaction

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

Note 17 — Tax effect accounting

Deferred tax assets and liabilities consist of the following:

(Thousands of yen)

	As of	
	February 29, 2020	August 31, 2020
Deferred tax assets:		
Asset retirement obligations	170,932	171,908
Amortization of leasehold rights	135,787	145,625
Depreciation	21,348	16,795
Valuation differences on assets acquired through merger	5,315,981	5,310,562
Deferred losses on hedges	71,781	42,866
Other	38,218	38,218
Sub total	5,754,050	5,725,976
Total valuation allowance	(5,754,050)	(5,725,976)
Total deferred tax assets	-	-
Net deferred tax assets	-	-

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

(%)

	For the six months ended	
	February 29, 2020	August 31, 2020
Statutory tax rate	31.51	31.46
Deductible cash distributions	(29.00)	(30.41)
Change in valuation allowance (for deferred tax assets)	(2.54)	0.06
Reversal of retained earnings for temporary difference adjustment	0.08	0.08
Reserve for reduction entry of property	-	(1.13)
Other	(0.03)	(0.05)
Effective tax rate	0.00	0.00

Note 18 — Asset retirement obligations

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

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

	(Thousands of yen)	
	For the six months ended	
	February 29, 2020	August 31, 2020
Balance at the beginning of the period	550,041	543,334
Adjustment for passage of time	3,109	3,100
Derecognition due to settlement of obligations	(9,816)	-
Balance at the end of the period	543,334	546,434

Note 19 — Fair value of investment and rental property

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

	(Thousands of yen)	
	For the six months ended	
	February 29, 2020	August 31, 2020
Net book value⁽ⁱ⁾		
Balance at the beginning of the period	832,643,348	826,061,312
Net increase (decrease) during the period ⁽ⁱⁱ⁾	(6,582,036)	9,942,063
Balance at the end of the period	826,061,312	836,003,376
Fair value⁽ⁱⁱⁱ⁾	988,190,000	997,160,000

Note:

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

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

	Increase (decrease) in net book value
(Thousands of yen)	
For the six months ended February 29, 2020:	
Capital expenditure:	
Renewal construction of KAWASAKI Le FRONT.....	975,127
Disposition:	
Ito-Yokado Nishikicho (partial disposition of interest).....	(4,469,353)
For the six months ended August 31, 2020:	
Acquisitions:	
Machinoma Omori.....	9,247,729
G-Bldg. Daikanyama 02.....	3,271,907
G-Bldg. Tenjin Nishi-dori 02.....	5,214,739
Capital expenditure:	
Renewal construction of KAWASAKI Le FRONT.....	900,805
Dispositions:	
Ito-Yokado Nishikicho (40% quasi-co-ownership).....	(3,947,491)
Arkangel Daikanyama (Land with leasehold interest) (45.04% quasi-co-ownership).....	(829,722)

(iii) Fair value has been determined based on appraisals or researched value by independent appraisers.

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

Note 20 — Segment information

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

(a) Operating segment information

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

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

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

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

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

Tangible fixed assets:

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

(c) Information about major customers

(Thousands of yen)

Name of customer	Revenues for the six months ended		Related segment
	February 29, 2020	August 31, 2020	
AEON Mall Co., Ltd.	3,326,443	3,293,945	Property rental business
AEON Retail Co., Ltd. ⁽ⁱ⁾	2,900,809	2,955,534	Property rental business

Note:

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

Note 21 — Per unit information

The net asset value per unit as of February 29, 2020 and August 31, 2020 was ¥166,270 and ¥166,658, respectively. Net income per unit for the six months ended February 29, 2020 and August 31, 2020 was ¥4,889 and ¥4,645, respectively.

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

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

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

(Thousands of yen)

	For the six months ended	
	February 29, 2020	August 31, 2020
Net income	12,800,544	12,116,300
Effect of dilutive unit	-	-
Net income available to common unitholders	12,800,544	12,116,300
Weighted-average number of investment units outstanding for the period	2,618,017 units	2,608,410 units

Note 22 — Subsequent events

Not applicable.

1. Conclusion of contract on merger of JRF with MMI

JRF and MMI decided to effect a merger of MMI (as the dissolving corporation) into JRF (as the surviving corporation), which will take effect on March 1, 2021, at their respective Board of Directors meetings convened on August 28, 2020 and concluded an agreement on the merger on August 28, 2020.

(1) Purposes of the Merger

JRF and MMI, by taking advantages of each corporation's characteristics, have conducted management with the aim of securing medium- to long-term revenue stability and fostering steady expansion of asset size. However, under uncertainty about the recent trend in the retail and office property sectors of the real estate market as well as under environmental changes such as less distinctions among types of asset as the needs for real estate is changing, JRF and MMI recognize, as a challenge for both corporations, that there would be a certain limitation on their business growth due to their specialization (for JRF) and focus (for MMI) in specific sectors. In particular, as management environment surrounding JRF and MMI is changing by the minute, such as that e-commerce and telecommuting are growing due to rapid advancement in information technologies and diversification of purposes of use of assets both on an area basis and on a property basis, and such changes are further accelerating due to the recent outbreak of the novel coronavirus. Therefore, JRF and MMI believe that both corporations need to cope more flexibly than ever with the shifts in needs regarding locations of properties or added value provided by properties. In such a situation, JRF and MMI, in order to cope with these challenges and to develop into a J-REIT which has both stability and growth potential that would lead to continuous enhancement of unitholder value, agreed to enter into discussions regarding the merger between JRF and MMI and have held several discussions so far. Consequently, JRF and MMI concluded that the Merger would lead to their further increased stability and growth potential owing to increased presence in the J-REIT Market realized by the expanded asset size and to the diversified purposes of use of investment target assets realized by conversion to a diversified REIT^(Note), and as of August 28, 2020, have executed the Merger Agreement.

Note: JRF is considering making amendments, etc. to the investment policy for its guidelines on the management of its assets upon the set-up, etc. of a new investment policy for the diversified REIT as of the effective date of the Merger on the condition that the Merger and the Amendment of the Articles of Incorporation become effective. JRF has no plan to acquire any industrial properties, which is the investment target of Industrial & Infrastructure Fund Investment Corporation, even after the Merger becomes effective. Hereinafter the same shall apply.

JRF and MMI believe that the Merger has the following significance.

(i) Fit to Environment Changes

The Asset Management Company, through management of JRF and MMI thus far, has gained various management experience, such as leasing properties within each purpose of use based on tenant relationships and information collection regarding the lease market, value improvement by renewals and rebuilding/increase of floor areas/conversion of purposes of use etc., area management through concentrated property acquisition and analysis of the flow of people, and promotion of ESG which is recognized with the highest rating from MSCI, and has been refining its management skills. The Asset Management Company aims to flexibly respond to surrounding environment that keeps changing by combining various management skills cultivated by experience of management of both investment corporations thus far and implementing an active internal growth policy beyond distinctions among purposes of use without adhering to the existing purposes of use.

(ii) Expand Investment Universe

In conducting the Merger, JRF and MMI are planning that the new investment corporation will use the opportunity of converting to a diversified REIT to diversify the purposes of use of investment target assets. JRF and MMI believe that, after the Merger, in addition to retail facilities which are JRF's existing investment targets, and office buildings and hotel properties which are MMI's existing investment targets, investment in new assets such as residences and mixed-use properties that are used for a combination of those purposes will also become possible, which will enable continuous external growth by the new investment corporation in line with

environment changes. In particular, JRF and MMI believe that since combining purposes of property use is advancing in urban areas, diversification of purposes of use of investment target assets will improve the flexibility of property management in line with environment changes without being bound by a single purpose of property use. Also, JRF and MMI believe that, when acquiring properties, a large-scale acquisition in a large transaction such as bulk sale of properties across multiple purposes of use, which was difficult for both corporations to conduct before the Merger will become possible after the Merger, which will make the external growth more likely. Both corporations are planning continuous external growth by further leveraging their own connections and sponsor's support.

(iii) Create the Largest J-REIT ^(Note 1)

The asset size of the new investment corporation after the Merger is expected to reach 127 properties, excluding its equity interest in a silent partnership (tokumei kumiai) the underlying asset of which is Nagoya Lucent Tower, with a total asset value of 1,191.5 billion yen (on an acquisition price basis) ^(Note 2), which makes the corporation a J-REIT with the largest asset size ^(Note 1) (as of the end of August 2020). Through the expansion of asset size, JRF and MMI believe that they can establish the groundwork consisting of not only stability of cash flow, but also increased presence in the capital market, diversification of properties/tenants, and improvement of management flexibility, for realizing the improvement of stability and the acceleration of growth.

Note 1: Compared based on the total acquisition price (as of the end of the most recent fiscal period) stated in account settlement information of each investment corporation as of the end of August 2020.

Note 2: The asset size of the new investment corporation is calculated as the sum of the total acquisition price for assets of JRF as of the end of August, 2020, and the total appraisal value for assets of MMI as of the end of June, 2020 which is used to estimate acquisition price by JRF (JRF will be the acquiring corporation for accounting purposes by application of the purchase method, and therefore, JRF will succeed to the assets of MMI, which will be the acquired corporation, at market value). The actual acquisition price for assets of MMI will be calculated based on the appraisal value as of the end of February, 2021 and therefore the actual asset size of the new investment corporation may differ from that stated herein. As such, there is no guarantee that the new investment corporation will have the largest asset size as of the effective date of the Merger.

The new investment corporation after the Merger, as a diversified REIT with the largest asset size ^(Note) among J-REITs investing in real estate properties serving as a foundation of urban lives, will hold up as its vision, "Support metropolitan life (live, work and consume) in Japan from the perspective of real estate".

As its growth strategy, the new corporation will aim in the short term to further increase distributions per unit through implementing various measures to increase revenue, while seeking further promotion of investment in urban properties through strategic asset replacement and appropriate diversification of purposes of use in the portfolio. In the medium to long term, through external growth by capital increase through public offerings, as well as further increase in profitability through renewal or conversion, the new investment corporation will aim that, in the future, the various purposes of use of properties which serve as a foundation of urban life activities will create virtuous cycle where area value and asset value improve together.

Note: Compared based on the total acquisition price (as of the end of the most recent fiscal period) stated in account settlement information of each investment corporation as of the end of August, 2020. The asset size of the new investment corporation is calculated as the sum of the total acquisition price for assets of JRF as of the end of August, 2020, and the total appraisal value for assets of MMI as of the end of June, 2020 which is used to estimate acquisition price by JRF (JRF will be the acquiring corporation for accounting purposes by application of the purchase method, and therefore, JRF will succeed to the assets of MMI, which will be the acquired corporation, at market value). The actual acquisition price for assets of MMI will be calculated based on the appraisal value as of the end of February, 2021 and therefore the actual asset size of the new investment corporation may differ from that stated herein. As such, there is no guarantee that the new corporation will have the largest asset size as of the effective date of the Merger.

(2) Form of the Merger

JRF will be the surviving corporation under an absorption-type merger and MMI will be dissolved in the Merger.

(3) Merger ratio and other conditions

	JRF (Surviving corporation in the absorption-type merger)	MMI (Dissolving corporation in the absorption-type merger)
Allocation of investment units under the Merger	1	1
		(Reference): Before the Investment Unit Split 0.5

Note 1: The number of new JRF investment units to be issued as a result of the Merger (the number of units after the Investment Unit Split of JRF): 1,784,125

Note 2: JRF plans to split one investment unit into two investment units with February 28, 2021 as the record date for splitting the investment units and March 1, 2021 as the effective date of the split; the allocation ratio shown above and the number of new investment units JRF will allocate and deliver are subject to the Investment Unit Split taking effect. If, 0.5 JRF investment units are allocated and delivered against 1 MMI investment unit on the basis of the merger ratio before the Investment Unit Split, there will be many MMI unitholders being allocated fractions of less than one JRF investment unit. To make it possible for MMI unitholders to continue holding JRF investment units after the Merger, a split of JRF investment units will be carried out before the allocation towards MMI unitholders, in the ratio of two JRF investment units to one JRF investment unit for the purpose of delivering to all MMI unitholders at least one JRF investment unit, and for every one MMI investment unit, 1 JRF investment unit post Investment Unit Split will be allocated and delivered.

(Reference) Number of investment units increased after the Investment Unit Split and the Merger

1) Outstanding investment units before the Investment Unit Split	2,602,483
2) Investment units increased by the Investment Unit Split	2,602,483
3) Outstanding investment units after the Investment Unit Split	5,204,966
4) Total outstanding investment units after the Merger	6,989,091 ^(Note1)
5) Issuable investment units after the Investment Unit Split and the Merger	16,000,000 ^(Note2)

Note 1: In the case that one unit of JRF after the Investment Unit Split will be distributed for each of all the investment units of MMI (1,784,125 units) in the Merger.

Note 2: Although the current number of issuable investment units is 8,000,000, JRF is planning to amend its articles of incorporation partially in association with the Investment Unit Split according to a resolution at the board of directors of JRF and to change the number of issuable investment units as of the date when the Merger becomes effective.

(4) Payment upon merger

In addition to the JRF investment units to be allocated and distributed as stated in paragraph (3), JRF intends to pay MMI unitholders (the unitholders stated or recorded in the final unitholders' register on the day before the effective date of the Merger (excluding JRF, MMI and those MMI unitholders who have demanded the purchase of their investment units pursuant to Article 149-3 of the Investment Trust Act) (excluding those who have withdrawn such demand for purchase) (hereinafter referred to as the "Unitholders Subject to Allocation"), in lieu of cash distributions for the last business period of MMI which ends the day before the effective date of the Merger, a merger consideration in the form of cash distribution based on MMI's distributable income for that same period of an amount (disregarding fractions of a yen) which is the quotient resulting from a division of the amount of MMI's distributable income on the date before the effective date of the Merger by the number of issued MMI investment units on that date as reduced by the number of investment units held by unitholders other than the Unitholders Subject to Allocation. The merger consideration will be paid within a reasonable period from the effective date of the Merger.

In addition, MMI will submit to the general meeting of its unitholders, which is scheduled to be held on October 22, 2020, a proposal for an amendment to be made to its articles of incorporation with a view to changing the 29th business period, on the condition that the Merger Agreement is approved in the general meetings of unitholders of JRF and MMI, respectively, from the current period from July 1, 2020 until December 31, 2020 to the period from July 1, 2020 until the last day of February, 2021. If the aforementioned amendment is approved in the general meeting of unitholders, the last business period before the effective date of the Merger is expected to be an eight month period from July 1, 2020 to February 28, 2021 as the 29th business period, and cash distributions with December 31, 2020 as the record date will not be made (and instead, as mentioned above, a

merger consideration in the form of cash distributions based on MMI's distributable income for that same period will be paid).

(5) Overview of status of the dissolving corporation (MMI) for the fiscal period immediately preceding the merger (period ended on June 30, 2020)

Business: Operation of assets principally as investment in specific assets defined in the Act on Investment Trusts and Investment Corporations

Operating Revenue	9,061 million yen
Net Income	3,657 million yen
Total Assets	301,502 million yen
Total Liabilities	145,305 million yen
Total Net Assets	156,196 million yen

(6) Date of merger

This merger is scheduled to take effect on March 1, 2021.

2. Agenda items to be discussed at the 13th session of the General Unitholders' Meeting

In relation to the merger, JRF plans to discuss agenda items related to the merger agreement and partial amendment of the Articles of Incorporation at the 13th General Meeting of Unitholders of JRF to be held on October 23, 2020.

The proposed amendments to the Articles of Incorporation are as follows:
(Amended parts are underlined.)

Current Articles	Proposed Amendment
<p>Article 1 Corporate Name</p> <p>The name of the Investment Corporation in Japanese shall be <u>Nihon Riteru Fando Toshi Hojin</u>. In English, the Investment Corporation shall be called <u>Japan Retail Fund Investment Corporation</u>.</p> <p>Article 14 Investment Policy</p> <p>1. The Investment Corporation shall principally invest in retail facilities, either directly or through Specified Assets principally backed by <u>retail facilities</u>. Especially, the Investment Corporation shall focus on investment in <u>retail facilities</u> located in urban areas, while <u>retail facilities</u> located in the suburbs shall also be its investment targets.</p> <p>2. In order to reduce the effect of risks such as regional economic risk and earthquakes risk which increases by converging to a specific region in locations of <u>retail facilities</u> in which the Investment Corporation is to own directly or through Specified Assets, the Investment Corporation shall regularly review the relevant information and disperse locations of <u>retail facilities</u> on the basis of their geographic position.</p> <p>3. As a general rule, the Investment Corporation shall lease its <u>retail facilities</u> and other real estate, either directly or through Specified Assets, by entering into a lease contract pursuant to the basic policy set forth in Article 11. Further, in relation to such lease, the Investment Corporation shall endeavor to secure stable profits by carefully</p>	<p>Article 1 Corporate Name</p> <p>The name of the Investment Corporation in Japanese shall be <u>Nihon Toshi Fando Toshi Hojin</u>. In English, the Investment Corporation shall be called <u>Japan Metropolitan Fund Investment Corporation</u>.</p> <p>Article 14 Investment Policy</p> <p>1. The Investment Corporation shall principally invest in retail facilities, <u>office buildings, residences, hotels and mixed-use properties for these purposes (collectively referred to as “Core Assets”)</u>, either directly or through Specified Assets principally backed by <u>Core Assets</u>. Especially, the Investment Corporation shall focus on investment in <u>Core Assets</u> located in urban areas, while <u>Core Assets</u> located in the suburbs shall also be its investment targets.</p> <p>2. In order to reduce the effect of risks such as regional economic risk and earthquakes risk which increases by converging to a specific region in locations of <u>Core Assets</u> in which the Investment Corporation is to own directly or through Specified Assets, the Investment Corporation shall regularly review the relevant information and disperse locations of <u>Core Assets</u> on the basis of their geographic position.</p> <p>3. As a general rule, the Investment Corporation shall lease its <u>Core Assets</u> and other real estate, either directly or through Specified Assets, by entering into a lease contract pursuant to the basic policy set forth in Article 11. Further, in relation to such lease, the Investment Corporation shall endeavor to secure stable profits by carefully</p>

Current Articles	Proposed Amendment
<p>examining the financial position, operating results and industry potential of the lessee. In addition, the Investment Corporation may also lend other managed assets.</p> <p>4. (Omitted)</p> <p>5. (Omitted)</p> <p>6. The Investment Corporation shall, when it acquires properties other than <u>retail facilities</u> which it deems to be appropriate, also strive to ensure stable profits with respect to those properties.</p> <p>7. (Omitted)</p>	<p>examining the financial position, operating results and industry potential of the lessee. In addition, the Investment Corporation may also lend other managed assets.</p> <p>4. (Same as the current articles)</p> <p>5. (Same as the current articles)</p> <p>6. The Investment Corporation shall, when it acquires properties other than <u>Core Assets</u> which it deems to be appropriate, also strive to ensure stable profits with respect to those properties.</p> <p>7. (Same as the current articles)</p>
<p>Article 23 Limits for Borrowing and Issuance of Investment Corporation Bonds</p> <p>Borrowing and issuance of investment corporation bonds are limited to <u>one</u> trillion (1,000,000,000,000) yen respectively and the aggregate amount thereof shall not exceed <u>one</u> trillion (1,000,000,000,000) yen.</p>	<p>Article 23 Limits for Borrowing and Issuance of Investment Corporation Bonds</p> <p>Borrowing and issuance of investment corporation bonds are limited to <u>two</u> trillion (2,000,000,000,000) yen respectively and the aggregate amount thereof shall not exceed <u>two</u> trillion (2,000,000,000,000) yen.</p>
<p>Article 31 Fees for Accounting Auditor</p> <p>The Investment Corporation shall pay fees for the accounting auditor within one (1) month of the receipt of all of the audit reports which are required under the Investment Trust Act or other laws or regulations in an amount set by the board of directors that is no more than <u>25</u> million yen for each accounting period subject to audit.</p>	<p>Article 31 Fees for Accounting Auditor</p> <p>The Investment Corporation shall pay fees for the accounting auditor within one (1) month of the receipt of all of the audit reports which are required under the Investment Trust Act or other laws or regulations in an amount set by the board of directors that is no more than <u>30</u> million yen for each accounting period subject to audit.</p>
<p>Supplementary Provision</p> <p><u>1.The amendment to Article 29 shall come into effect on March 1, 2020.</u></p>	<p>Supplementary Provision</p> <p><u>1.The amendments to these Articles of Incorporation shall take effect on the effective date of the merger pursuant to the Merger Agreement dated August 28, 2020 by and between the Investment Corporation and MCUBS MidCity Investment Corporation, on the condition that the merger between the Investment</u></p>

Current Articles	Proposed Amendment
	<p><u>Corporation and MCUBS MidCity Investment Corporation, with the Investment Corporation being the surviving corporation and MCUBS MidCity Investment Corporation being the dissolving corporation, takes effect. This Supplementary Provision shall be deleted after the amendments to these Articles of Incorporation under this Supplementary Provision take effect.</u></p>

(9) Changes in investment unit issued and outstanding

The changes in unitholders' capital and number of investment units issued and outstanding for last five years until August 31, 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
August 18, 2020	Retirement	(15,534)	2,602,483	-	411,878	Note 6

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.

Note 6 JRF purchased its own investment units at Tokyo Stock Exchange Market based on a discretionary transaction contract with a securities company from April 14, 2020 to June 5, 2020 and retired all of its own investment units on August 18, 2020 according to a resolution of the Board of Directors held on August 7, 2020. As the acquisition cost of its own investment units was deducted from capital surplus, there was no change in unitholders' capital.

3. Additional information

(1) Composition of assets

Classification of Assets	Region	As of February 29, 2020		As of August 31, 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	18,921	2.1	18,893	2.1
	Osaka and Nagoya metropolitan areas	6,891	0.8	6,898	0.7
	Other areas	4,463	0.5	4,455	0.5
	Sub-total	30,276	3.4	30,248	3.3
Trust beneficial interest in real property	Tokyo metropolitan area	401,764	44.6	408,822	45.3
	Osaka and Nagoya metropolitan areas	320,711	35.6	319,076	35.3
	Other areas	73,308	8.2	77,856	8.6
	Sub-total	795,784	88.4	805,755	89.2
Sub-total		826,061	91.8	836,003	92.5
Bank deposits and other assets		73,826	8.2	67,458	7.5
Total assets		899,888	100.0	903,461	100.0
Total liabilities (Note 2)		464,590	51.6	469,736	52.0
Total net assets		435,298	48.4	433,725	48.0

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.

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

(2) Outline of portfolio properties

The principal properties (top ten properties in net book value) as of August 31, 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)	51,655	86,526.78	86,526.78	100.0	9.3	Retail facilities
Higashi-Totsuka Aurora City (trust beneficial interest)	44,317	109,355.90	109,355.90	100.0	4.3	Retail facilities
KAWASAKI Le FRONT (trust beneficial interest)	34,731	49,222.44	49,148.08	99.8	5.6	Retail facilities
Nara Family (Note 4) (trust beneficial interest)	34,438	82,927.89	82,374.78	99.3	5.9	Retail facilities
G-Bldg. Shinsaibashi 03 (trust beneficial interest)	30,320	5,319.29	5,319.29	100.0	Note 5	Retail facilities
AEON MALL Musashi Murayama (trust beneficial interest)	24,631	137,466.97	137,466.97	100.0	3.2	Retail facilities
AEON MALL Tsurumi Ryokuchi (trust beneficial interest)	23,097	138,538.63	138,538.63	100.0	3.0	Retail facilities
GYRE (trust beneficial interest)	21,974	4,828.12	4,828.12	100.0	1.8	Retail facilities
AEON MALL Itami (trust beneficial interest)	18,194	157,904.26	157,904.26	100.0	2.0	Retail facilities
Kawaramachi OPA (trust beneficial interest)	17,929	18,848.20	18,848.20	100.0	1.1	Retail facilities
Total	301,290	790,938.48	790,311.01	99.9	-	

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

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

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

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

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

The retail facilities as of August 31, 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	5,590	5,163
G-Bldg. Daikanyama 01	35-17, Ebisu-Nishi 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	599.79	1,600	1,197
GYRE	10-1, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,828.12	28,200	21,974
Bic Camera Tachikawa	12-2, Akebonocho 2-chome, Tachikawa-shi, Tokyo, etc.	Trust beneficial interest	20,983.43	22,700	13,428
G-Bldg. Kita Aoyama 01	14-8, Kita-Aoyama 3-chome, Minato-ku, Tokyo	Trust beneficial interest	492.69	1,690	917
G-Bldg. Jiyugaoka 01	9-17, Jiyugaoka 2-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	2,274.60	5,050	2,754
Cheers Ginza	9-5, Ginza 5-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,686.58	4,760	3,891
G-Bldg. Jingumae 06	28-3, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	670.42	2,960	2,321
G-Bldg. Jingumae 01	21-5, Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	555.75	4,630	3,376
G-Bldg. Jingumae 02	9-9, Jingumae 4-chome, Shibuya-ku, Tokyo	Trust beneficial interest	426.29	1,730	2,266
G-Bldg. Minami Aoyama 01	4-48, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,592.90	9,480	10,032
La Porte Aoyama (Note 4)	51-8, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	4,158.53	11,200	9,193
G-Bldg. Shinjuku 01	1-8, Shinjuku 4-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	1,093.67	8,920	6,511
G-Bldg. Jingumae 03	30-12, Jingumae 3-chome, Shibuya-ku, Tokyo	Real property	1,676.87	3,990	5,363
G-Bldg. Minami-Ikebukuro 01 (Note 4)	19-5, Minami Ikebukuro 1-chome, Toshima-ku, Tokyo	Trust beneficial interest	5,066.06	8,720	5,925
Urban Terrace Jingumae	47-6, Jingumae 5-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,719.19	5,250	2,682
Arkangel Daikanyama (Land with leasehold interest)	111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.	Trust beneficial interest	904.04	1,630	1,012
G-Bldg. Omotesando 01	1-9, Jingumae 6-chome, Shibuya-ku, Tokyo	Real property	1,508.03	8,500	5,799
Round1 Yokohama Station West	8-16, Minamisaikai 2-chome, Nishi-ku Yokohama-shi, Kanagawa	Trust beneficial interest	6,560.09	5,500	3,747
G-Bldg. Sangenjaya 01	15-4, Taishido 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	3,471.52	6,410	3,643
G-Bldg. Ginza 01	5-1, Ginza 6-chome, Chuo-ku, Tokyo	Trust beneficial interest	1,610.54	10,400	5,541
KAWASAKI Le FRONT	1-11, Nissincho, Kawasaki-ku, Kawasaki-shi, Kanagawa, etc.	Trust beneficial interest	49,222.44	39,000	34,731
G-Bldg. Shibuya 01	20-13, Jinnan 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,630.03	4,890	3,113
G-Bldg. Omotesando 02	25-15, Jingumae 4-chome, Shibuya-ku, Tokyo, etc.	Trust beneficial interest	5,555.65	23,050	17,788
G-Bldg. Kichijoji 01	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	1,718.21	4,100	3,535
CUTE CUBE HARAJUKU	7-1, Jingumae 1-chome, Shibuya-ku, Tokyo	Trust beneficial interest	1,428.55	10,400	8,493

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Ueno 01	9-14, Ueno 4-chome, Taito-ku, Tokyo	Trust beneficial interest	1,471.80	3,840	3,434
G-Bldg. Takadanobaba 01	13-2, Takadanobaba 2-chome, Shinjuku-ku, Tokyo	Trust beneficial interest	3,569.20	7,350	6,069
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	7,760	5,092
G-Bldg. Akihabara 02	113, Kanda Matsunaga-cho, Chiyoda-ku, Tokyo, etc.	Trust beneficial interest	1,037.33	2,970	2,483
G-Bldg. Kichijoji 02	3-13, Kichijoji Minamicho 2-chome, Musashino-shi, Tokyo	Trust beneficial interest	8,838.79	17,100	15,152
G-Bldg. Ginza Chuo-dori 01	6-16, Ginza 2-chome, Chuo-ku, Tokyo	Trust beneficial interest	3,141.07	13,700	13,006
MARINE & WALK YOKOHAMA	3-1, Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	8,347.69	11,100	10,942
G-Bldg. Jingumae 07	26-4 Jingumae 4-chome, Shibuya-ku, Tokyo	Real property	373.12	2,130	2,031
G-Bldg. Minami Aoyama 03 (Note 4)	2-12, Minami Aoyama 5-chome, Minato-ku, Tokyo, etc.	Trust beneficial interest	1,373.46	12,300	12,292
G-Bldg. Jingumae 08	25-5 Jingumae 3-chome, Shibuya-ku, Tokyo	Trust beneficial interest	802.40	2,640	2,644
Round1 Stadium Kawasaki Daishi	5-1, Tonomachi 1-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa	Trust beneficial interest	13,559.17	2,930	2,422
G-Bldg. Jingumae 09	25-28 Jingumae 4-chome, Shibuya-ku, Tokyo, etc.	Trust beneficial interest	1,127.06	7,350	7,074
Machinoma Omori	1-38, Omorinishi 3-chome, Ota-ku, Tokyo	Trust beneficial interest	8,981.14	9,400	9,204
G-Bldg. Daikanyama 02	20-20, Daikanyama-cho, Shibuya-ku, Tokyo	Trust beneficial interest	2,151.31	4,000	3,263
Abiko Shopping Plaza	11-1, Abiko 4-chome, Abiko-shi, Chiba	Trust beneficial interest	41,293.90	12,800	9,565
Ito-Yokado Yabashira	15-8, Higurashi 1-chome, Matsudo-shi, Chiba, etc.	Trust beneficial interest	21,308.78	1,880	1,251
Ito-Yokado Tsunashima	8-1, Tsunashima-Nishi 2-chome, Kohoku-ku, Yokohama-shi, Kanagawa	Trust beneficial interest	16,549.50	5,130	4,483
AEON Itabashi Shopping Center	6-1, Tokumaru 2-chome, Itabashi-ku, Tokyo	Trust beneficial interest	72,748.34	13,700	10,440
AEON MALL Yamato	2-6, Shimotsuruma 1-chome, Yamato-shi, Kanagawa	Trust beneficial interest	85,226.68	17,100	14,848
SEIYU Hibarigaoka	9-8, Sumiyoshicho 3-chome, Nishi-Tokyo-shi, Tokyo	Trust beneficial interest	19,070.88	8,190	4,551
Higashi-Totsuka Aurora City	537-1, Shinanochi, Totsuka-ku, Yokohama-shi, Kanagawa, etc.	Trust beneficial interest	109,355.90	43,400	44,317
Ito-Yokado Yotsukaido	5, Chuo, Yotsukaido-shi, Chiba	Trust beneficial interest	59,762.30	10,000	12,226
AEON MALL Musashi Murayama	1-3, Enoki 1-chome, Musashimurayama-shi, Tokyo	Trust beneficial interest	137,466.97	30,900	24,631
Makuhari Plaza	7701, Makuharicho 2-chome, Hanamigawa-ku, Chiba-shi, Chiba	Trust beneficial interest	24,505.37	6,830	5,436
Round1 Machida	13-14, Morino 1-chome, Machida-shi, Tokyo	Trust beneficial interest	6,801.89	3,410	2,288
Round1 Stadium Itabashi	16-13, Aioicho, Itabashi-ku, Tokyo	Trust beneficial interest	14,828.74	3,400	2,145
Summit Store Nakano Minamidai	26-2, Minamidai 5-chome, Nakano-ku, Tokyo	Trust beneficial interest	3,536.50	3,820	3,022

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
Colline Bajikouen	4-18, Kamiyoga 2-chome, Setagaya-ku, Tokyo	Trust beneficial interest	5,368.02	4,260	3,212
m-city Kashiwa	10 Oyamadai 1-chome, Kashiwa-shi, Chiba, etc.	Trust beneficial interest	20,437.36	5,980	5,769
Kawaramachi OPA	385, Komeyacho, Shijo-agaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	18,848.20	14,900	17,929
G-Bldg. Shinsaibashi 01	5-3, Sinsaibashi-suji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	886.46	3,340	1,590
Round 1 Stadium Sennichimae (Land with leasehold interest)	1, Namba 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,711.63	12,700	8,091
G-Bldg. Shinsaibashi 02	3-24, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	948.72	8,240	4,261
Round 1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,910	2,735
G-Bldg. Shinsaibashi 03	2-14, Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	5,319.29	41,300	30,320
G-Bldg. Nagoya Sakae 01	27-24, Sakae 3-chome, Naka-ku, Nagoya-shi, Aichi	Real property	794.02	1,350	1,933
EDION Kyobashi (Land with leasehold interest)	53-1, Gamou 1-chome, Joto-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	4,307.16	5,980	5,756
G-Bldg. Abeno 01	4-7, Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka	Trust beneficial interest	4,757.35	5,350	4,492
G-Bldg. Umeda 01	15-22, Chayamachi, Kita-ku, Osaka-shi, Osaka	Trust beneficial interest	3,529.51	10,900	9,747
G-Bldg. Shinsaibashi 04	10-5, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka, etc.	Trust beneficial interest	1,610.63	3,270	3,309
G-Bldg. Kyoto Kawaramachi 01	235, Yamazakicho 2-chome, Sanjo-sagaru, Kawaramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	2,407.32	2,490	2,183
G-Bldg. Midosuji 01	10-25, Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	2,446.00	9,750	10,444
Round 1 Sannomiya Station	1-17 Onoe-dori 6-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	10,054.52	3,330	3,195
G-Bldg. Kobe Sannomiya 01	1-15 Kitanagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo	Trust beneficial interest	3,750.38	3,290	3,079
G-Bldg. Midosuji 02	8-18 Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka	Trust beneficial interest	1,428.28	16,200	15,549
Nara Family (Note 5)	4-1, Saidaiji-higashimachi 2-chome, Nara-shi, Nara	Trust beneficial interest	82,927.89	38,700	34,438
AEON Takatsuki	47-2, Haginoshō 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	77,267.23	10,900	9,789
AEON Yagoto	2-1, Ishizaka, Kojimachi-aza, Showa-ku, Nagoya-shi, Aichi	Trust beneficial interest	63,702.48	3,610	3,140
Kyoto Family	1-1, Ikejiricho, Yamanouchi, Ukyo-ku, Kyoto-shi, Kyoto	Trust beneficial interest	19,639.09	5,550	5,967
AEON MALL Tsurumi Ryokuchi	17-1, Tsurumi 4-chome, Tsurumi-ku, Osaka-shi, Osaka	Trust beneficial interest	138,538.63	26,700	23,097
AEON MALL Itami	1-1, Fujinoki 1-chome, Itami-shi, Hyogo	Trust beneficial interest	157,904.26	18,600	18,194
Ario Otori	199-12, Otori Minami-cho 3-cho, Nishi-ku, Sakai-shi, Osaka, etc.	Trust beneficial interest	95,135.36	14,400	14,094
AEON MALL Kobe Kita	1-1, Kouzudai 8-chome, Kita-ku, Kobe-shi, Hyogo	Trust beneficial interest	128,050.62	12,250	8,516

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
LIFE Kishibe (Land with leasehold interest)	2205-15, Hara-cho 4-chome, Suita-shi, Osaka, etc.	Real property	5,516.61	2,000	1,942
LIFE Shimodera (Land with leasehold interest)	5-23, Shimodera 2-chome, Naniwa-ku, Osaka-shi, Osaka, etc.	Real property	4,344.18	2,130	1,717
LIFE Taiheiji (Land with leasehold interest)	43-6, Taiheiji 2-chome, Higashi Osaka-shi, Osaka	Real property	3,898.01	1,230	1,304
Izumisano Shofudai (Land with leasehold interest)	1138-1, Shofudai 1-chome, Izumisano-shi, Osaka	Trust beneficial interest	44,009.52	2,690	2,657
mozo wonder city (Note 5)	40-1, Futakatacho, Nishi-ku, Nagoya-shi, Aichi, etc.	Trust beneficial interest	86,526.78	64,200	51,655
Round1 Stadium Sakai Chuo Kanjyo	241, Ishihara-cho 2-cho, Higashi-ku Sakai-shi, Osaka	Trust beneficial interest	17,521.46	2,530	1,592
pivo Izumi Chuo	1-2, Ibukino 5-chome, Izumi-shi, Osaka, etc.	Trust beneficial interest	21,182.94	6,970	5,275
KAMISHIN PLAZA	6-12, Osumi 1-chome, Higashiyodogawa-ku, Osaka-shi, Osaka	Trust beneficial interest	12,005.67	5,000	4,377
Round1 Stadium Takatsuki	6-4, Zushi 3-chome, Takatsuki-shi, Osaka	Trust beneficial interest	19,767.64	3,000	1,948
m-city Toyonaka	2-18, Hinode-cho, 2-chome, Toyonaka-shi, Osaka	Trust beneficial interest	33,301.93	6,550	5,231
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	2,781
DFS T GALLERIA OKINAWA	1-1, Omoromachi 4-chome, Naha-shi, Okinawa	Trust beneficial interest	42,088.14	17,300	14,853
G-Bldg. Sendai Ichibancho 01	5-12, Ichibancho 3-chome, Aoba-ku, Sendai-shi, Miyagi	Real property	2,387.17	4,780	4,455
G-Bldg. Naha-shintoshin 01	5-33, Omoromachi 2-chome, Naha-shi, Okinawa	Trust beneficial interest	(Note 6)	6,770	5,568
G-Bldg. Tenjin Nishi-dori 01 (Note 4)	8-22, Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	2,667.42	4,770	4,951
AEON MALL Sapporo Naebo	1-1, Higashinaebo 2jo 3-chome, Higashi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	74,625.52	8,860	6,143
AEON Naha Shopping Center	10-2, Kanagusuku 5-chome, Naha-shi, Okinawa	Trust beneficial interest	79,090.48	10,900	9,473
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	8,258
AEON MALL Sapporo Hassamu	1-1, Hassamu 8jo 12-chome, Nishi-ku, Sapporo-shi, Hokkaido	Trust beneficial interest	102,162.16	19,800	14,653
MrMax Nagasaki	26-1, Iwami machi, Nagasaki-shi, Nagasaki, etc.	Trust beneficial interest	12,115.09	3,280	2,384
Kaden sumairu kan YAMADA Fukuoka Shime Honten	2-1, Minamizato 5-chome, Shime-machi, Kasuya-gun, Fukuoka	Trust beneficial interest	(Note 6)	5,590	3,573
G-Bldg. Tenjin Nishi-dori 02	12-64, Daimyo 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka	Trust beneficial interest	1,496.56	5,480	5,213
Total			2,336,391.47	997,160	836,003

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

Note 6 "Leasable area" of the property is not disclosed because the consent from the tenant has not been obtained.

Operating results of each property for the six months ended February 29, 2020 and August 31, 2020 were as follows:

Name of property	For the six months ended February 29, 2020				For the six months ended August 31, 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	86	0.3
G-Bldg. Daikanyama 01	1	100.0	40	0.1	1	100.0	39	0.1
GYRE	14	100.0	591	2.0	15	100.0	530	1.8
Bic Camera Tachikawa	2	100.0	628	2.1	2	100.0	622	2.1
G-Bldg. Kita Aoyama 01	2	100.0	34	0.1	2	100.0	34	0.1
G-Bldg. Jiyugaoka 01	3	100.0	107	0.4	2	59.7	141	0.5
Cheers Ginza	10	100.0	108	0.4	9	89.7	89	0.3
G-Bldg. Jingumae 06	4	100.0	53	0.2	4	100.0	53	0.2
G-Bldg. Jingumae 01	2	100.0	82	0.3	2	100.0	83	0.3
G-Bldg. Jingumae 02	3	100.0	32	0.1	3	100.0	32	0.1
G-Bldg. Minami Aoyama 01	3	100.0	168	0.6	3	100.0	165	0.6
La Porte Aoyama (Note 3)	24	100.0	300	1.0	21	87.0	295	1.0
G-Bldg. Shinjuku 01	1	100.0	161	0.5	1	100.0	217	0.7
G-Bldg. Jingumae 03	7	93.3	77	0.3	8	100.0	76	0.3
G-Bldg. Minami-Ikebukuro 01 (Note 3)	8	100.0	249	0.8	8	100.0	245	0.8
Urban Terrace Jingumae	2	100.0	104	0.3	2	100.0	91	0.3
Arkangel Daikanyama (Land with leasehold interest) (Note 4)	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
G-Bldg. Omotesando 01	1	100.0	135	0.5	1	100.0	128	0.4
Round1 Yokohama Station West	1	100.0	114	0.4	1	100.0	111	0.4
G-Bldg. Sangenjaya 01	3	100.0	177	0.6	3	100.0	164	0.6
G-Bldg. Ginza 01	6	100.0	177	0.6	6	100.0	167	0.6
KAWASAKI Le FRONT	62	96.3	1,535	5.1	66	99.8	1,628	5.6
G-Bldg. Shibuya 01	2	100.0	99	0.3	2	100.0	72	0.2
G-Bldg. Omotesando 02	6	100.0	379	1.3	6	100.0	372	1.3
G-Bldg. Kichijoji 01	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
CUTE CUBE HARAJUKU	10	100.0	198	0.7	10	100.0	191	0.7
G-Bldg. Ueno 01	1	100.0	76	0.3	1	100.0	66	0.2
G-Bldg. Takadanobaba 01	13	100.0	164	0.5	13	100.0	164	0.6
G-Bldg. Akihabara 01	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
G-Bldg. Akihabara 02	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
G-Bldg. Kichijoji 02	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
G-Bldg. Ginza Chuo-dori 01	9	100.0	210	0.7	9	100.0	210	0.7
MARINE & WALK YOKOHAMA	25	98.5	396	1.3	24	95.6	376	1.3
G-Bldg. Jingumae 07	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)

Name of property	For the six months ended February 29, 2020				For the six months ended August 31, 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 03 (Note 3)	5	74.7	158	0.5	5	74.7	141	0.5
G-Bldg. Jingumae 08	3	100.0	54	0.2	3	100.0	53	0.2
Round1 Stadium Kawasaki Daishi	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
G-Bldg. Jingumae 09	6	95.1	119	0.4	5	85.3	119	0.4
Machinoma Omori (Note 6)	-	-	-	-	37	99.0	390	1.3
G-Bldg. Daikanyama 02 (Note 7)	-	-	-	-	8	80.0	69	0.2
Abiko Shopping Plaza	58	100.0	606	2.0	58	100.0	601	2.1
Ito-Yokado Yabashira	1	100.0	78	0.3	1	100.0	78	0.3
Ito-Yokado Nishikicho (Note 8)	1	100.0	179	0.6	-	-	-	-
Ito-Yokado Tsunashima	1	100.0	168	0.6	1	100.0	167	0.6
AEON Itabashi Shopping Center	1	100.0	671	2.2	1	100.0	689	2.4
AEON MALL Yamato	1	100.0	537	1.8	1	100.0	530	1.8
SEIYU Hibiyaoka	1	100.0	249	0.8	1	100.0	249	0.9
Higashi-Totsuka Aurora City	5	100.0	1,299	4.3	5	100.0	1,238	4.3
Ito-Yokado Yotsukaido	2	100.0	313	1.0	2	100.0	303	1.0
AEON MALL Musashi Murayama	1	100.0	916	3.1	1	100.0	920	3.2
Makuhari Plaza	5	100.0	212	0.7	5	100.0	207	0.7
Round1 Machida	1	100.0	90	0.3	1	100.0	87	0.3
Round1 Stadium Itabashi	1	100.0	95	0.3	1	100.0	92	0.3
Summit Store Nakano Minamidai	1	100.0	84	0.3	1	100.0	84	0.3
Colline Bajikouen	10	100.0	140	0.5	10	100.0	135	0.5
m-city Kashiwa	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
Kawaramachi OPA	1	100.0	335	1.1	1	100.0	332	1.1
G-Bldg. Shinsaibashi 01	2	100.0	73	0.2	0	0.0	105	0.4
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 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
Round1 Kyoto Kawaramachi	1	100.0	104	0.4	1	100.0	102	0.4
G-Bldg. Shinsaibashi 03	4	100.0	(Note 5)	(Note 5)	4	100.0	(Note 5)	(Note 5)
G-Bldg. Nagoya Sakae 01	1	25.0	(Note 5)	(Note 5)	1	24.8	(Note 5)	(Note 5)
EDION Kyobashi (Land with leasehold interest)	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
G-Bldg. Abeno 01	10	100.0	150	0.5	10	100.0	150	0.5
G-Bldg. Umeda 01	12	100.0	246	0.8	12	100.0	212	0.7
G-Bldg. Shinsaibashi 04	5	100.0	87	0.3	5	100.0	80	0.3
G-Bldg. Kyoto Kawaramachi 01	4	100.0	72	0.2	4	100.0	54	0.2

Name of property	For the six months ended February 29, 2020				For the six months ended August 31, 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. Midosuji 01	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
Round1 Sannomiya Station	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
G-Bldg. Kobe Sannomiya 01	5	100.0	(Note 5)	(Note 5)	5	100.0	(Note 5)	(Note 5)
G-Bldg. Midosuji 02	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
Nara Family (Note 9)	113	99.5	1,832	6.1	114	99.3	1,717	5.9
AEON Takatsuki	1	100.0	398	1.3	1	100.0	413	1.4
AEON Yagoto	1	100.0	125	0.4	1	100.0	127	0.4
Kyoto Family	62	99.5	573	1.9	62	99.5	551	1.9
AEON MALL Tsurumi Ryokuchi	1	100.0	890	3.0	1	100.0	880	3.0
AEON MALL Itami	1	100.0	584	2.0	1	100.0	576	2.0
Ario Otori	1	100.0	550	1.8	1	100.0	546	1.9
AEON MALL Kobe Kita	1	100.0	402	1.3	1	100.0	403	1.4
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 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
mozo wonder city (Note 9)	214	97.4	3,307	11.0	219	100.0	2,699	9.3
Round1 Stadium Sakai Chuo Kanryo	1	100.0	82	0.3	1	100.0	81	0.3
pivo Izumi Chuo	17	100.0	(Note 5)	(Note 5)	17	100.0	(Note 5)	(Note 5)
KAMISHIN PLAZA	39	100.0	310	1.0	38	99.3	380	1.3
Round1 Stadium Takatsuki	1	100.0	91	0.3	1	100.0	89	0.3
m-city Toyonaka	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
Valor Kachigawa (Land with leasehold interest)	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)
Round1 Hiroshima	1	100.0	119	0.4	1	100.0	118	0.4
DFS T GALLERIA OKINAWA	1	100.0	497	1.7	1	100.0	359	1.2
G-Bldg. Sendai Ichibancho 01	1	100.0	102	0.3	1	100.0	89	0.3
G-Bldg. Naha-shintoshin 01	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
G-Bldg. Tenjin Nishi-dori 01 (Note 3)	8	100.0	119	0.4	7	88.8	113	0.4
AEON MALL Sapporo Naebo	1	100.0	368	1.2	1	100.0	374	1.3
AEON Naha Shopping Center	1	100.0	370	1.2	1	100.0	370	1.3
Oyama Yuen Harvest Walk (Note 3)	66	98.7	769	2.6	66	98.9	755	2.6
AEON MALL Sapporo Hassamu	1	100.0	578	1.9	1	100.0	581	2.0
MrMax Nagasaki	2	100.0	(Note 5)	(Note 5)	2	100.0	(Note 5)	(Note 5)
Kaden sumairu kan YAMADA Fukuoka Shime Honten	1	100.0	(Note 5)	(Note 5)	1	100.0	(Note 5)	(Note 5)

Name of property	For the six months ended February 29, 2020				For the six months ended August 31, 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. Tenjin Nishi-dori 02 (Note 10)	-	-	-	-	1	100.0	(Note 5)	(Note 5)
Total	938	99.7	29,985	100.0	984	99.7	29,061	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 JRF sold 45.04% quasi-co-ownership interest of the property on April 30, 2020.

Note 5 Rent revenue of the property is not disclosed because the consent from the tenant has not been obtained.

Note 6 JRF acquired the property on March 2, 2020.

Note 7 JRF acquired the property on April 30, 2020.

Note 8 JRF sold 15% , 45% and 40% quasi-co-ownership interest of the property on May 31, 2019, September 2, 2019 and March 2, 2020, respectively.

Note 9 "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 10 JRF acquired the property on August 31, 2020.

(3) Capital expenditures for property

1. Schedule of capital expenditures

The significant plan for capital expenditures on property maintenance as of August 31, 2020 was as below. The amounts of estimated cost shown in the below table are including expenses which will be charged to income.

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				Total	Advanced payment	
					Payment for the six months ended August 31, 2020	Total of advanced payment
For the six months ending February 28, 2021 (the 38th fiscal period from September 1, 2020 to February 28, 2021)						
AEON Takatsuki	Takatsuki-shi, Osaka	Repair of parking tower	November, 2020 to February, 2021	95	-	-
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Renewal of package air conditioner	September, 2020 to January, 2021	91	-	-
AEON MALL Itami	Itami-shi, Hyogo	Waterproofing construction	December, 2020 to February, 2021	90	-	-
Nara Family	Nara-shi, Nara	Rezoning construction	January, 2021 to February, 2021	71	-	-
AEON Itabashi Shopping Center	Itabashi-ku, Tokyo	Renewal of package air conditioner	December, 2020 to January, 2021	52	-	-
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Repair of outer wall	January, 2021 to February, 2021	51	-	-
G-Bldg. Minami Aoyama 02	Minato-ku, Tokyo	Repair of outer wall and rear	August, 2020 to January, 2021	50	0	0
For the six months ending August 31, 2021 (the 39th fiscal period from March 1, 2021 to August 31, 2021)						
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Renewal of package air conditioner	February, 2021 to June, 2021	91	-	-
AEON MALL Itami	Itami-shi, Hyogo	Renewal of disaster prevention equipment	March, 2021 to July, 2021	90	-	-
Other capital expenditures		Application development for commercial facility	February, 2019 to June, 2021	57	3	3
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Installation of digital signages	May, 2021 to July, 2021	55	-	-
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Repair of parking tower	May, 2021 to July, 2021	52	-	-
AEON MALL Musashi Murayama	Musashimurayama-shi, Tokyo	Exchange of storage battery charger	July, 2021	52	-	-
Bic Camera Tachikawa	Tachikawa-shi, Tokyo	Repair of outer wall at annex	January, 2021 to March, 2021	51	-	-

2. Capital expenditures for the six months ended August 31, 2020

Maintenance expenditures on property for the six months ended August 31, 2020 were totaling to ¥3,166 million consisting of ¥2,724 million of capital expenditures stated as below and ¥442 million of repair and maintenance expenses charged to income.

(Millions of yen)

Name of property	Location	Purpose	Term for construction or maintenance	Capital expenditures
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal construction	October, 2019 to August, 2020	900
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal of cubicle	November, 2019 to August, 2020	99
AEON MALL Tsurumi Ryokuchi	Tsurumi-ku, Osaka-shi, Osaka	Renewal of package air conditioner	March, 2020 to August, 2020	87
AEON MALL Kobe Kita	Kita-ku, Kobe-shi, Hyogo	Repair of outer wall	February, 2020 to July, 2020	64
mozo wonder city	Nishi-ku, Nagoya-shi, Aichi	Repair of outer wall	May, 2020 to August, 2020	62
KAWASAKI Le FRONT	Kawasaki-ku, Kawasaki-shi, Kanagawa	Renewal of air conditioning system	November, 2019 to August, 2020	59
G-Bldg. Kobe Sannomiya 01	Chuo-ku, Kobe-shi, Hyogo	Renewal of GHP	June, 2020 to July, 2020	55
G-Bldg. Sangenjaya 01	Setagaya-ku, Tokyo	Renewal of GHP	May, 2020 to June, 2020	51
Other	-	-	-	1,342
Total				2,724