

Think bold today for a brighter tomorrow.



Japan Retail Fund Investment Corporation

37th Semi-Annual Report

March 1, 2020–August 31, 2020

Japan Retail Fund Investment Corporation (JRF)

Priority Investment in Urban Properties

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

Stable Distributions

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

Strong Sponsors

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

To Our Unitholders

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

In terms of domestic macroeconomic trends during the six months ended August 31, 2020 (37th fiscal period), Gross Domestic Product (GDP) growth was negative for the third consecutive quarter, affected by the spread of infection with COVID-19. In particular, in the April to June 2020 quarter final consumption expenditure of households declined sharply as people refrained from going out due to the declaration of a state of emergency, and private non-residential investment, etc. was largely negative. Capital markets were also impacted by COVID-19 leading to large falls in the Nikkei Stock Average, but recovery was seen due to monetary easing and other measures by various countries.

Under the market environment described above, JRF acquired three new properties (Machinoma Omori, G-Bldg. Daikanyama 02 and G-Bldg. Tenjin Nishi-dori 02) and completed the sale of two properties (Ito-Yokado Nishikicho; 40% quasi-co-ownership of trust beneficiary interest, and Arkangel Daikanyama (land with leasehold interest); 45.04% quasi-co-ownership of trust beneficiary interest) as a part of portfolio asset replacement measures. In addition, JRF opened the aquarium at KAWASAKI Le FRONT in July 2020, thus completing the major renewal of the property carried out as part of measures to improve the value of existing properties. As a result, during this fiscal period, operating revenue decreased by 3.6% compared to the previous fiscal period to 30,848 million yen, while net income decreased by 5.3% compared to the previous fiscal period to 12,116 million yen, affected by COVID-19. Meanwhile, total distributions for the six months ended August 31, 2020 amounted to 11,711 million yen by adding 31 million yen in reversal of the retained earnings for temporary difference adjustment and by deducting reserve for reduction entry of property amounting to 437 million yen from unappropriated retained earnings at the end of the period. As a result, JRF was able to maintain distributions per unit at 4,500 yen, the same as in the previous fiscal period.

There are concerns about a decline in consumer sentiment from the next fiscal period onwards while the impact of COVID-19 remains. However, we will make efforts to deliver stable distributions by using gains on sales of property and reserves while paying attention to the environment surrounding real estate and implementing flexible measures that are appropriate to the circumstances.

Lastly, the merger between JRF and MCUBS MidCity Investment Corporation that was announced on August 28, 2020 was approved at the general meeting of unitholders held on October 23, 2020. From March 1, 2021, the trade name will be changed to Japan Metropolitan Fund Investment Corporation and operations will commence as a diversified REIT. While major changes are occurring in the ways people work, live and consume, various types of usage needs have emerged in urban areas. By promoting flexible operation of facilities by asset or by area level beyond the framework of asset classes and outside the boundaries of existing asset levels, we will work to provide greater stability and increase growth.

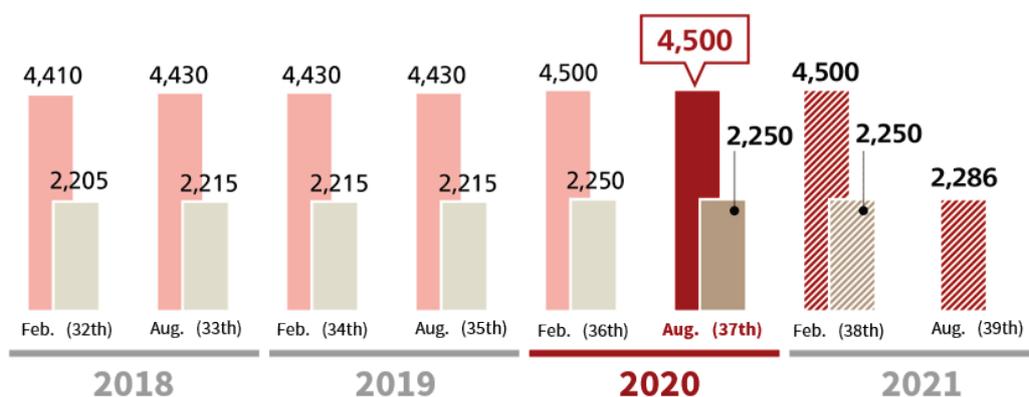
We will continue to strive to live up to investors' expectations, together with the asset manager, Mitsubishi Corp.-UBS Realty Inc., and look forward to receiving your continued support.

Japan Retail Fund Investment Corporation
Executive Director
Shuichi Namba

Highlights of the 37th Fiscal Period

➤ Distribution per unit (Japanese Yen)

4,500 yen



JRF plans to split one investment unit into two investment units on March 2021.

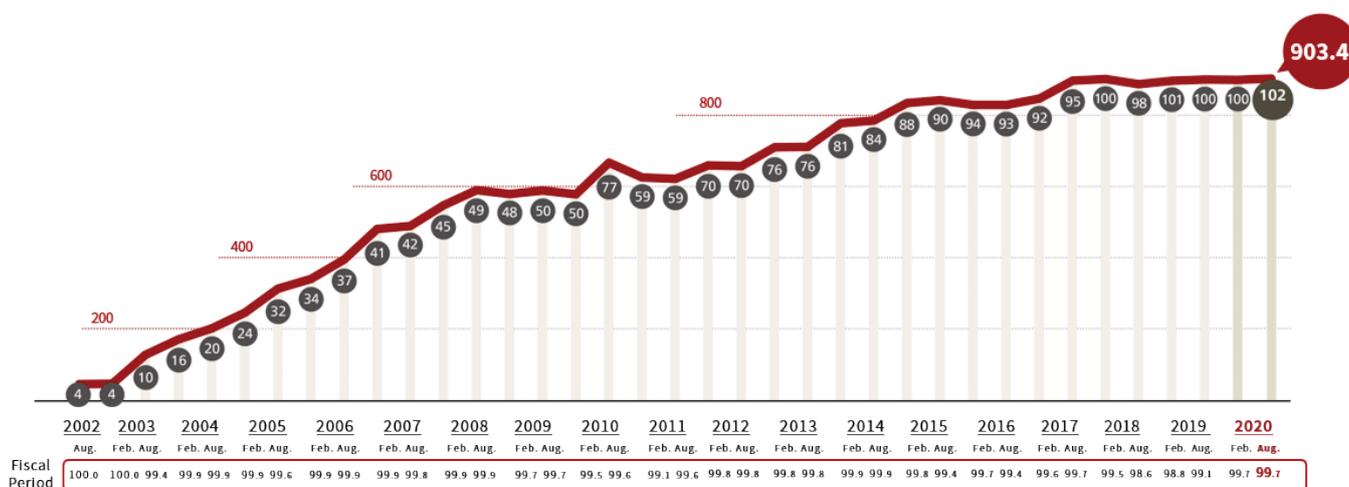
Investment Unit of JRF will be the values after the split from the fiscal year ending August 2021, but the past split results are also halved for reference.

➤ Financial results

	Feb. 2019 fiscal period	Aug. 2019 fiscal period	Feb. 2020 fiscal period	Aug. 2020 fiscal period
Operating Revenue	30.6 billion yen	35.4 billion yen	32.0 billion yen	30.8 billion yen
Operating Income	13.1 billion yen	14.7 billion yen	14.5 billion yen	13.8 billion yen
Net Income	11.1 billion yen	12.8 billion yen	12.8 billion yen	12.1 billion yen
NAV per Unit	165 thousand yen	165 thousand yen	166 thousand yen	166 thousand yen

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

— Total assets (billion yen) • Number of properties □ Occupancy ratio (Note 1)



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

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

Message from the President of the Asset Management Company

Points

- Three new retail properties located in urban areas acquired
- The distributions per unit maintained even under the impact of COVID-19
- Renewal of KAWASAKI Le FRONT (Kawasaki-ku, Kawasaki-shi, Kanagawa) completed
- Merger agreement concluded with MCUBS MidCity Investment Corporation toward change from REIT specializing in retail properties to diversified REIT

Even under the impact of COVID-19, JRF steadily implemented asset replacement and major renewal of a portfolio asset while maintaining the distributions per unit at the same level as the previous fiscal period.

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

In this fiscal period, while property acquisition activities were difficult due to the impact of COVID-19, JRF was able to proceed with the acquisition of assets located in urban areas. It completed acquisition of Machinoma Omori, located in a residential station area, the planned acquisition of which was announced at the time of the previous financial results announcement. It also acquired G-Bldg. Daikanyama 02 (Shibuya-ku, Tokyo), an office and retail mixed-use property located close to Daikanyama Station on the Tokyu Toyoko Line, and G-Bldg. Tenjin Nishi-dori 02 (Chuo-ku, Fukuoka-shi, Fukuoka), an urban retail property located in Tenjin Nishi-dori, the main street in the Tenjin area of Fukuoka, which is the largest downtown area in Kyushu. With respect to sales, in addition to completing the transfer of Ito-Yokado Nishikicho, which was disposed of over three separate periods, JRF completed the transfer of the 45.04% quasi-co-ownership of Arkangel Daikanyama (land with leasehold interest) as a partial exchange at the same time as acquisition of G-Bldg. Daikanyama 02. Regarding portfolio properties, JRF opened the aquarium, etc. on the 9th and 10th floors of KAWASAKI Le FRONT, an asset of JRF that it has been renewing in stages, and the grand opening of the entire facility took place on July 17, 2020. There were concerns about the impact of people refraining from going out and other factors, but on the day the aquarium opened visitors were arriving from before the reception opening time, even though it was a weekday. With this step, the major renewal that extended for two years from the start of construction in July 2018 was completed.

Meanwhile, the spread of the COVID-19 pandemic has had an enormous impact on society, and tenants in portfolio properties, except for supermarkets and others selling daily necessities, were forced to close under the government's declaration of a state of emergency, leading to requests from around 70% of all tenants under contract, mainly for rent reductions. JRF responded to these requests from tenants according to the situation of individual tenants and negotiated carefully in combination with a variety of support for tenants. At first, it was expected that there would be a proportionate fall in profits due to the spread of the COVID-19, but as a result of decreasing the extent of the rent reductions through these negotiations, reduction of operating costs, implementing the repurchase of own investment units for a total amount of approximately 2 billion yen, and use of the gain on sale of Ito-Yokado Nishikicho, etc., JRF was able to make distributions per unit of 4,500 yen, the same as in the previous fiscal period.

In terms of financial strategies, JRF has continued working to realize debt refinancing at low interest rates, equalize repayment amounts, diversify repayment periods, and maintain commitment lines, and thus maintain the strong balance sheet.

Lastly, with respect to the merger between JRF as the surviving corporation and MCUBS MidCity Investment Corporation, the merger agreement was concluded on August 28, 2020 and it was approved at the general meeting of JRF unitholders held on October 23, 2020. The effective date of the merger will be March 1, 2021, and the next fiscal period ending February 28, 2021 (38th fiscal period) will be the final fiscal period as JRF. From the fiscal period ending August 31, 2021 (39th fiscal period), the

new Japan Metropolitan Fund Investment Corporation will commence operation as a diversified REIT in accordance with the basic principle of supporting metropolitan life (live, work and consume) in Japan from the perspective of real estate.

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

Katsuji Okamoto

President & CEO

Mitsubishi Corp. – UBS Realty Inc.

Renewal finally completed !

Changes since the previous financial results

9・10F

Kawasui Kawasaki Aquarium



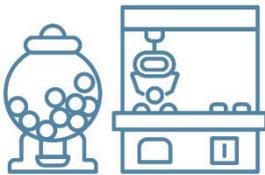
• Panorama screen zone



• Amazon zone

10F

Restaurant etc.



• Amusement



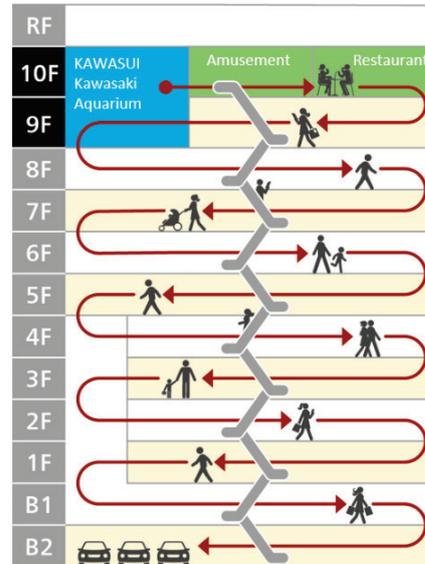
• Restaurant

After the previous financial results announcement, four tenants, including the aquarium, were newly opened. There have been many visitors since before the opening time on the opening day of the aquarium, with the visitors enjoying the aquarium and its unprecedented use of cutting-edge technology.

Renewal of KAWASAKI Le FRONT was completed with the opening of the 9th & 10th floors on July 17.

Effects from opening of upper floors

Current sales excluding aquarium (vs. forecast)*



The opening of the aquarium on the 9th and 10th floors has had the effect of increasing shopping visits to the lower floors, and sales of the entire building, excluding the aquarium, have exceeded sales forecasts made before the impact of COVID-19.

* Sales of publicly disclosed tenants only are calculated based on assumed sales.

JRF × ESG

Towards Sustainable Society

1

Upgrading in MSCI Japan ESG Rating to AA

JRF has been included in the MSCI Japan ESG Select Leaders Index since June 2017. The MSCI Japan ESG Select Leaders Index is an index provided by MSCI, a company listed on the New York Stock Exchange, that takes into account environmental, social and governance (ESG) elements. MSCI Japan ESG Rating is evaluated on seven levels from the highest ranking of AAA to the lowest ranking of CCC. JRF was ranked up to AA, the highest rating among J-REITs, on May 15, 2020.

The index covers the top 700 equities by market capitalization size included in the MSCI Japan Investable Market Index (IMI) and selects the equities based on ESG top evaluations of them. In addition, the Government Pension Investment Fund (GPIF) has selected the index as one of its ESG indices when carrying out its operations.

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

(Note) THE INCLUSION OF JRF IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF JRF BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

2

Community contribution through JRF's properties

Introduction of hand soap from reused ingredients to reduce waste

Kyoto Family (Ukyo-ku, Kyoto-shi, Kyoto) and Nara Family (Nara-shi, Nara) are working on environmental awareness activities with consideration for reducing waste and environmental pollution of rivers and oceans and other places, and have introduced hand soap made mainly from waste cooking oil.



• Kyoto Family



• Nara Family

私たちは環境問題に 取り組んでいます

京都ファミリーから回収した、
廃食油を主な原料にした
ハンドソープを使用しています。



• Publicity Poster

Natural grass provides a place for recreation and relaxation that is friendly to people and the environment

Natural grass has been introduced in the outdoor space at Oyama Yuen Harvest Walk (Oyama-shi, Tochigi). Natural grass has high water retainability that has the effect of alleviating rises in temperature. The vivid greenery also has a calming effect on people's feelings, and the grass provides a place for recreation and relaxation for visitors.



*This photo is an image before construction.

I. ASSET MANAGEMENT REPORT

Outline of asset management operation

1. Operating results and financial position

Fiscal period			33rd	34th	35th	36th	37th
As of /for the six months ended			August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020	August 31, 2020
Operating revenues	Note 1	(Millions of yen)	32,685	30,680	35,432	32,007	30,848
(Rental revenues)	Note 1	(Millions of yen)	(31,898)	(30,680)	(30,857)	(29,985)	(29,061)
Operating expenses	Note 1	(Millions of yen)	18,813	17,577	20,712	17,444	17,020
(Rental expenses)	Note 1	(Millions of yen)	(15,481)	(14,558)	(16,505)	(14,318)	(13,691)
Operating income		(Millions of yen)	13,871	13,103	14,719	14,563	13,828
Ordinary income		(Millions of yen)	11,645	11,105	12,815	12,801	12,116
Net income	(a)	(Millions of yen)	11,644	11,105	12,814	12,800	12,116
Net assets	(b)	(Millions of yen)	433,229	432,701	433,994	435,298	433,725
(Period-on-period change)		(%)	(+0.1)	(-0.1)	(+0.3)	(+0.3)	(-0.4)
Total assets	(c)	(Millions of yen)	887,668	897,331	900,799	899,888	903,461
(Period-on-period change)		(%)	(-1.6)	(+1.1)	(+0.4)	(-0.1)	(+0.4)
Unitholders' capital		(Millions of yen)	411,878	411,878	411,878	411,878	411,878
(Period-on-period change)		(%)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Number of investment units issued and outstanding	(d)	(Units)	2,618,017	2,618,017	2,618,017	2,618,017	2,602,483
Net asset value per unit	(b)/(d)	(Yen)	165,480	165,278	165,772	166,270	166,658
Total distributions	(e)	(Millions of yen)	11,597	11,597	11,597	11,781	11,711
Distribution per unit	(e)/(d)	(Yen)	4,430	4,430	4,430	4,500	4,500
(Profit distribution per unit)		(Yen)	(4,430)	(4,430)	(4,430)	(4,500)	(4,500)
(Distribution per unit in excess of profit)		(Yen)	(-)	(-)	(-)	(-)	(-)
Ratio of ordinary income to total assets	Note 3	(%)	1.3 (2.6)	1.2 (2.5)	1.4 (2.8)	1.4 (2.9)	1.3 (2.7)
Return on unitholders' equity	Note 3	(%)	2.7 (5.3)	2.6 (5.2)	3.0 (5.9)	2.9 (5.9)	2.8 (5.5)
Ratio of net assets to total assets	(b)/(c)	(%)	48.8	48.2	48.2	48.4	48.0
(Period-on-period change)		(%)	(+0.8)	(-0.6)	(0.0)	(+0.2)	(-0.4)
Payout ratio	(e)/(a)	(%)	99.6	104.4	90.5	92.0	96.9
Additional information:							
Rental net operating income (NOI)	Note 3	(Millions of yen)	22,129	21,676	19,910	21,044	20,807
Net profit margin	Notes 3 and 4	(%)	35.6	36.2	36.2	40.0	39.3
Debt service coverage ratio	Notes 3 and 4	(Multiple)	11.0	11.6	13.3	14.3	14.0
Funds from operation (FFO) per unit	Notes 3 and 4	(Yen)	6,399	6,363	5,661	6,170	6,057
FFO multiples	Notes 3 and 4	(Multiple)	15.8	17.5	18.9	16.5	13.3
Distributable income per unit after adjustment for taxes on property and equipment	Note 5	(Yen)	4,457	4,427	4,900	4,901	4,653
FFO per unit after adjustment for taxes on property and equipment	Notes 4 and 5	(Yen)	6,397	6,360	5,654	6,170	6,043

Note 1 Consumption taxes are not included.

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

Note 3 Figures are calculated using the formulas below. Percentages in parentheses are annualized using 184,181,184,182 and 184 days for the 33rd, 34th, 35th, 36th and 37th fiscal period, respectively. FFO multiples are unaudited.

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

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

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

2. Outline of asset management operation for the 37th fiscal period

(1) Principal activities

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

During the fiscal period ended 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”

(2) Investment environment and results

i. 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.

ii. 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.

(3) 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.

(4) 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.

3. Changes in unitholders' capital

The changes in unitholders' capital and number of investment units issued and outstanding for last five years from the end of the 37th fiscal period (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.

Fluctuation in market price of the investment securities:

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

Fiscal period	33rd	34th	35th	36th	37th
As of /for the six months ended	August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020	August 31, 2020
Highest price	214,000	228,500	228,000	253,900	210,700
Lowest price	196,900	200,500	208,200	203,700	97,700
Closing price at end of period	201,000	224,400	212,600	205,100	159,900

(Yen)

4. Distributions

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

For the six months ended August 31, 2020, JRF declared a total of ¥11,711 million cash distributions consisted all of retained earnings at the end of the period amounting to ¥12,116 million 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. As a result, distribution per unit amounted to ¥4,500 for the six months ended August 31, 2020. Distribution in excess of profit prescribed in the article of incorporation 26, Paragraph 2 is not made.

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

Fiscal period	33rd	34th	35th	36th	37th
As of /for the six months ended	August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020	August 31, 2020
Net income (Thousands of yen)	11,644,816	11,105,312	12,814,606	12,800,544	12,116,300
Retained earnings (including reserve for dividends and reserve for reduction entry of property) (Thousands of yen)	5,136,428	4,643,925	5,860,716	6,880,184	7,285,311
Total distributions (Thousands of yen)	11,597,815	11,597,815	11,597,815	11,781,076	11,711,173
(Distribution per unit) (Yen)	(4,430)	(4,430)	(4,430)	(4,500)	(4,500)
Profit distributions (Thousands of yen)	11,597,815	11,597,815	11,597,815	11,781,076	11,711,173
(Profit distribution per unit) (Yen)	(4,430)	(4,430)	(4,430)	(4,500)	(4,500)
Unitcapital refunds (Thousands of yen)	-	-	-	-	-
(Unitcapital refunds per unit) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from retained earnings for temporary difference adjustment (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from retained earnings for temporary difference adjustment) (Yen)	(-)	(-)	(-)	(-)	(-)
Unitcapital refunds from deduction of unitcapital under tax rules (Thousands of yen)	-	-	-	-	-
(Unitcapital refund per unit from deduction of unitcapital under tax rules) (Yen)	(-)	(-)	(-)	(-)	(-)

5. Management policies and Issues

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,

With respect to details of the merger agreement concluded on August 28, 2020, please refer to “1. Conclusion of contract on merger of JRF with MMI” in following section “6. Subsequent events”.

6. Subsequent events

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. In addition, the agreement on the merger was approved at the general meetings of unitholders of MMI held on October 22, 2020 and JRF held on October 23, 2020, respectively.

(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, on the condition that the Merger Agreement was to be approved in the general meetings of unitholders of JRF and MMI respectively, MMI submitted to the general meeting of its unitholders 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 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. The aforementioned amendment was approved.

Since the merger agreement was approved at the general meetings of unitholders of MMI and that of JRF held on October 23, 2020, and the conditions for the amendment of the articles were fulfilled, 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 discussed at the 13th session of the General Unitholders' Meeting

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

The proposed amendments to the Articles of Incorporation were 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><i>Nihon Riteru Fando Toshi Hojin</i></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 examining the financial position, operating results and industry potential of the lessee. In addition, the Investment Corporation may also lend other</p>	<p>Article 1 Corporate Name</p> <p>The name of the Investment Corporation in Japanese shall be <u><i>Nihon Toshi Fando Toshi Hojin</i></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 examining the financial position, operating results and industry potential of the lessee. In addition, the Investment Corporation may also lend other managed</p>

Current Articles	Proposed Amendment
<p>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>Article 23 Limits for Borrowing and Issuance of Investment Corporation Bonds 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 31 Fees for Accounting Auditor 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>Supplementary Provision <u>1.The amendment to Article 29 shall come into effect on March 1, 2020.</u></p>	<p>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 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 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 <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 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>

Outline of JRF

1. Investment unit

Fiscal period	33rd	34th	35th	36th	37th
As of	August 31, 2018	February 28, 2019	August 31, 2019	February 29, 2020	August 31, 2020
Number of investment units authorized (Units)	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Number of investment units issued and outstanding (Units)	2,618,017	2,618,017	2,618,017	2,618,017	2,602,483
Number of unitholders (People)	18,956	17,413	17,505	16,355	22,856

2. Unitholders

Major unitholders as of August 31, 2020 were as follows:

Name	Address	Number of investment units owned (Units)	Ratio of number of investment units owned to total number of investment units issued (Note 1) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsu-cho 2-chome, Minato-ku, Tokyo	492,249	18.91
Custody Bank of Japan, Ltd. (Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	424,670	16.31
The Nomura Trust and Banking Co., Ltd. (Investment Trust)	2-2, Otemachi 2-chome, Chiyoda-ku, Tokyo	132,688	5.09
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	8-12, Harumi 1-chome, Chuo-ku, Tokyo	74,002	2.84
SMBC Nikko Securities Inc.	3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo	61,235	2.35
STATE STREET BANK WEST CLIENT -TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A.	45,067	1.73
Japan Securities Finance Co., Ltd.	2-10, Nihonbashi-Kayabacho 1-chome, Chuo-ku, Tokyo	39,262	1.50
Mizuho Securities Co., Ltd.	5-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	28,847	1.10
JP MORGAN CHASE BANK 385771	25 BANK STREET, CANARY WHARF, LONDON, E14 5JP, UNITED KINGDOM	27,199	1.04
JPMorgan Securities Japan Co., Ltd.	Tokyo Building, 7-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo	24,792	0.95
Total		1,350,011	51.87

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

3. Officers

(1) Directors and independent auditor

(Thousands of yen)

Post	Name	Major additional post	Compensation or fees for the six months ended August 31, 2020 (Note2)
Executive Director	Shuichi Namba	Attorney-at-law of Momo-o, Matsuo & Namba	2,580
Supervisory Director	Masahiko Nishida	President of Marks group Co., Ltd. Certified public accountant / Tax accountant	1,680
	Masaharu Usuki	Professor at Graduate School of Economics of Nagoya City University	1,680
Independent auditor	PricewaterhouseCoopers Aarata LLC	-	19,500

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

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

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

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

4. Name of asset manager and other administrator

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

Condition of investment assets

1. Composition of assets

Classification of Assets	Region	As of 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
Bank deposits and other assets		73,826	8.2	67,458	7.5
Total assets		899,888	100.0	903,461	100.0

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

2. Major property

The principal properties (top ten properties in net book value) as of August 31, 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.

3. Details of property

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, Minamisaiwai 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, Jinnan1-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
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

Name of property	Location (Note 1)	Form of ownership	Leasable area (Note 2) (m ²)	Appraisal value at end of period (Note 3) (Millions of yen)	Net book value (Millions of yen)
G-Bldg. Akihabara 01	11-11, Sotokanda 1-chome, Chiyoda-ku, Tokyo	Trust beneficial interest	2,701.99	7,760	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, Daikanyamacho, 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, Shinanocho, 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
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
Round1 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

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)
Round1 Kyoto Kawaramachi	585, Uraderacho, Shijo-agaru yori Rokkaku-sagaru made, Teramachi-dori, Nakagyo-ku, Kyoto-shi, Kyoto, etc.	Trust beneficial interest	8,821.66	3,910	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, Gamo 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
Round1 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 Kitagasa-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, Haginosh 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
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

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)
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 2-jo 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 8-jo 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	1,497	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 Sogō 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 retail facility 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

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. 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)
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 Hibarigaoka	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

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. 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
G-Bldg. Midouji 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. Midouji 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 Kanjyo	1	100.0	82	0.3	1	100.0	81	0.3

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) (%)
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)
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.

4. Details of specified transaction

The details of specified transaction as of August 31, 2020 were as follows:

(Millions of yen)

Classification	Transaction	Notional amounts		Fair value (Note 1)
			Over 1 year	
Over-the-counter	Interest rate swaps (Floating-rate to fixed-rate interest)	132,575	98,500	(1,560)
Total		132,575	98,500	(1,560)

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

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

5. Other assets

Real property and trust beneficial interests in real property are included in the above table "3. Details of property". There were no other significant specified assets as of August 31, 2020.

Capital expenditures for property

1. Schedule of capital expenditures

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

(Millions of yen)

Name of property	Location	Purpose	Scheduled term for construction or maintenance	Estimated cost		
				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 amounted 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

3. Reserved funds for long-term maintenance plan

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

Item A:

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

Item B:

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

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

Condition of expenses and liabilities

1. Details of asset management expenses

(Thousands of yen)

Item	36th fiscal period	37th fiscal period
	For the six months ended February 29, 2020	For the six months ended August 31, 2020
Asset management fees (Note 1)	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
Other operating expenses	265,560	249,205
Total	3,126,330	3,328,740

Note 1 In addition to the above asset management fees, JRF paid the asset manager acquisition fees which were capitalized as property costs amounting to ¥141,600 thousand and charged to income as costs of sale of property amounting to ¥34,800 thousand for the six months ended August 31, 2020.

2. Borrowings

Borrowings as of August 31, 2020 were as follows:

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2020 (Millions of yen)	August 31, 2020 (Millions of yen)					
Short-term	MUFG Bank, Ltd.	April 2, 2020	-	7,000	0.2	September 30, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sub-total		-	7,000					
Long-term	MUFG Bank, Ltd.	September 22, 2011	3,665	3,665	1.0 (Note 3)	September 22, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,335	1,335					
	MUFG Bank, Ltd. (Note 2)	September 22, 2011	7,330	7,330	0.9 (Note 3)	March 22, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,670	2,670					
	MUFG Bank, Ltd. (Note 2)	September 22, 2011	7,362	7,362	0.8 (Note 3)	September 18, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		2,712	2,712					
	MUFG Bank, Ltd.	September 22, 2011	9,500	-	0.7 (Note 3)	March 19, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		3,500	-					
	Sumitomo Mitsui Banking Corporation (Note 2)	September 30, 2011	2,000	2,000	0.9 (Note 3)	September 30, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	May 22, 2012	4,030	4,030	1.0 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,470	1,470					
	Shinsei Bank, Limited	May 22, 2012	3,500	3,500	1.1 (Note 3)	May 20, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	October 2, 2012	1,000	1,000	1.6	October 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed

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

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2020 (Millions of yen)	August 31, 2020 (Millions of yen)					
			Long-term	MUFG Bank, Ltd. (Note 2)					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		801	801					
	Shinkin Central Bank (Note 2)	October 7, 2013	1,500	1,500	0.8	October 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	October 7, 2013	1,500	-	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Joyo Bank, Ltd.	October 7, 2013	1,000	-	0.8 (Note 3)	April 7, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2014	4,000	4,000	1.7	March 31, 2026	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	April 1, 2014	1,099	1,099	1.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	Development Bank of Japan Inc.	October 1, 2014	3,000	3,000	1.3	October 1, 2025	Lump sum	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 1, 2014	1,466	1,466	1.1 (Note 3)	October 1, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		534	534					
	MUFG Bank, Ltd.	October 1, 2014	800	800	1.1	October 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 1, 2014	2,199	2,199	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		801	801					
	THE NISHI-NIPPON CITY BANK, LTD.	October 1, 2014	1,000	1,000	0.8 (Note 3)	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	October 1, 2014	1,000	1,000	0.8	September 30, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	October 1, 2014	2,000	2,000	0.7 (Note 3)	April 1, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 1, 2014	2,565	2,565	0.7 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		934	934					
	The Norinchukin Bank	October 1, 2014	1,500	1,500	0.6 (Note 3)	October 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 2)	October 1, 2014	3,000	3,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd. (Note 2)	October 1, 2014	1,000	1,000	0.6 (Note 3)	April 1, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 2, 2015	200	200	1.0	January 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	JAPAN POST INSURANCE Co., Ltd.		1,000	1,000					
	MUFG Bank, Ltd.	February 5, 2015	2,928	2,928	0.8 (Note 3)	February 5, 2024	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					
	MUFG Bank, Ltd.	February 5, 2015	2,928	2,928	0.7 (Note 3)	February 3, 2023	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,071	1,071					

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2020 (Millions of yen)	August 31, 2020 (Millions of yen)					
Long-term	Sumitomo Mitsui Banking Corporation	March 2, 2015	1,000	1,000	1.6 (Note 3)	March 30, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	7,000	7,000	1.0 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.9 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 2, 2015	6,000	6,000	0.7 (Note 3)	March 31, 2023	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 18, 2016	6,000	6,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	February 18, 2016	1,000	1,000	0.5 (Note 3)	July 31, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	February 18, 2016	1,000	1,000	0.6 (Note 3)	January 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 1, 2016	733	733	0.5 (Note 3)	March 31, 2026	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		267	267					
	Mizuho Bank, Ltd.	March 1, 2016	2,000	2,000	0.4 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 1, 2016	1,000	1,000	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 1, 2016	1,000	1,000	0.3	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	March 1, 2016	1,500	1,500	0.3 (Note 3)	March 29, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	THE NISHI-NIPPON CITY BANK, LTD.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	March 18, 2016	1,000	1,000	0.5 (Note 3)	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	March 31, 2016	1,000	1,000	0.5	March 31, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	April 28, 2016	4,031	4,031	0.5	September 30, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited	1,468		1,468						
Development Bank of Japan Inc.	July 29, 2016	10,850	10,850	0.4	July 30, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed	

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2020	August 31, 2020					
			(Millions of yen)	(Millions of yen)					
Long-term	The Bank of Fukuoka, Ltd.	September 21, 2016	2,000	2,000	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	September 30, 2016	2,500	2,500	0.5	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	September 30, 2016	1,000	1,000	0.4	September 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	December 21, 2016	3,000	3,000	0.7	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	December 21, 2016	2,000	2,000	0.6	December 30, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	March 31, 2017	2,000	2,000	0.6	January 29, 2027	Lump sum	(Note 5)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Yamaguchi Bank, Ltd.	March 31, 2017	1,000	1,000	0.6	January 29, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	May 1, 2017	1,099	1,099	0.4	November 1, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	MUFG Bank, Ltd.	May 1, 2017	1,000	1,000	0.4	May 1, 2025	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	May 1, 2017	2,000	2,000	0.4	May 1, 2024	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	May 1, 2017	2,000	2,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Resona Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	May 1, 2017	1,000	1,000	0.6	May 1, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Toho Bank, Ltd.	May 19, 2017	2,000	2,000	0.3	May 16, 2025	Lump sum (Note 4)	(Note 7)	Unsecured and unguaranteed
	The Juroku Bank, Ltd.		1,800	1,800					
	The Hyakugo Bank, Ltd.		1,350	1,350					
	Taiyo Life Insurance Company		1,000	1,000					
The Daishi Bank, Ltd.	950		950						
The Akita Bank, Ltd.	450		450						
The Iyo Bank, Ltd.	450		450						
The Bank of Fukuoka, Ltd.	September 14, 2017	3,000	3,000	0.4	March 31, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed	

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2020	August 31, 2020					
			(Millions of yen)	(Millions of yen)					
Long-term	MUFG Bank, Ltd.	September 29, 2017	2,000	2,000	0.5	September 30, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 2, 2017	1,000	1,000	0.6	September 30, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Daishi Bank, Ltd.	October 2, 2017	1,500	1,500	0.3	September 30, 2024	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Ashikaga Bank, Ltd.		1,000	1,000					
	The Juroku Bank, Ltd.		500	500					
	MUFG Bank, Ltd.	October 6, 2017	4,764	4,764	0.5	July 31, 2024	Lump sum	(Note 5)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,735	1,735					
	MUFG Bank, Ltd.	November 22, 2017	3,300	3,300	0.5	November 21, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200	1,200					
	MUFG Bank, Ltd.	November 22, 2017	3,300	3,300	0.5	May 22, 2026	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		1,200	1,200					
	The Joyo Bank, Ltd.	November 22, 2017	1,000	1,000	0.6	November 22, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Chugoku Bank, LTD.	November 22, 2017	2,000	2,000	0.6	November 22, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinkin Central Bank	December 29, 2017	2,500	2,500	0.6	December 28, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	January 12, 2018	2,000	2,000	0.6	January 12, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	5,500	5,500	0.4	September 30, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	March 30, 2018	3,000	3,000	0.4	March 31, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2018	4,300	-	0.2	July 31, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 30, 2018	8,500	8,500	0.8	July 31, 2029	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)	September 28, 2018	2,000	2,000	0.2	September 30, 2020	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
Shinsei Bank, Limited	September 28, 2018	3,500	3,500	0.6	March 31, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed	
Shinsei Bank, Limited	September 28, 2018	3,000	3,000	0.6	September 30, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed	
MUFG Bank, Ltd.	October 30, 2018	2,500	-	0.2	April 30, 2020	Lump sum (Note 4)	(Note 5)	Unsecured and unguaranteed	
The Juroku Bank, Ltd.	December 28, 2018	500	500	0.2	December 26, 2025	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed	
The Tochigi Bank, Ltd.		500	500						
The Yamaguchi Bank, Ltd.	December 28, 2018	500	500	0.5	December 28, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed	

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2020	August 31, 2020					
			(Millions of yen)	(Millions of yen)					
Long-term	MUFG Bank, Ltd. (Note 2)	February 28, 2019	4,500	4,500	0.2	February 26, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited (Note 2)	February 28, 2019	2,000	2,000	0.2	August 31, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	7,500	7,500	0.4	March 31, 2028	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 29, 2019	5,000	5,000	0.5	March 31, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 29, 2019	7,500	7,500	0.4	September 29, 2028	Lump sum	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	March 29, 2019	2,500	2,500	0.2	March 31, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd. (Note 2)	June 21, 2019	5,000	5,000	0.2	June 21, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	June 21, 2019	2,000	2,000	0.2	December 21, 2021	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	August 30, 2019	5,500	5,500	0.2	February 28, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	September 4, 2019	3,000	3,000	0.3	September 4, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Shinsei Bank, Limited	September 4, 2019	2,000	2,000	0.3	September 4, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	October 2, 2019	5,500	5,500	0.3	March 31, 2028	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	October 2, 2019	2,000	2,000	0.4	October 2, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Bank of Fukuoka, Ltd.	October 7, 2019	1,000	1,000	0.3	October 5, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The 77 Bank, Ltd.	October 7, 2019	1,000	1,000	0.3	October 5, 2029	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	December 20, 2019	5,900	5,900	0.3	December 20, 2027	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	December 20, 2019	2,100	2,100	0.4	December 20, 2027	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	March 19, 2020	-	9,600	0.4	March 19, 2030	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	March 19, 2020	-	3,400	0.4	September 19, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	April 2, 2020	-	3,300	0.4	April 2, 2030	Lump sum	(Note 6)	Unsecured and unguaranteed

Classification	Name of lender	Borrowing date	Balance as of		Average interest rate (%) (Note 1)	Due date	Repayment method	Use	Remarks
			February 29, 2020 (Millions of yen)	August 31, 2020 (Millions of yen)					
Long-term	Sumitomo Mitsui Trust Bank, Limited	April 2, 2020	-	1,200	0.4	March 31, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	April 2, 2020	-	3,000	0.3	March 31, 2028	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Norinchukin Bank	April 7, 2020	-	1,500	0.4	April 5, 2030	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	The Joyo Bank, Ltd.	April 7, 2020	-	1,000	0.4	April 5, 2030	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	MUFG Bank, Ltd.	April 30, 2020	-	2,500	0.2	April 28, 2022	Lump sum (Note 4)	(Note 6)	Unsecured and unguaranteed
	Development Bank of Japan Inc.	July 31, 2020	-	4,300	0.4	July 31, 2030	Lump sum	(Note 6)	Unsecured and unguaranteed
	Sub-total			360,225	360,225				
Total			360,225	367,225					

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

Note 2 The balances as of August 31, 2020 are included in current portion of long-term borrowings in the balance sheets.

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

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

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

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

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

3. Investment corporation bonds

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

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

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

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

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

4. Short-term investment corporation bonds

None

5. Investment unit warrants

None

Condition of investment transactions

1. Transactions of property and asset-backed securities

(Millions of yen)

Name of real property, etc.	Acquisition		Disposition			
	Date of acquisition	Acquisition cost (Note 1)	Date of disposition	Disposition amount (Note 1)	Net book value	Gain (loss) on disposition
Ito-Yokado Nishikicho (40% of quasi-co-ownership) (Note2)	-	-	March 2, 2020	5,800	3,947	1,787
Machinoma Omori	March 2, 2020	9,100	-	-	-	-
Arkangel Daikanyama (Land with leasehold interest) (45.04% of quasi-co-ownership) (Note3)	-	-	April 30, 2020	1,333	829	-
G-Bldg. Daikanyama 02	April 30, 2020	3,600	-	-	-	-
G-Bldg. Tenjin Nishi-dori 02	August 31, 2020	5,000	-	-	-	-
Total		17,700		7,133	4,777	1,787

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

Note 2 Gain on disposition of Ito-Yokado Nishikicho reflects other sales expenses amounting to ¥64 million.

Note 3 Gain (loss) on disposition of Arkangel Daikanyama (Land with leasehold interest) reflects other transfer expenses amounting to ¥52 million and reduction entry of property amounting to ¥450 million.

2. Transactions of other assets

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

3. Research for specified assets value

(1) Property (Appraisal value)

Acquisition /Disposition	Name of property	Date of acquisition /disposition	Acquisition Cost /Disposition amount (Note 1)	Appraisal value	Name of appraiser	Date of appraisal
Disposition	Ito-Yokado Nishikicho (40% of quasi-co-ownership)	March 2, 2020	5,800	5,800 (Note 2)	Tanizawa Sōgō Appraisal Co., Ltd.	May 29, 2019
Acquisition	Machinoma Omori	March 2, 2020	9,100	9,360	CBRE K.K.	November 1, 2019
Disposition	Arkangel Daikanyama (Land with leasehold interest) (45.04% of quasi-co-ownership)	April 30, 2020	1,333	1,333 (Note 3)	Tanizawa Sōgō Appraisal Co., Ltd.	February 29, 2020
Acquisition	G-Bldg. Daikanyama 02	April 30, 2020	3,600	4,000	Tanizawa Sōgō Appraisal Co., Ltd.	March 1, 2020
Acquisition	G-Bldg. Tenjin Nishi-dori 02	August 31, 2020	5,000	5,480	Japan Real Estate Institute	August 1, 2020

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

Note 2 Appraisal value of Ito-Yokado Nishikicho is calculated by multiplying appraisal value of the property as of May 29, 2019 amounting to ¥14,500 million by 40% of co-ownership interest disposed on March 2, 2020.

Note 3 Appraisal value of Arkangel Daikanyama (Land with leasehold interest) is corresponding to 45.04% of co-ownership interest disposed.

(2) Other transactions

None

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

(1) Outline of specified assets transactions

Classification	Acquisition cost / Disposition amount (Notes 2 and 3)	
	Acquisition cost	Disposition amount
Total amount	¥17,700,000 thousand	¥7,133,184 thousand
<i>Breakdown for transactions with interested parties</i>		
<i>Mitsubishi Corporation Urban Development, Inc.</i>	¥9,100,000 thousand (51.4%)	¥5,800,000 thousand (81.3%)
Total	¥9,100,000 thousand (51.4%)	¥5,800,000 thousand (81.3%)

(2) Amounts of fees paid and other expenses

Classification	Total amount (A)	Transactions with interested parties or major shareholders		
		Name of counter party	Amount of payment (B)	(B) / (A)
Facility management fees	¥1,585,976 thousand	Mitsubishi UFJ Lease & Finance Company Limited	¥450 thousand	0.0%
Property management fees	¥601,618 thousand	Mitsubishi Corporation Urban Development, Inc.	¥18,999 thousand	3.2%
Other rental expenses	¥742,747 thousand	Mitsubishi Shoji & Sun Co., Ltd.	¥2,815 thousand	0.4%
		Mitsubishi Corporation Urban Development, Inc.	¥2,105 thousand	0.3%

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

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

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

Note 4 In addition to the above transaction, JRF paid Mitsubishi Corporation Urban Development, Inc. repair costs amounting to ¥39 thousand.

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

None

Financial information

1. Financial position and operating results

Please refer to the accompanying financial statements.

2. Changes in depreciation method

None

3. Changes in valuation method of real property

None

Outline of overseas real estate investment corporations

1. Disclosures relating to overseas real estate investment corporations

None

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

None

Other information

1. Investment units held by the asset manager

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

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

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

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

Date	Number of investment units held at end of period (Units)	Aggregated value of investment units held at end of period (Note 1) (Thousands of yen)	Ratio of number of investment units held to number of investment units issued and outstanding
The 28th fiscal period (September 1, 2015 to February 29, 2016)	3,200	823,040	0.1%
The 29th fiscal period (March 1, 2016 to August 31, 2016)	3,200	743,360	0.1%
The 30th fiscal period (September 1, 2016 to February 28, 2017)	3,200	723,200	0.1%
The 31st fiscal period (March 1, 2017 to August 31, 2017)	3,200	647,360	0.1%
The 32nd fiscal period (September 1, 2017 to February 28, 2018)	3,200	656,960	0.1%
The 33rd fiscal period (March 1, 2018 to August 31, 2018)	3,200	643,200	0.1%
The 34th fiscal period (September 1, 2018 to February 28, 2019)	3,200	718,080	0.1%
The 35th fiscal period (March 1, 2019 to August 31, 2019)	3,200	680,320	0.1%
The 36th fiscal period (September 1, 2019 to February 29, 2020)	3,200	656,320	0.1%
The 37th fiscal period (March 1, 2020 to August 31, 2020)	3,200	511,680	0.1%

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

2. Notice

The Board of Directors Meeting

Execution or modification of significant agreement approved by the Board of Directors of JRF for the six months ended August 31, 2020 was as follows:

Approval day	Item	Summary
August 28, 2020	Execution of merger agreement	On August 28, 2020, JRF entered into a merger agreement on an absorption-type merger with JRF as the surviving corporation and MCUBS MidCity Investment Corporation as the extinct corporation effective on March 1, 2021.



Independent Auditor's Report

To the Board of Directors of Japan Retail Fund Investment Corporation

Opinion

We have audited the financial statements of Japan Retail Fund Investment Corporation (the Company), which comprise the balance sheet as of August 31, 2020, and the statement of income and retained earnings, statement of changes in net assets and statement of cash flows for the six month period then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of August 31, 2020, and its financial performance and its cash flows for the six month period then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 26 to the financial statements which discloses the approval of the agreement on the merger of MCUBS MidCity Investment Corporation into the Company, which will take effect on March 1, 2021, at the general meeting of unitholders of the Company held on October 23, 2020.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as applicable, matters related to going concern. Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statement audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures of the financial statements are in accordance with accounting principles generally accepted in Japan, the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Convenience translation

The U.S. dollar amounts in the accompanying financial statements with respect to the six month period ended August 31, 2020 are presented solely for convenience. Our audit also included the



translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 4 to the financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Handwritten signature of Wataru Wada in black ink, followed by a red circular seal containing Japanese characters.

Wataru Wada
Designated Engagement Partner
Certified Public Accountant

Handwritten signature of Hideo Ohta in black ink, followed by a red circular seal containing Japanese characters.

Hideo Ohta
Designated Engagement Partner
Certified Public Accountant

November 24, 2020

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

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
ASSETS			
Current assets:			
Cash and cash equivalents (Note 5).....	¥ 67,499	¥ 61,297	\$ 581,786
Restricted bank deposits (Note 5).....	983	513	4,869
Rent receivables	765	1,003	9,519
Other current assets	1,043	1,077	10,222
Total current assets	70,292	63,891	606,406
Non-current assets:			
Property and equipment (Notes 5, 6, 7, 9 and 12), at cost:			
Land.....	624,760	636,174	6,038,097
Buildings.....	288,884	291,331	2,765,100
Building improvements.....	13,303	13,231	125,578
Machinery and equipment.....	2,194	2,190	20,785
Furniture and fixtures.....	4,749	4,815	45,700
Construction in progress.....	257	15	142
Total property and equipment	934,150	947,758	8,995,425
Less: Accumulated depreciation.....	(113,328)	(116,970)	(1,110,193)
Net property and equipment	820,822	830,788	7,885,231
Other assets:			
Leasehold rights (Notes 5, 8 and 9).....	5,114	5,094	48,348
Other intangible assets (Notes 5, 8 and 9).....	190	201	1,907
Lease deposits (Note 5).....	1,619	1,611	15,290
Long-term prepaid expenses	1,635	1,730	16,419
Investment corporation bond issuance costs	163	143	1,357
Other	49	1	9
Total other assets	8,772	8,782	83,352
TOTAL ASSETS	¥ 899,888	¥ 903,461	\$ 8,574,990

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

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

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 10).....	¥ -	¥ 7,000	\$ 66,438
Current portion of long-term borrowings (Note 10).....	57,875	54,575	517,985
Current portion of tenant leasehold and security deposits in trust (Notes 5 and 12).....	658	789	7,488
Accounts payable—operating	3,193	2,362	22,418
Accounts payable—other	37	235	2,230
Accrued expenses	1,978	1,713	16,258
Consumption tax payable	426	395	3,749
Rent received in advance	3,199	3,173	30,115
Deposits received	2,170	1,244	11,807
Other current liabilities	126	131	1,243
Total current liabilities	69,664	71,621	679,774
Non-current liabilities:			
Long-term borrowings (Note 10).....	302,350	305,650	2,901,006
Long-term bonds issued—unsecured (Note 11).....	44,500	44,500	422,361
Tenant leasehold and security deposits (Notes 5 and 12).....	47,320	47,293	448,870
Asset retirement obligations (Note 22).....	543	546	5,182
Derivatives liabilities (Note 21).....	191	104	987
Other	20	20	189
Total non-current liabilities	394,925	398,114	3,778,606
TOTAL LIABILITIES	464,590	469,736	4,458,390
Net Assets (Note 13):			
Unitholders' equity:			
Unitholders' capital, 8,000,000 units authorized; 2,618,017 units as of February 29, 2020 and 2,602,483 units as of August 31, 2020 issued and outstanding.....	411,878	411,878	3,909,244
Capital surplus.....	14,986	14,986	142,236
Deduction from capital surplus.....	(9,999)	(11,999)	(113,885)
Capital surplus, net.....	4,986	2,986	28,340
Reserve for reduction entry of property.....	15	15	142
Reserve for dividends.....	2,864	3,915	37,158
Retained earnings for temporary difference adjustment (Note 14).....	2,981	2,949	27,989
Retained earnings.....	12,800	12,116	114,996
Total unitholders' equity	435,526	433,861	4,117,891
Valuation and translation adjustments:			
Deferred losses on hedges.....	(228)	(136)	(1,290)
Total valuation and translation adjustments	(228)	(136)	(1,290)
TOTAL NET ASSETS	435,298	433,725	4,116,600
TOTAL LIABILITIES AND NET ASSETS	¥ 899,888	¥ 903,461	\$ 8,574,990

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

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

	For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Operating revenues			
Rent and other operating revenues (Note 16).....	¥ 29,985	¥ 29,061	\$ 275,825
Gain on sales of property (Note 17).....	2,022	1,787	16,960
	<u>32,007</u>	<u>30,848</u>	<u>292,786</u>
Operating expenses			
Property-related expenses (Note 16).....	14,318	13,691	129,944
Asset management fees	2,696	2,720	25,816
Custodian fees	29	30	284
General administration fees	128	129	1,224
Merger expenses.....	-	193	1,831
Other	271	255	2,420
	<u>17,444</u>	<u>17,020</u>	<u>161,541</u>
Operating income	14,563	13,828	131,245
Non-operating revenues			
Non-operating revenues.....	2	3	28
	<u>2</u>	<u>3</u>	<u>28</u>
Non-operating expenses			
Interest expenses	1,228	1,202	11,408
Interest expenses on investment corporation bonds.....	143	145	1,376
Amortization of investment corporation bond issuance costs	20	20	189
Amortization of investment unit issuance costs	23	-	-
Loan-related costs	343	328	3,113
Other non-operating expenses	4	18	170
	<u>1,764</u>	<u>1,715</u>	<u>16,277</u>
Ordinary income	12,801	12,116	114,996
Income before income taxes	12,801	12,116	114,996
Income taxes (Note 18):			
Current.....	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net income	12,800	12,116	114,996
Unappropriated earnings at beginning of period	-	-	-
Retained earnings at the end of period (Note 15)	<u>¥ 12,800</u>	<u>¥ 12,116</u>	<u>\$ 114,996</u>

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

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

	Unitholders' equity											Valuation and translation adjustments		Total net assets	
	Surplus											Deferred gains (losses) on hedges	Total valuation and translation adjustments		
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Voluntary reserve			Total voluntary reserve	Retained earnings	Total surplus	Own investment units				Total unitholders' equity
					Reserve for reduction of property	Reserve for dividends	Retained earnings for temporary difference adjustment								
(in millions)															
Balance as of August 31, 2019	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 15	¥ 1,616	¥ 3,012	¥ 4,643	¥ 12,814	¥ 22,445	¥ -	¥ 434,323	¥ (328)	¥ (328)	¥ 433,994
Changes during the period															
Provision of reserve for dividends.....	-	-	-	-	-	1,248	-	1,248	(1,248)	-	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(31)	(31)	31	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	-	(11,597)	(11,597)	-	(11,597)	-	-	(11,597)
Net income.....	-	-	-	-	-	-	-	-	12,800	12,800	-	12,800	-	-	12,800
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	-	100	100	100
Total changes during the period	-	-	-	-	-	1,248	(31)	1,216	(14)	1,202	-	1,202	100	100	1,303
Balance as of February 29, 2020	¥ 411,878	¥ 14,986	¥ (9,999)	¥ 4,986	¥ 15	¥ 2,864	¥ 2,981	¥ 5,860	¥ 12,800	¥ 23,648	¥ -	¥ 435,526	¥ (228)	¥ (228)	¥ 435,298
Changes during the period															
Provision of reserve for dividends.....	-	-	-	-	-	1,050	-	1,050	(1,050)	-	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment.....	-	-	-	-	-	-	(31)	(31)	31	-	-	-	-	-	-
Cash distribution declared.....	-	-	-	-	-	-	-	-	(11,781)	(11,781)	-	(11,781)	-	-	(11,781)
Net income.....	-	-	-	-	-	-	-	-	12,116	12,116	-	12,116	-	-	12,116
Acquisition of own investment units.....	-	-	-	-	-	-	-	-	-	-	(1,999)	(1,999)	-	-	(1,999)
Retirement of own investment units.....	-	-	(1,999)	(1,999)	-	-	-	-	-	(1,999)	1,999	-	-	-	-
Net changes of items other than unitholders' equity.....	-	-	-	-	-	-	-	-	-	-	-	-	91	91	91
Total changes during the period	-	-	(1,999)	(1,999)	-	1,050	(31)	1,019	(684)	(1,664)	-	(1,664)	91	91	(1,572)
Balance as of August 31, 2020	¥ 411,878	¥ 14,986	¥ (11,999)	¥ 2,986	¥ 15	¥ 3,915	¥ 2,949	¥ 6,880	¥ 12,116	¥ 21,983	¥ -	¥ 433,861	¥ (136)	¥ (136)	¥ 433,725

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

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

	Unitholders' equity										Valuation and translation adjustments				
	Surplus										Own investment units	Total unitholders' equity	Deferred gains (losses) on hedges	Total valuation and translation adjustments	Total net assets
	Voluntary reserve														
	Unitholders' capital	Capital surplus	Deduction from capital surplus	Capital surplus, net	Reserve for reduction entry of property	Reserve for dividends	Retained earnings for temporary difference adjustment	Total voluntary reserve	Retained earnings	Total surplus					
(in thousands of U.S. dollars (Note 4))															
Balance as of February 29, 2020	\$ 3,909,244	\$ 142,236	\$ (94,903)	\$ 47,323	\$ 142	\$ 27,182	\$ 28,293	\$ 55,618	\$ 121,488	\$ 224,449	\$ -	\$ 4,133,694	\$ (2,164)	\$ (2,164)	\$ 4,131,529
Changes during the period															
Provision of reserve for dividends	-	-	-	-	-	9,965	-	9,965	(9,965)	-	-	-	-	-	-
Reversal of retained earnings for temporary difference adjustment	-	-	-	-	-	-	(294)	(294)	294	-	-	-	-	-	-
Cash distribution declared	-	-	-	-	-	-	-	-	(111,816)	(111,816)	-	(111,816)	-	-	(111,816)
Net income	-	-	-	-	-	-	-	-	114,996	114,996	-	114,996	-	-	114,996
Acquisition of own investment units	-	-	-	-	-	-	-	-	-	-	(18,973)	(18,973)	-	-	(18,973)
Retirement of own investment units	-	-	(18,973)	(18,973)	-	-	-	-	-	(18,973)	18,973	-	-	-	-
Net changes of items other than unitholders' equity	-	-	-	-	-	-	-	-	-	-	-	-	863	863	863
Total changes during the period	-	-	(18,973)	(18,973)	-	9,965	(294)	9,671	(6,492)	(15,793)	-	(15,793)	863	863	(14,920)
Balance as of August 31, 2020	\$ 3,909,244	\$ 142,236	\$ (113,885)	\$ 28,340	\$ 142	\$ 37,158	\$ 27,989	\$ 65,299	\$ 114,996	\$ 208,646	\$ -	\$ 4,117,891	\$ (1,290)	\$ (1,290)	\$ 4,116,600

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

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

	For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Cash Flows from Operating Activities:			
Income before income taxes.....	¥ 12,801	¥ 12,116	\$ 114,996
Adjustments to reconcile income before income taxes to net cash provided by operating activities:			
Depreciation.....	5,379	5,444	51,670
Amortization of investment corporation bond issuance costs.....	20	20	189
Amortization of investment unit issuance costs.....	23	-	-
Gain on sales of property.....	(2,022)	(1,787)	(16,960)
Loss on disposal of fixed assets.....	58	41	389
Interest income.....	-	-	-
Interest expenses.....	1,372	1,347	12,784
Changes in assets and liabilities:			
(Increase) decrease in rent receivables.....	(28)	(265)	(2,515)
(Increase) decrease in long-term prepaid expenses.....	(20)	(94)	(892)
Increase (decrease) in accounts payable - operating.....	(235)	-	-
Increase (decrease) in accounts payable - other.....	14	196	1,860
Increase (decrease) in accrued expenses.....	5	(351)	(3,331)
Increase (decrease) in consumption tax payable.....	(523)	(30)	(284)
Increase (decrease) in rent received in advance.....	(26)	(26)	(246)
Increase (decrease) in deposits received.....	(572)	(732)	(6,947)
Other, net.....	339	693	6,577
Sub total.....	16,584	16,571	157,279
Interest received.....	-	-	-
Interest expenses paid.....	(1,417)	(1,343)	(12,746)
Income taxes paid.....	-	-	-
Net cash provided by operating activities.....	15,167	15,227	144,523
Cash Flows from Investing Activities:			
Purchase of property and equipment.....	(3,215)	(20,810)	(197,513)
Proceeds from sales of property and equipment.....	6,491	5,773	54,793
Payments for sales of property and equipment.....	(256)	-	-
Purchase of intangible assets.....	(79)	(30)	(284)
Payments of tenant leasehold and security deposits.....	(1,278)	(905)	(8,589)
Proceeds from tenant leasehold and security deposits.....	628	813	7,716
Proceeds from restricted bank deposits.....	-	519	4,925
Proceeds from deposits and others.....	17	7	66
Net cash provided by (used in) investing activities.....	2,307	(14,632)	(138,876)
Cash Flows from Financing Activities:			
Proceeds from short-term borrowings.....	-	14,000	132,877
Repayments of short-term borrowings.....	-	(7,000)	(66,438)
Proceeds from long-term borrowings.....	22,500	29,800	282,839
Repayments of long-term borrowings.....	(22,500)	(29,800)	(282,839)
Payments for acquisition of own investment units.....	-	(2,014)	(19,115)
Distribution payments.....	(11,596)	(11,784)	(111,845)
Net cash used in financing activities.....	(11,596)	(6,798)	(64,521)
Net change in cash and cash equivalents.....	5,878	(6,202)	(58,864)
Cash and cash equivalents at the beginning of period.....	61,620	67,499	640,651
Cash and cash equivalents at the end of period.....	¥ 67,499	¥ 61,297	\$ 581,786

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

JAPAN RETAIL FUND INVESTMENT CORPORATION
NOTES TO FINANCIAL STATEMENTS
As of and for the six months ended February 29, 2020 and August 31, 2020

Note 1 — Organization

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

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

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

The total assets managed by the Company at the end of the 37th fiscal period (August 31, 2020) amounted to ¥888.8 billion (US\$8,435 million) (the total acquisition price of 102 properties).

Note 2 — Summary of Significant Accounting Policies

(a) Basis of Presentation

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

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

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

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

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

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

(b) Cash and Cash Equivalents and Restricted Bank Deposits

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

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

(c) Property and Equipment

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

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

(d) Other Intangible Assets

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

(e) Long-term Prepaid Expenses

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

(f) Impairment of Fixed Assets

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

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

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

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

(h) Investment Corporation Bond Issuance Costs

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

(i) Investment Unit Issuance Costs

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

(j) Income Taxes

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

(k) Consumption Taxes

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

(l) Taxes on Property and Equipment

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

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

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 million (US\$664 thousand) for the six months ended August 31, 2020.

(m) Revenue Recognition

Revenue from the leasing of retail space includes fixed rental revenues, variable rental revenues, sales-based rental revenues,

recoveries of utility charges and other miscellaneous income, which are all recognized in a pattern appropriate for each revenue stream.

(n) Hedge Accounting

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

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

(o) Leases

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

Note 3 — 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

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

(3) Impact of applying the accounting standards

The Company 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 standards 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

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

(3) Impact of applying the accounting standards

The Company 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

The Company 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

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

Note 4 — U.S. Dollar Amounts

The Company maintains its accounting records in Japanese yen. The U.S. dollar amounts included in the accompanying financial statements and notes thereto represent the arithmetical result of translating Japanese yen into U.S. dollars at the rate of ¥105.36 = US\$1, the effective rate of exchange prevailing at August 31, 2020. The inclusion of such U.S. dollar amounts associated with the fiscal six months ended August 31, 2020 is solely for the convenience of readers outside of Japan. Such translations should not be construed as representations that the Japanese yen amounts represent, or have been, or could be converted into, United States dollar amounts at that or any other rate.

Note 5 — Trust Beneficiary Interests in Real Estate Trusts

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

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

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Assets			
Current assets:			
Cash and cash equivalents.....	¥ 11,998	¥ 13,588	\$ 128,967
Restricted bank deposits.....	983	513	4,869
Property and equipment, at cost:			
Land.....	596,301	607,714	5,767,976
Buildings.....	286,450	288,883	2,741,865
Building improvements.....	13,237	13,165	124,952
Machinery and equipment.....	2,194	2,190	20,785
Furniture and fixtures.....	4,730	4,793	45,491
Construction in progress.....	257	11	104
<i>Total property and equipment.....</i>	<u>903,170</u>	<u>916,759</u>	<u>8,701,205</u>
Less: Accumulated depreciation.....	(112,624)	(116,222)	(1,103,094)
<i>Net property and equipment.....</i>	<u>790,545</u>	<u>800,537</u>	<u>7,598,111</u>
Other assets:			
Leasehold rights.....	5,114	5,094	48,348
Other intangible assets.....	124	124	1,176
Lease deposits.....	1,619	1,611	15,290
Liabilities			
Current liabilities:			
Current portion of tenant leasehold and security deposits.....	658	789	7,488
Non-current liabilities:			
Tenant leasehold and security deposits.....	45,525	45,533	432,165

Note 6 — Reduction Entry for Property

Acquisition costs of certain buildings were reduced by government subsidies received. The accumulated amounts of such reduction as of February 29, 2020 and August 31, 2020 were ¥334 million and ¥334 million (US\$3,170 thousand), respectively.

In addition, acquisition costs of certain land acquired through exchange were also reduced in the accumulative amount of ¥450 million (US\$4,271 thousand) as of August 31, 2020.

Note 7 — Schedule of Property and Equipment

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

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

(ii) Schedule of Property and Equipment as of August 31, 2020 consisted of the following:

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in millions)						
Land.....	¥ 624,760	¥ 14,932	¥ 3,518	¥ 636,174	¥ -	¥ -	¥ 636,174
Buildings.....	288,884	5,242	2,795	291,331	107,523	5,001	183,808
Building improvements.....	13,303	101	173	13,231	5,090	197	8,141
Machinery and equipment.....	2,194	11	15	2,190	1,366	57	823
Furniture and fixtures.....	4,749	157	91	4,815	2,989	142	1,825
Construction in progress.....	257	9	251	15	-	-	15
Total.....	¥ 934,150	¥ 20,454	¥ 6,846	¥ 947,758	¥ 116,970	¥ 5,398	¥ 830,788

	At cost			Ending balance	Accumulated depreciation	Depreciation for the period	Net property and equipment
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars (Note 4))						
Land.....	\$ 5,929,764	\$ 141,723	\$ 33,390	\$ 6,038,097	\$ -	\$ -	\$ 6,038,097
Buildings.....	2,741,875	49,753	26,528	2,765,100	1,020,529	47,465	1,744,570
Building improvements.....	126,262	958	1,641	125,578	48,310	1,869	77,268
Machinery and equipment.....	20,823	104	142	20,785	12,965	541	7,811
Furniture and fixtures.....	45,074	1,490	863	45,700	28,369	1,347	17,321
Construction in progress.....	2,439	85	2,382	142	-	-	142
Total.....	\$ 8,866,268	\$ 194,134	\$ 64,977	\$ 8,995,425	\$ 1,110,193	\$ 51,233	\$ 7,885,231

Note 8 — Schedule of Intangible Assets

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

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in millions)						
Leasehold rights.....	¥ 5,384	¥ -	¥ -	¥ 5,384	¥ 270	¥ 20	¥ 5,114
Other intangible assets.....	381	108	2	487	297	19	190
Total.....	¥ 5,766	¥ 108	¥ 2	¥ 5,871	¥ 567	¥ 39	¥ 5,304

(ii) Schedule of Intangible Assets as of August 31, 2020 consisted of the following:

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in millions)						
Leasehold rights.....	¥ 5,384	¥ -	¥ -	¥ 5,384	¥ 290	¥ 20	¥ 5,094
Other intangible assets.....	487	37	1	523	321	25	201
Total.....	¥ 5,871	¥ 37	¥ 1	¥ 5,907	¥ 611	¥ 45	¥ 5,295

	At cost			Ending balance	Accumulated amortization	Amortization for the period	Net intangible assets
	Beginning balance	Increase	Decrease				
	(in thousands of U.S. dollars (Note 4))						
Leasehold rights.....	\$ 51,100	\$ -	\$ -	\$ 51,100	\$ 2,752	\$ 189	\$ 48,348
Other intangible assets.....	4,622	351	9	4,963	3,046	237	1,907
Total.....	\$ 55,723	\$ 351	\$ 9	\$ 56,064	\$ 5,799	\$ 427	\$ 50,256

Note 9 — Fair Value of Investment and Rental Property

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

	As of / For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Net book value⁽ⁱ⁾			
Balance at the beginning of the period.....	¥ 832,643	¥ 826,061	\$ 7,840,366
Net increase(decrease) during the period ⁽ⁱⁱ⁾	(6,582)	9,942	94,362
Balance at the end of the period.....	¥ 826,061	¥ 836,003	\$ 7,934,728
Fair value⁽ⁱⁱⁱ⁾	¥ 988,190	¥ 997,160	\$ 9,464,312

Notes:

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

For the six months ended February 29, 2020:

	Increase (decrease) in net book value (in millions)
Capital expenditure:	
Renewal construction of KAWASAKI Le FRONT.....	¥ 975
Disposition:	
Ito-Yokado Nishikicho (partial disposition of interest).....	(4,469)

For the six months ended August 31, 2020:

	Increase (decrease) in net book value	
	(in millions)	(in thousands of U.S. dollars (Note 4))
Acquisitions:		
Machinoma Omori.....	¥ 9,247	\$ 87,765
G-Bldg. Tenjin Nishi-dori 02.....	5,214	49,487
G-Bldg. Daikanyama 02.....	3,271	31,045
Capital expenditure:		
Renewal construction of KAWASAKI Le FRONT.....	900	8,542
Dispositions:		
Ito-Yokado Nishikicho (40% quasi-co-ownership).....	(3,947)	(37,462)
Arkangel Daikanyama (Land with leasehold interest) (45.04% quasi-co-ownership).....	(829)	(7,868)

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

For rent revenues and expenses for the six months ended February 29, 2020 and August 31, 2020, please refer to “Note 16 — Analysis of Rent and Other Operating Revenues and Property-Related Expenses”.

Note 10 — Bank Borrowings, Credit Facilities and Commitment Lines

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

	As of / For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Bank borrowings at end of the period			
Short-term borrowings.....	¥ -	¥ 7,000	\$ 66,438
Long-term borrowings.....	360,225	360,225	3,418,992
Total.....	¥ 360,225	¥ 367,225	\$ 3,485,430
Average interest rates range for the period.....	From 0.2% to 3.0%	From 0.2% to 2.2%	

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

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Credit Facilities			
Total amount of credit facilities.....	¥ 35,500	¥ 35,500	\$ 336,940
Borrowings drawn down.....	-	-	-
Unused credit facilities.....	¥ 35,500	¥ 35,500	\$ 336,940
Commitment Lines			
Total amount of committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 569,476
Borrowings drawn down.....	-	-	-
Unused committed lines of credit.....	¥ 60,000	¥ 60,000	\$ 569,476

Note 11 — Investment Corporation Bonds

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

	Balance as of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Long-term bonds—unsecured			
¥7.5 billion of 10-year bonds, issued on December 18, 2013, maturing on December 18, 2023 with a coupon of 1.108%.....	¥ 7,500	¥ 7,500	\$ 71,184
¥8 billion of 12-year bonds, issued on June 26, 2014, maturing on June 26, 2026 with a coupon of 1.260%.....	8,000	8,000	75,930
¥7 billion of 10-year bonds, issued on February 5, 2015, maturing on February 5, 2025 with a coupon of 0.765%.....	7,000	7,000	66,438
¥5 billion of 5-year bonds, issued on May 19, 2017, maturing on May 19, 2022 with a coupon of 0.220%.....	5,000	5,000	47,456
¥2 billion of 10-year bonds, issued on May 19, 2017, maturing on May 19, 2027 with a coupon of 0.480%.....	2,000	2,000	18,982
¥8 billion of 5-year bonds (Green Bonds), issued on May 25, 2018, maturing on May 25, 2023 with a coupon of 0.210%.....	8,000	8,000	75,930
¥7 billion of 5-year bonds (Green Bonds), issued on June 25, 2019, maturing on June 25, 2024 with a coupon of 0.200%.....	7,000	7,000	66,438
Total.....	¥ 44,500	¥ 44,500	\$ 422,361

Note 12 — Collateral

Certain properties and beneficiary interests in trusts (comprising of properties and cash) with an aggregate book value of ¥202,779 million and ¥200,828 million (US\$1,906,112 thousand) were pledged as collateral to secure tenant leasehold and security deposits totaling ¥18,427 million and ¥18,427 million (US\$174,895 thousand) as of February 29, 2020 and August 31, 2020, respectively.

Certain land and buildings included in the above aggregate book value were pledged as collateral to secure co-owners' payments of tenant leasehold and security deposits for amounts of ¥691 million and ¥691 million (US\$6,558 thousand) and former owner's payments of retirement benefit obligation for amounts of ¥350 million and ¥350 million (US\$3,321 thousand) as of February 29, 2020 and August 31, 2020, respectively.

Note 13 — Net Assets

The Company issues only non-par value investment units in accordance with the Investment Trust Act, and the entire amount of the issue price of new investment units is allocated to unitholders' capital within net assets. The Company is required to maintain net assets of at least ¥50 million (US\$474 thousand) as required by the Investment Trust Act.

The number of investment units issued and outstanding were 2,618,017 and 2,602,483 as of February 29, 2020 and August 31, 2020, respectively.

The Company purchased its own investment units and retired all of its own investment units as following table. The acquisition cost of the Company's own investment units is deducted from capital surplus in unitholders' equity.

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Accumulated amount of units retired.....	¥ 9,999	¥ 11,999	\$ 113,885
Accumulated units retired.....	49,181	64,715	

Note 14 — Retained Earnings for Temporary Difference Adjustment

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

<i>For the six months ended February 29, 2020:</i>	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period
	(in millions)				
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ 3,012	¥ -	¥ (31)	¥ 2,981
<i>For the six months ended August 31, 2020:</i>	Initial amount	Balance at beginning of the period	Provision	Reversal	Balance at end of the period
(in thousands of U.S. dollars (Note 4))					
Reserve for dividends ⁽ⁱ⁾	¥ 3,138	¥ 2,981	¥ -	¥ (31)	¥ 2,949
	\$ 29,783	\$ 28,293	\$ -	\$ (294)	\$ 27,989

Note:

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

Note 15 — Appropriation of Retained Earnings

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

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

	For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Retained earnings at the end of period.....	¥ 12,800	¥ 12,116	\$ 114,996
Reversal of retained earnings for temporary difference adjustment.....	31	31	294
Cash distribution declared.....	(11,781)	(11,711)	(111,152)
Provision of reserve for dividends.....	(1,050)	-	-
Provision of reserve for reduction entry of property.....	-	(437)	(4,147)
Retained earnings carried forward.....	¥ -	¥ -	\$ -

For the six months ended February 29, 2020, the Company declared a total distribution of ¥11,781 million, representing all of retained earnings at the end of the period then ended after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million and provision of reserve for dividends amounting to ¥1,050 million.

For the six months ended August 31, 2020, the Company declared a total distribution of ¥11,711 million (US\$111,152 thousand), representing all of retained earnings at the end of the period then ended after reversal of retained earnings for temporary difference adjustment amounting to ¥31 million (US\$294 thousand) and provision of reserve for reduction entry of property amounting to ¥437 million (US\$4,147 thousand).

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

Cash distributions per investment unit were ¥4,500 and ¥4,500 (US\$42) for the six months ended February 29, 2020 and August 31, 2020, respectively.

Note 16 — 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:

	For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Rent and other operating revenues:			
Rent and parking revenue.....	¥ 26,341	¥ 25,286	\$ 239,996
Common area charges.....	1,259	1,204	11,427
Other.....	2,385	2,569	24,383
Total rent and other operating revenues.....	¥ 29,985	¥ 29,061	\$ 275,825
Property-related expenses:			
Property management fees.....	¥ 750	¥ 601	\$ 5,704
Facility management fees.....	1,545	1,585	15,043
Utilities.....	1,336	1,321	12,537
Property-related taxes.....	2,632	2,671	25,351
Repair and maintenance.....	826	442	4,195
Insurance.....	30	31	294
Trust fees.....	50	48	455
Rent expense ⁽ⁱ⁾	766	766	7,270
Other.....	941	742	7,042
Depreciation.....	5,377	5,436	51,594
Loss on disposal of property.....	58	41	389
Total property-related expenses.....	¥ 14,318	¥ 13,691	\$ 129,944
Operating income from property leasing activities.....	¥ 15,667	¥ 15,369	\$ 145,871

Note:

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

Note 17 — Analysis of Gain on Sales of Property

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

	For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Sales of property.....	¥ 6,525	¥ 5,800	\$ 55,049
Costs of property.....	4,469	3,947	37,462
Other sales expenses.....	33	64	607
Gain on sales of property, net.....	¥ 2,022	¥ 1,787	\$ 16,960

Certain properties were acquired through exchange for the six months ended August 31, 2020. Gain on exchange of the properties is reduced from the acquisition costs of such properties as follows:

	For the six months ended August 31, 2020	
	(in millions)	(in thousands of U.S. dollars (Note 4))
	Revenue from transfer of property.....	¥ 1,333
Costs of property transferred.....	829	7,868
Other transfer expenses.....	52	493
Reduction entry of property.....	450	4,271
Gain on exchange of property, net.....	¥ -	\$ -

Note 18 — Income Taxes

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

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

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

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

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

Deferred tax assets and liabilities consist of the following:

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Deferred tax assets:			
Asset retirement obligations.....	¥ 170	¥ 171	\$ 1,623
Amortization of leasehold rights.....	135	145	1,376
Depreciation.....	21	16	151
Valuation differences on assets acquired through the merger.....	5,315	5,310	50,398
Deferred losses on hedges.....	71	42	398
Other.....	38	38	360
Sub total.....	5,754	5,725	54,337
Total valuation allowance.....	(5,754)	(5,725)	(54,337)
<i>Total deferred tax assets</i>	-	-	-
Net deferred tax assets	¥ -	¥ -	\$ -

Note 19 — Leases

(a) Lease Rental Revenues

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

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Due within one year.....	¥ 20,460	¥ 18,241	\$ 173,130
Due after one year.....	83,595	79,478	754,347
Total.....	¥ 104,055	¥ 97,719	\$ 927,477

(b) Lease Commitments

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

Note 20 — Financial Instruments

(a) Qualitative information for financial instruments

(i) Policy for financial instrument transactions

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

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

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

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

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

(iii) Supplemental information on fair value of financial instruments

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

(b) Quantitative information for financial instruments

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

	February 29, 2020			As of August 31, 2020			August 31, 2020		
	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)	Carrying amounts	Fair value	Unrealized gain (loss)
	(in millions)			(in millions)			(in thousands of U.S. dollars (Note 4))		
Assets:									
(1) Cash and cash equivalents.....	¥ 67,499	¥ 67,499	¥ -	¥ 61,297	¥ 61,297	¥ -	\$ 581,786	\$ 581,786	\$ -
(2) Restricted bank deposits.....	983	983	-	513	513	-	4,869	4,869	-
Total.....	¥ 68,483	¥ 68,483	¥ -	¥ 61,810	¥ 61,810	¥ -	\$ 586,655	\$ 586,655	\$ -
Liabilities:									
(1) Short-term borrowings.....	¥ -	¥ -	¥ -	¥ 7,000	¥ 7,000	¥ -	\$ 66,438	\$ 66,438	\$ -
(2) Current portion of long-term borrowings.....	57,875	57,907	(32)	54,575	54,585	(10)	517,985	518,080	(94)
(3) Current portion of tenant leasehold and security deposits.....	-	669	(11)	-	799	(10)	-	7,583	(94)
(4) Long-term borrowings.....	302,350	306,056	(3,706)	305,650	307,245	(1,595)	2,901,006	2,916,144	(15,138)
(5) Long-term bonds issued—unsecured.....	44,500	45,389	(889)	44,500	44,896	(396)	422,361	426,119	(3,758)
(6) Tenant leasehold and security deposits.....	1,304	1,318	(14)	1,269	1,267	2	12,044	12,025	18
Total.....	¥ 406,687	¥ 411,341	¥ (4,653)	¥ 413,784	¥ 415,794	¥ (2,009)	\$ 3,927,334	\$ 3,946,412	\$ (19,067)
Derivative instruments*	¥ (228)	¥ (228)	¥ -	¥ (136)	¥ (136)	¥ -	\$ (1,290)	\$ (1,290)	\$ -

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

Notes:

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

Assets

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

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

Liabilities

(1) Short-term borrowings

Carrying amounts of these borrowings approximate fair value given the short maturities associated with each borrowing.

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

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

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

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

(5) Long-term bonds issued—unsecured

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

Derivative instruments

Please refer to "Note 21 — Derivatives" for disclosure of the fair value of the interest rate swaps that is based on the amount calculated by the counterparty to the swap contracts.

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

	As of		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Tenant leasehold and security deposits.....	¥ 46,016	¥ 46,023	\$ 436,816
Total liabilities.....	¥ 46,016	¥ 46,023	\$ 436,816

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

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

As of February 29, 2020:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 67,499	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	983	-	-	-	-	-
Total.....	¥ 68,483	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2020:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Cash and cash equivalents.....	¥ 61,297	¥ -	¥ -	¥ -	¥ -	¥ -
Restricted bank deposits.....	513	-	-	-	-	-
Total.....	¥ 61,810	¥ -	¥ -	¥ -	¥ -	¥ -
As of August 31, 2020:	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 4))					
Cash and cash equivalents.....	\$ 581,786	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted bank deposits.....	4,869	-	-	-	-	-
Total.....	\$ 586,655	\$ -	\$ -	\$ -	\$ -	\$ -

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

<i>As of February 29, 2020:</i>						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Current portion of long-term borrowings.....	¥ 57,875	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of tenant leasehold and security deposits.....	658	-	-	-	-	-
Long-term borrowings.....	-	51,000	30,500	22,000	37,000	161,850
Long-term bonds issued.....	-	-	5,000	15,500	14,000	10,000
Tenant leasehold and security deposits.....	-	658	68	168	68	341
Total.....	¥ 58,533	¥ 51,658	¥ 35,568	¥ 37,668	¥ 51,068	¥ 172,191
<i>As of August 31, 2020:</i>						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in millions)					
Short-term borrowings.....	¥ 7,000	¥ -	¥ -	¥ -	¥ -	¥ -
Current portion of long-term borrowings.....	54,575	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	789	-	-	-	-	-
Long-term borrowings.....	-	43,000	28,500	30,000	39,500	164,650
Long-term bonds issued.....	-	5,000	8,000	14,500	7,000	10,000
Tenant leasehold and security deposits.....	-	658	168	68	68	307
Total.....	¥ 62,364	¥ 48,658	¥ 36,668	¥ 44,568	¥ 46,568	¥ 174,957
<i>As of August 31, 2020:</i>						
	Up to 1 year	1-2 years	2-3 years	3-4 years	4-5 years	Over 5 years
	(in thousands of U.S. dollars (Note 4))					
Short-term borrowings.....	\$ 66,438	\$ -	\$ -	\$ -	\$ -	\$ -
Current portion of long-term borrowings.....	517,985	-	-	-	-	-
Current portion of tenant leasehold and security deposits.....	7,488	-	-	-	-	-
Long-term borrowings.....	-	408,124	270,501	284,738	374,905	1,562,737
Long-term bonds issued.....	-	47,456	75,930	137,623	66,438	94,912
Tenant leasehold and security deposits.....	-	6,245	1,594	645	645	2,913
Total.....	\$ 591,913	\$ 461,826	\$ 348,025	\$ 423,006	\$ 441,989	\$ 1,660,563

Note 21 — Derivatives

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

As of February 29, 2020:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾			Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year		
(in millions)						
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 56,575	¥ 24,000	¥ (228)	
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	99,000	91,500	(1,993)	
Total.....			¥ 155,575	¥ 115,500	¥ (2,221)	

As of August 31, 2020:

Method of hedge accounting	Type of derivatives	Hedged item	Notional amounts ⁽ⁱⁱ⁾			Notional amounts ⁽ⁱⁱ⁾			Fair value ⁽ⁱⁱⁱ⁾
			Total	Over 1 year		Total	Over 1 year		
(in millions)						(in thousands of U.S. dollars (Note 4))			
Deferred hedge accounting	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	¥ 36,075	¥ 14,000	¥ (136)	\$ 342,397	\$ 132,877	\$ (1,290)	
Special treatment for hedge accounting of interest rate swaps ⁽ⁱ⁾	Interest rate swap (Floating-rate to fixed-rate interest)	Long-term borrowings	96,500	84,500	(1,423)	915,907	802,012	(13,506)	
Total.....			¥ 132,575	¥ 98,500	¥ (1,560)	\$ 1,258,304	\$ 934,889	\$ (14,806)	

Notes:

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

Note 22 — Asset Retirement Obligations

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

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

	For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(in millions)		(in thousands of U.S. dollars (Note 4))
Balance at the beginning of the period.....	¥ 550	¥ 543	\$ 5,153
Adjustment for passage of time.....	3	3	28
Derecognition due to execution of obligations.....	(9)	-	-
Balance at the end of the period.....	¥ 543	¥ 546	\$ 5,182

Note 23 — Related-Party Transactions

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

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

(a) Real Estate Transactions

The Company disposed of certain properties to Mitsubishi Corporation Urban Development, Inc. for ¥6,525 million and ¥5,800 million (US\$55,049 thousand) for the six months ended February 29, 2020 and August 31, 2020, respectively. The Company acquired certain properties from Mitsubishi Corporation Urban Development, Inc. for ¥9,100 million (US\$86,370 thousand) for the six months ended August 31, 2020.

The disposition or acquisition amount of the transaction was determined through negotiations with the counterparty based on recent appraisals undertaken by external appraisers.

(b) Fees Paid to the Asset Manager

For the six months ended February 29, 2020, fees paid to the asset manager, Mitsubishi Corp.-UBS Realty Inc., totaled ¥2,696 million which were comprised of asset management fees calculated at 0.6% of the Company's total assets and acquisition fees calculated at 0.8% of the purchase price of the property acquired.

For the six months ended August 31, 2020, fees paid to the asset manager totaled ¥2,720 million (US\$25,816 thousand) which were comprised of Asset management fees I amounting to ¥2,054 million (US\$19,495 thousand), Asset management fees II amounting to ¥665 million (US\$6,311 thousand), Acquisition fees amounting to ¥141 million (US\$1,338 thousand) and Disposition fees amounting to ¥34 million (US\$322 thousand).

Due to the revision of the Articles of Incorporation, the asset management fees from the six months ended August 31, 2020 have been revised as follows:

- Asset management fees I, calculated at 0.45% of the Company's total assets
- Asset management fees II, calculated at 5.65% of cash distribution declared for last fiscal period
- Acquisition fees, calculated at 0.8% of the purchase price of the property acquired
- Disposition fees, calculated at 0.6% of the disposition amount of the property disposed
- Merger fees, calculated at maximum 0.2% of the total specified assets succeeded by merger

Acquisition fees are capitalized as part of the acquisition cost of the properties.

(c) Transactions with the Custodian and General Administrator

Fees paid to the custodian and general administrator, Mitsubishi UFJ Trust and Banking Corporation, were ¥128 million and ¥129 million (US\$1,224 thousand) for general administration fees, and ¥27 million and ¥26 million (US\$246 thousand) for custodian

fees for the six months ended February 29, 2020 and August 31, 2020, respectively. These fees have been decided based on standard terms commensurate with arm's length transactions.

The ending balances of accrued general administration fees and accounts payable for custodian fees as of August 31, 2020 were ¥57 million (US\$541 thousand) and ¥4 million (US\$37 thousand), respectively.

Note:

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

Note 24 — Per Unit Information

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

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

	As of / For the six months ended		
	February 29, 2020	August 31, 2020	August 31, 2020
	(Yen)		(US\$ (Note 4))
Net asset value per unit.....	¥ 166,270	¥ 166,658	\$ 1,581
Net income per unit.....	¥ 4,889	¥ 4,645	\$ 44
Weighted average number of investment units.....	2,618,017	2,608,410	

Note 25 — 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 the Company is comprised of a single reportable segment engaged in the property rental business.

(b) Enterprise-wide Disclosures

(i) Information about Products and Services

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

(ii) Information about Geographic Areas

Revenues from Overseas Customers:

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

Tangible Fixed Assets:

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

(iii) Information about Major Customers

Name of Customer	Revenues for the six months ended			Relating Segment
	February 29, 2020	August 31, 2020	August 31, 2020	
	(in millions)		(in thousands of U.S. dollars (Note 4))	
AEON Mall Co., Ltd.	¥ 3,326	¥ 3,293	\$ 31,254	Property rental business
AEON Retail Co., Ltd. ⁽ⁱ⁾	2,900	2,955	28,046	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 26 — Subsequent Events

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. In addition, the agreement on the merger was approved at the general meetings of unitholders of MMI held on October 22, 2020 and JRF held on October 23, 2020, respectively.

(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, on the condition that the Merger Agreement was to be approved in the general meetings of unitholders of JRF and MMI respectively, MMI submitted to the general meeting of its unitholders 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 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. The aforementioned amendment was approved.

Since the merger agreement was approved at the general meetings of unitholders of MMI and that of JRF held on October 23, 2020, and the conditions for the amendment of the articles were fulfilled, 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 discussed at the 13th session of the General Unitholders' Meeting

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

The proposed amendments to the Articles of Incorporation were 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><i>Nihon Riteru Fando Toshi Hojin</i></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 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</p>	<p>Article 1 Corporate Name</p> <p>The name of the Investment Corporation in Japanese shall be <u><i>Nihon Toshi Fando Toshi Hojin</i></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 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</p>

Current Articles	Proposed Amendment
<p>with respect to those properties.</p> <p>7. (Omitted)</p> <p>Article 23 Limits for Borrowing and Issuance of Investment Corporation Bonds 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 31 Fees for Accounting Auditor 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>Supplementary Provision <u>1.The amendment to Article 29 shall come into effect on March 1, 2020.</u></p>	<p>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 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 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 <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 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>