



Japan Retail Fund Investment Corporation

8953  
JAPAN RETAIL FUND



August 2013 (23<sup>rd</sup>)  
Period Results



Security code 8953

<http://www.jrf-reit.com/english/index.html>

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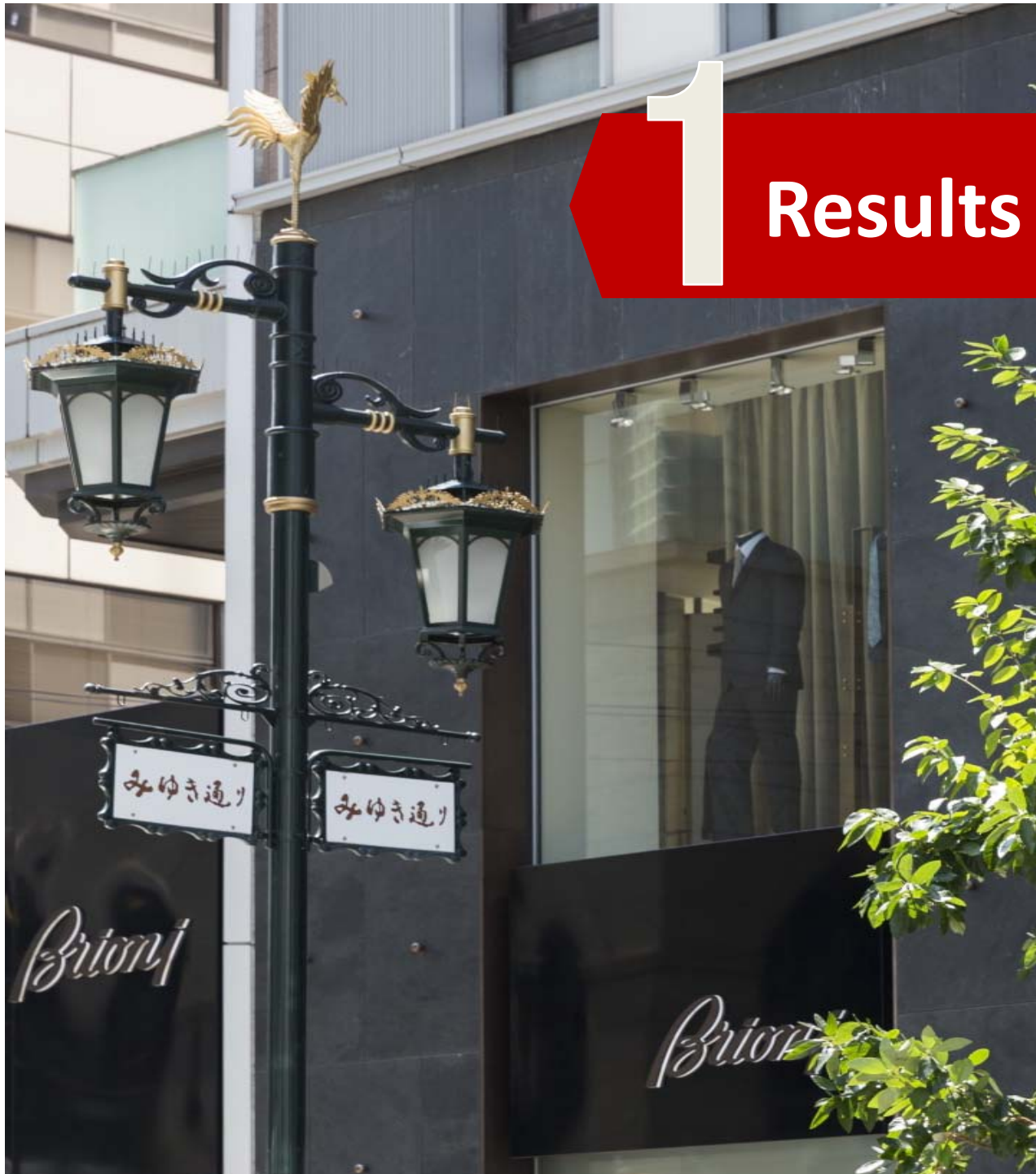
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# 1 Results of Public Offering

## Completion of Acquisition of 8 Properties

From our extensive deal sources, we acquired eight prime retail properties

### Offering structure

**Domestic public offering + Global offering  
(Reg.S+144A)**

### Property acquired

- Number of properties **8** properties
- Total acquisition price **¥73,670** million
- Average NOI yield(before depreciation) **5.5%**
- Average NOI yield (after depreciation) **4.7%**

### Schedule

Sep 12th (Thu)	Launching date
25th (Wed)	Pricing date
Oct 2nd (Wed)	Payment date
3rd (Thu)	Six properties acquired
7th (Mon)	Two properties acquired

#### Oct. 3, 2013 Acquisition completion (6 properties)



G-bldg. Ginza 01



Round 1 Kyoto Kawaramachi



Round 1 Hiroshima



KAMISHIN PLAZA



Summit Store Nakano Minamidai



Colline Bajikouen

#### Oct. 7, 2013 Acquisition completion (2 properties)



KAWASAKI Le FRONT



G-bldg. Shinsaibashi 03

## Effects of Public Offering (1)

### Enhancing our portfolio profitability and stability by expanding asset size

		Feb. 2013 Period (22nd)		Aug. 2013 Period (23rd)		Public Offering in 2013		After Public Offering
Expanding asset size	Number of properties	76 properties	▶	76 properties	+	8 properties	▶	84 properties
	Total acquisition price	¥720.0 billion	▶	¥720.3 <sup>(Note 1)</sup> billion	+	¥73.6 billion	▶	¥794.0 billion
Increasing profitability	Average NOI yield (before depreciation)	5.2 %	▶	5.2 %	+	5.5 %	▶	5.2%
	Average NOI yield (after depreciation)	3.6 %	▶	3.6 %	+	4.7 %	▶	3.7%
	(Reference) Implied cap rate <sup>(Note 2)</sup>	5.1%		5.1%				
Improving stability	Occupancy rate	99.8%	▶	99.8%	+	98.8%	▶	99.8%
	Average remaining term of lease	7.3 years	▶	7.0 years	+	7.0 <sup>(Note 3)</sup> years	▶	7.0 years
	Number of tenants	917	▶	908	+	132	▶	1,040
	Total leasable area	3.0 million m <sup>2</sup>	▶	3.0 million m <sup>2</sup>	+	0.1 million m <sup>2</sup>	▶	3.1 million m <sup>2</sup>
Wiping out unrealized losses	Unrealized profits and losses of portfolio	-¥3.9 billion	▶	+¥6.3 billion	+	+¥7.9 billion	▶	+¥14.3 billion

(Note 1) Total acquisition price in the Aug. 2013 Period (23rd) includes the acquisition of a part of the leased land of AEON MALL Itami on April 24, 2013 for the acquisition price of ¥378 million.

(Note 2) Implied cap rate: NOI / (Market capitalization as of the end of each period + Net debt + Tenant leasehold and security deposits)

(Note 3) End tenant basis as for KAWASAKI Le FRONT. The same process is applied to the following.

## Effects of Public Offering (2)

### Further strengthening our financial base

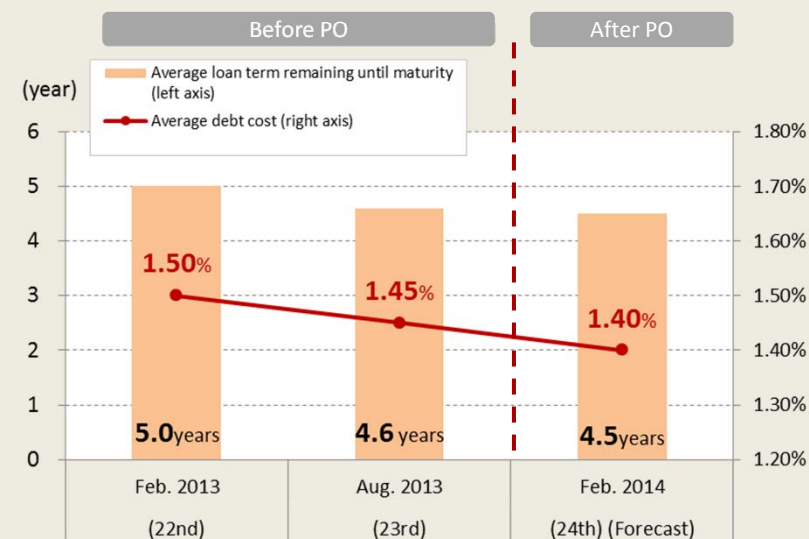
#### New borrowings in connection with the offering

- Introducing long-term borrowings, including 15-year long-term loan, the longest among J-REITs <sup>(Note1)</sup>, with an average term of 8.0 years <sup>(Note 2)</sup>
- Expanding fund-raising capacity by diversifying financing sources (inviting three new banks)

Term	Borrowing amount	Interest rate	Lender
15 years	¥1.0 billion	Fixed <sup>(Note3)</sup>	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
10.5 years	¥1.5 billion	Fixed	Development Bank of Japan Inc.
10 years	¥3.0 billion	Fixed <sup>(Note3)</sup>	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited
	¥1.0 billion	Fixed	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
9.5 years	¥3.5 billion	Fixed <sup>(Note3)</sup>	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited
	¥1.5 billion	Fixed	Development Bank of Japan Inc.
9 years	¥2.0 billion	Fixed <sup>(Note3)</sup>	Sumitomo Mitsui Banking Corporation
	¥1.5 billion	Fixed <sup>(Note3)</sup>	Mizuho Bank, Ltd
	¥1.0 billion	Fixed <sup>(Note3)</sup>	<b>New lender</b> Mizuho Trust & Banking Co., Ltd.
8 years	¥1.0 billion	Fixed	The Yamaguchi Bank Ltd.
	¥1.0 billion	Fixed <sup>(Note3)</sup>	<b>New lender</b> THE NISHI-NIPPON CITY BANK, LTD.
7.5 years	¥3.0 billion	Fixed <sup>(Note3)</sup>	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited
7 years	¥1.5 billion	Fixed	Shinkin Central Bank
6.5 years	¥1.5 billion	Fixed <sup>(Note3)</sup>	<b>New lender</b> The Norinchukin Bank
	¥1.0 billion	Fixed <sup>(Note3)</sup>	The Joyo Bank, Ltd.
6 years	¥1.0 billion	Fixed <sup>(Note3)</sup>	The Bank of Fukuoka, Ltd.
	¥1.0 billion	Fixed <sup>(Note3)</sup>	The 77 Bank, Ltd.
3 years	¥4.0 billion	Variable	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation, Sumitomo Mitsui Trust Bank, Limited
Average term <sup>(Note 2)</sup>	Total borrowing amount	<sup>(Note 1)</sup> As of Sep. 30, 2013. Based on publicly disclosed information of each J-REIT. <sup>(Note 2)</sup> Calculated as the weighted average based on borrowing amounts. <sup>(Note 3)</sup> Although the loan agreement provides a valuable interest rate, such interest rate was fixed on or before the loan execution date through an interest rate swap agreement.	
8.0 years	¥31.0 billion		

#### Change in financial indicators

- Reducing our LTV level gradually
- Further strengthening our long-term stable financial base while carefully assessing the average debt cost



#### LTV

LTV  
(excl. tenant leasehold and security deposits)

53.8%

53.5%

52.0%

45.1%

44.9%

44.2%

#### Long-term liability ratio

97.1%

97.1%

98.5%

#### Fixed interest rate ratio

55.3%

69.1%

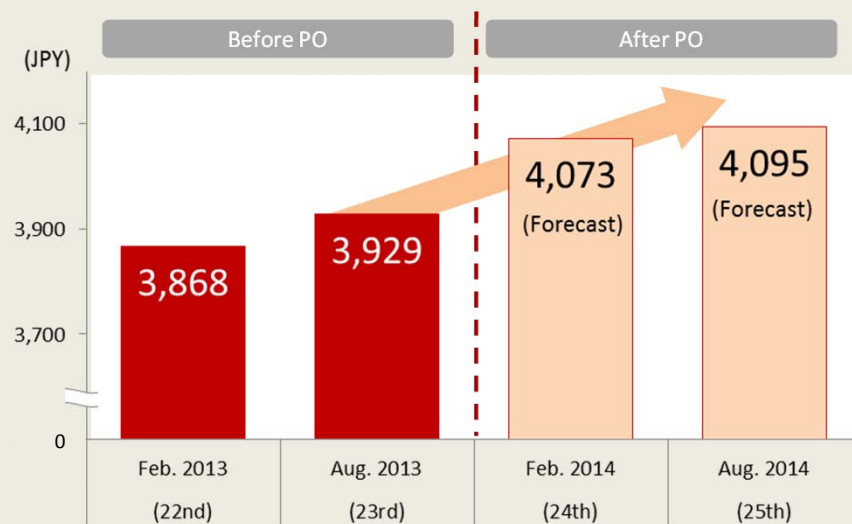
73.1%

## Effects of Public Offering (3)

Increasing unitholders' value ; distribution per unit, NAV per unit

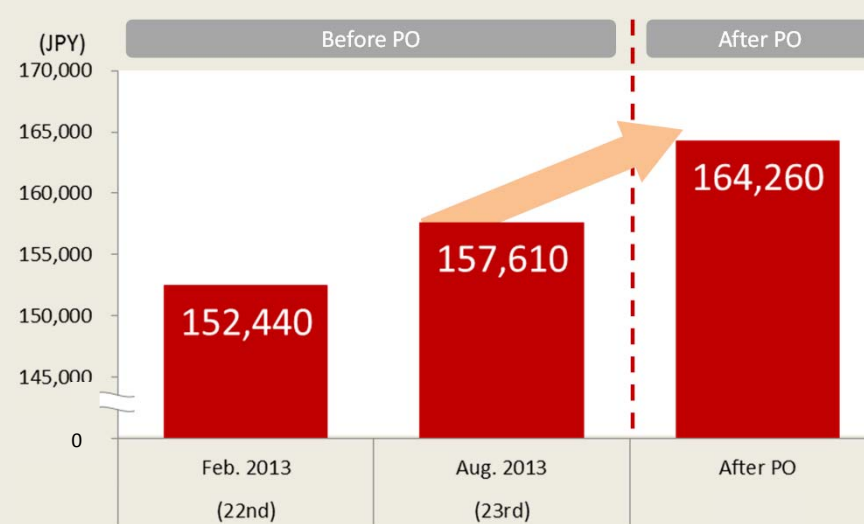
Distribution per unit

**4.2% Increase**



NAV per unit

**4.2% Increase**



NAV as of 22<sup>nd</sup> and 23<sup>rd</sup> period : (Unitholders' capital for each period end + unrealized gains and losses of total portfolio) / (Total number of units outstanding for each period end)

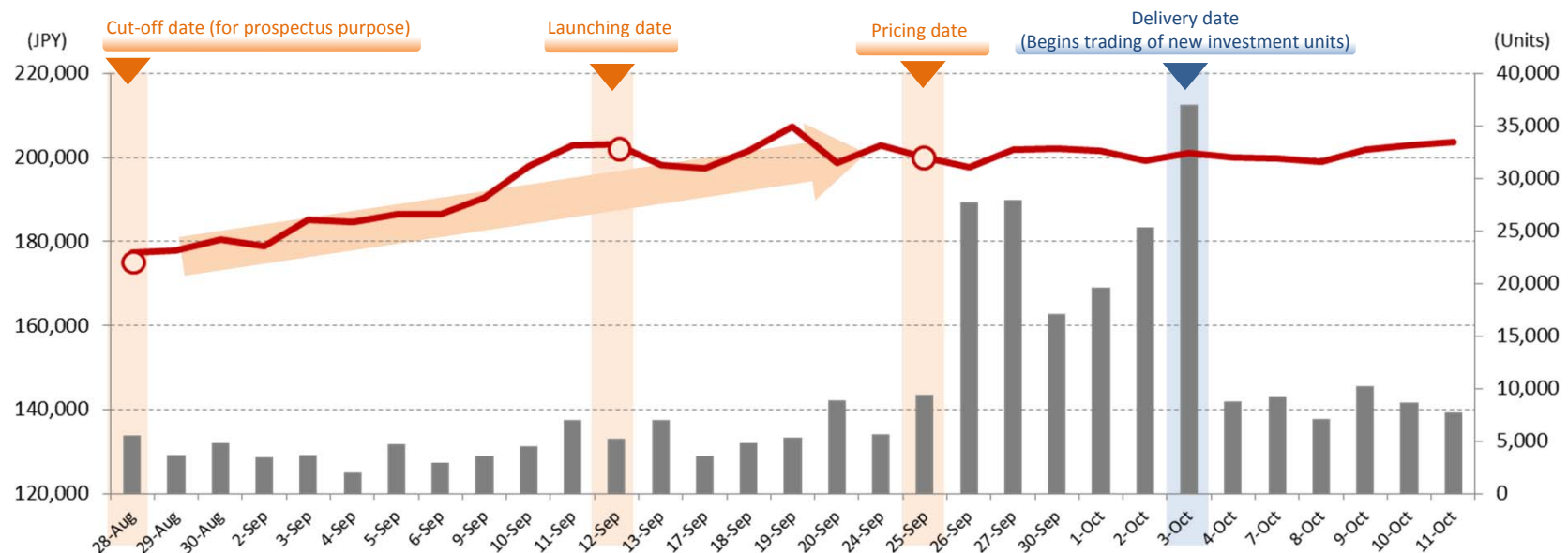
NAV after the PO : (Unitholders' capital as of the end of the 23<sup>rd</sup> period + unrealized gains and losses as of the end of the 23<sup>rd</sup> period + unrealized gains and losses of 8 properties acquired in connection with the PO) / (Total number of units outstanding as of Oct 15, 2013)



## Effects of Public Offering (4)

### Steady unit price performance after launching date as well as in the aftermarket

Performance of unit price and volume before and after launching date (Aug.28 ~ Oct. 11, 2013)



Cut-off date (for prospectus purpose)

**¥177,500**

(as of Aug. 28, 2013)

	Units	Total amount
(1) Domestic	<b>107,000</b>	<b>¥18,033million</b>
(2) International	<b>122,000</b>	<b>¥20,561million</b>
(3) Total = (1)+(2)	<b>229,000</b>	<b>¥38,594million</b>

**+13%**

Pricing date

**¥199,900**

(as of Sep. 25, 2013)

	Units	Total amount
(1) Domestic	<b>107,000</b>	<b>¥20,309million</b>
(2) International	<b>122,000</b>	<b>¥23,156million</b>
(3) Total = (1)+(2)	<b>229,000</b>	<b>¥43,465million</b>

(Reference)

Total effective demand and demand size<sup>(Note)</sup>

● Domestic			
Retail	12.6x	approx. ¥154.2 billion	
Institutional	2.0x	approx. ¥24.8 billion	
● International			
Institutional	5.8x	approx. ¥142.5 billion	
Total	6.6x	approx. ¥321.5 billion	

(Note) Based on closing price of Sep. 25





Round1 Hiroshima

# 2

## Financial Results and Forecasts

## Trend of Business Results

### Sustainable growth of rent NOI and DPU through PO in three consecutive years

	Aug. 2011 Period (19th)	Feb. 2012 Period (20th) <small>Public Offering</small>	Aug. 2012 Period (21st)	Feb. 2013 Period (22nd) <small>Public Offering</small>	Aug. 2013 Period (23rd)	Feb. 2014 Period (24th) (Forecast) <small>Public Offering</small>	Aug. 2014 Period (25th) (Forecast)
Operating revenue	21,824 (100.0)	23,642 (108.3)	23,559 (107.9)	25,642 (117.5)	26,130 (119.7)	28,939 (132.6)	29,375 (134.6)
Rent NOI	15,781 (100.0)	16,954 (107.4)	17,128 (108.5)	18,552 (117.6)	18,782 (119.0)	20,609 (130.6)	20,755 (131.5)
Operating income	8,546 (100.0)	5,338 (Note 4) (62.5)	9,602 (112.4)	10,573 (123.7)	10,665 (124.8)	12,032 (140.8)	12,065 (141.2)
Ordinary income	6,005 (100.0)	2,827 (Note 4) (47.1)	7,220 (120.2)	8,042 (133.9)	8,171 (136.1)	9,478 (157.8)	9,453 (157.4)
Net income	5,502 (100.0)	2,312 (Note 4) (42.0)	7,220 (131.2)	8,041 (146.1)	8,170 (148.5)	9,400 (170.8)	9,452 (171.8)
DPU (JPY)	3,556 (Note 3) (100.0)	3,673 (Note 5) (103.3)	3,840 (108.0)	3,868 (108.8)	3,929 (110.5)	4,073 (114.5)	4,095 (115.2)
Units issued and outstanding (units)	1,688,198 (100.0)	1,880,198 (111.4)	1,880,198 (111.4)	2,079,198 (123.2)	2,079,198 (123.2)	2,308,198 (136.7)	2,308,198 (136.7)

(Note 1) Million JPY unless otherwise noted.

(Note 2) Numbers in brackets are relative values of each period compared to values of Aug. 2011 (19th) period.

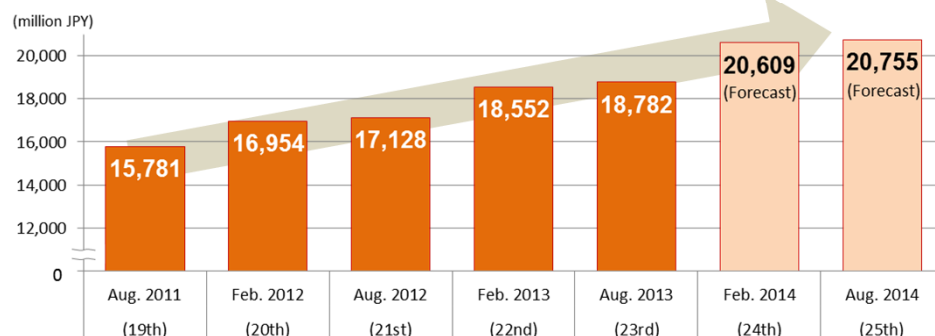
(Note 3) Extraordinary loss related to the Great East Japan Earthquake is added back.

(Note 4) Loss on disposal of Hakata Riverain is recorded as operating expense.

(Note 5) Reserve for dividends (Negative goodwill) is appropriated for loss on disposal of properties, etc.

#### Rent NOI

**+31%** over 3 years (25<sup>th</sup> period (Forecast) / 19<sup>th</sup> period)



#### Distribution per unit

**+15%** (Note) over 3 years (25<sup>th</sup> period (Forecast) / 19<sup>th</sup> period)



(Note) Extraordinary loss related to the Great East Japan Earthquake is added back

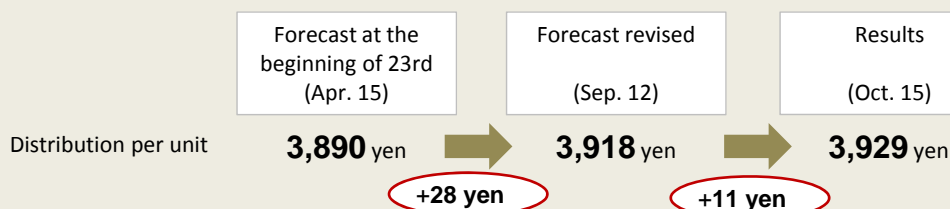
## Aug. 2013 Period (23<sup>rd</sup>) P/L Performance

	Feb. 2013 Period (22nd) (Actual)	Aug. 2013 Period (23rd) (Actual)	Change	Sep. 12 (Revisions of Forecast)	Change
Operating revenue	25,642	26,130	+ 488	26,080	+ 50
Operating expenses	15,068	15,465	+ 396	—	—
(Rent NOI)	18,552	18,782	+ 229	—	—
Operating income	10,573	10,665	+ 92	10,643	+ 22
Non-operating revenue	6	14	+ 8	—	—
Non-operating expenses	2,536	2,508	- 28	—	—
Ordinary income	8,042	8,171	+ 128	8,148	+ 22
Net income	8,041	8,170	+ 128	8,148	+ 22
Total distribution	8,042	8,169	+ 126	8,148	+ 21
Units outstanding	2,079,198 units	2,079,198 units	—	2,079,198 units	—
DPU	3,868 yen	3,929 yen	+ 61 yen	3,918 yen	+ 11 yen
FFO per unit (Note2)	6,560 yen	6,664 yen	+ 104 yen	6,653 yen	+ 11 yen
FFO pay out ratio	59.0 %	59.0 %	—	58.9 %	—
Capital expenditures	1,140	2,233	+ 1,093	2,303	- 69
Repair expenses	204	170	- 34	175	- 5
Total	1,344	2,404	+ 1,059	2,479	- 75
Depreciation	5,599	5,685	+ 85	5,686	- 1

(Note1) Million JPY unless otherwise noted.

(Note2) (Net income + loss on sale of real estate, etc. - gain on sale of real estate, etc. + depreciation + other real estate related depreciation) / total units outstanding

### Changes in distribution forecast for Aug. 2013 period (23rd)



### Major factors behind change during Aug. 2013 (23<sup>rd</sup>) period (compared to previous period)

(million JPY)

Operating Revenues	+488
✓ Contribution in full rent revenue of properties acquired through PO in 2012	+447
Operating Expenses	+396
✓ Contribution in full expenses associated with properties acquired through PO in 2012	+401
Operating Income	+92
✓ Decrease in borrowing costs	-31
Ordinary Income	+ 128
Net Income	+ 128

### Major factors behind change during the 23rd period (compared to revised forecasts as of Sep. 12)

(million JPY)

Operating Revenues	+50
✓ Increase in other revenues(one-time revenue such as rent of temporary tenants, etc.)	+19
✓ Increase in utilities revenues	+13
Operating Expenses	+27
✓ Increase in utility costs	+36
Operating Income	+22
Ordinary Income	+22
Net Income	+22

## Aug. 2013 Period (23<sup>rd</sup>) B/S Performance

	Feb. 2013 Period (22nd)	Aug. 2013 Period (23rd)	Change
Total assets (1)	<b>710,212</b>	<b>711,352</b>	+ 1,140
Total liabilities	<b>389,354</b>	<b>390,030</b>	+ 675
Interest-bearing liability (2)	<b>320,551</b>	<b>319,751</b>	- 800
Tenant leasehold and security deposits (3)	<b>61,542</b>	<b>60,732</b>	- 810
Net assets	<b>320,857</b>	<b>321,322</b>	+ 464
LTV ( (2)+(3) ) / (1)	<b>53.8 %</b>	<b>53.5 %</b>	- 0.3 points
LTV (2) / (1)	<b>45.1 %</b>	<b>44.9 %</b>	- 0.2 points
Long-term liability ratio (incl.above (3))	<b>97.1 %</b>	<b>97.1 %</b>	- 0.0 points
Number of properties	<b>76</b> properties	<b>76</b> properties	—
Unrealized profits and losses	<b>- 3,903</b>	<b>+ 6,385</b>	+ 10,289
Book value	<b>681,823</b>	<b>678,711</b>	- 3,112
Appraisal value	<b>677,920</b>	<b>685,097</b>	+ 7,177
Reserve for dividends (Negative goodwill)	<b>2,326</b>	<b>2,326</b>	—

(Note) Million JPY unless otherwise noted.

### Major factors behind change during Aug. 2013 (23<sup>rd</sup>) period (compared to previous period)

(million JPY)

Total Assets	+1,140
✓ Depreciation and write-offs during the period	- 5,741
✓ CAPEX	+2,233
✓ Acquisition of a portion of the land of AEON MALL Itami	+391
✓ Increase in cash and bank deposit	+ 5,184
✓ Consumption tax refundable etc.	-931
Total Liabilities	+675
✓ Repayment of borrowings	-800
✓ Repayment of tenant leasehold and security deposits	-810
✓ Increase in deposits received	+2,286
Net Assets	+464
✓ Deferred gains and losses on hedges	+335



## P/L Forecasts for the coming two periods

	Aug. 2013 Period (23rd) (Actual)	Feb. 2014 Period (24th) (Forecast)	Change	Aug. 2014 Period (25th) (Forecast)	Change
Operating revenue	26,130	28,939	+ 2,808	29,375	+ 436
(Rent NOI)	18,782	20,609	+ 1,827	20,755	+ 146
Operating income	10,665	12,032	+ 1,366	12,065	+ 32
Ordinary income	8,171	9,478	+ 1,307	9,453	- 25
Net income	8,170	9,400	+ 1,229	9,452	+ 52
Total distribution	8,169	9,401	+ 1,232	9,452	+ 50
Units outstanding	2,079,198 units	2,308,198 units	+ 229,000 units	2,308,198 units	—
DPU	3,929 yen	4,073 yen	+ 144 yen	4,095 yen	+ 22 yen
FFO per unit (Note2)	6,664 yen	6,647 yen	- 17 yen	6,707 yen	+ 60 yen
FFO pay out ratio	59.0 %	61.3 %	—	61.1 %	—
Capital expenditures	2,233	2,121	- 112	3,243	+ 1,122
Repair expences	170	204	+ 34	152	- 52
Total	2,404	2,325	- 78	3,395	+ 1,069
Depreciation	5,685	5,942	+ 257	6,028	+ 85

(Note1) Million JPY unless otherwise noted.

(Note2) (Net income + loss on sale of real estate, etc. - gain on sale of real estate, etc. + depreciation + other real estate related depreciation) / total units outstanding

### ■ Major factors behind change for Feb. 2014 (24<sup>th</sup>) period (compared to previous period)

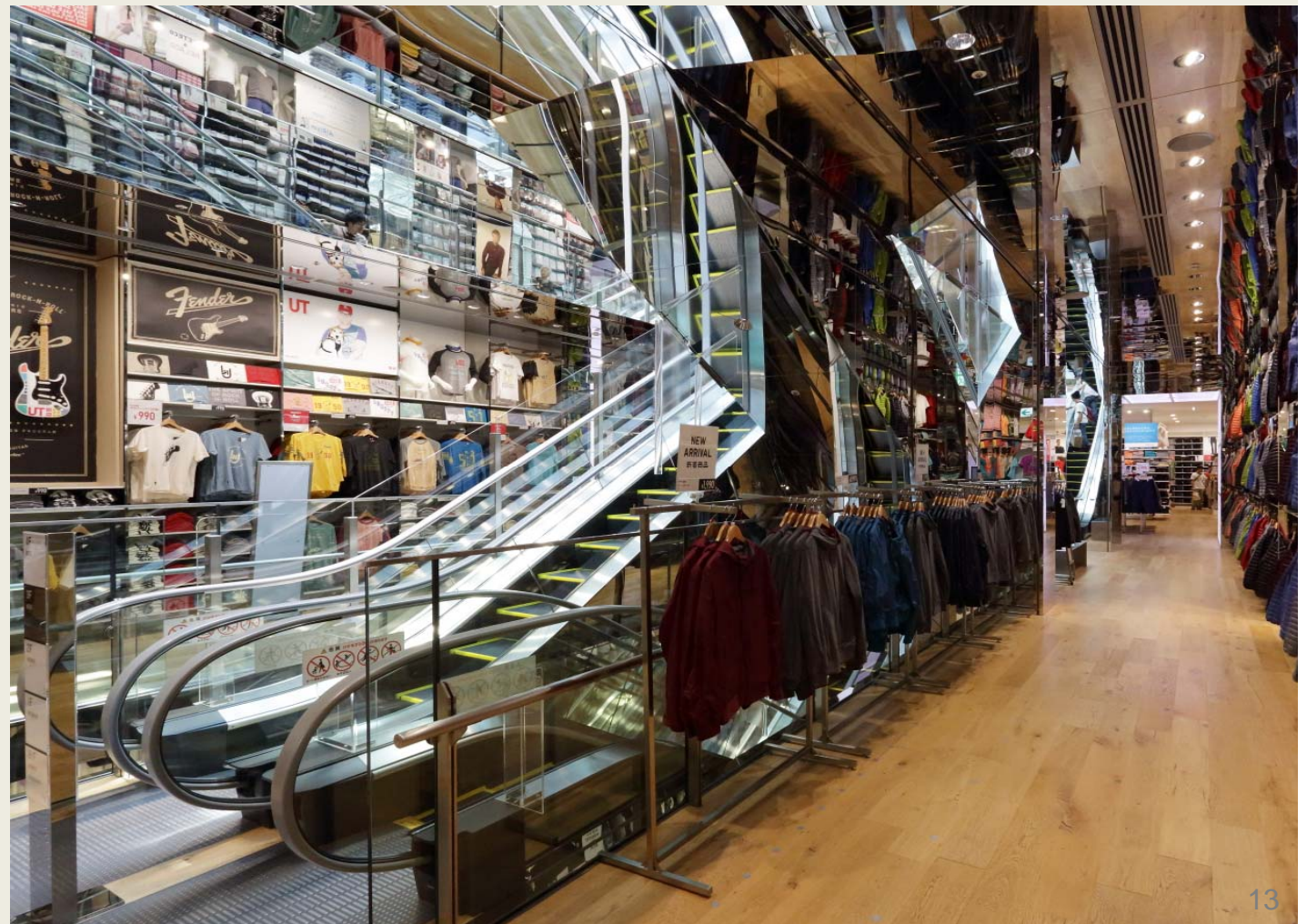
	(million JPY)
Operating Revenues	+2,808
✓ Increase in rent and other revenues of newly acquired properties through PO	+2,573
✓ Renewal of Oyama Yuen Harvest Walk ,etc.	+227
✓ Increase in other revenue (penalty, etc.), decrease in utilities revenue	+12
Operating Expenses	+1,442
✓ Increase in expenses associated with acquisition of properties through PO	+921
✓ Renewal of Oyama Yuen HW, etc.	+188
✓ Loss on disposal of fixed assets associated with Renewal of Oyama Yuen HW, etc.	+183
✓ Increase in asset management fee due to increase in total asset through PO ,etc.	+181
Operating Income	+1,366
✓ Increase in interest payments	+46
Ordinary Income	+1,307
✓ Deferred income taxes (expenses)	+78
Net Income	+1,229

### ■ Major factors behind change for Feb. 2014 (25<sup>th</sup>) period (compared to previous period)

	(million JPY)
Operating Revenues	+436
✓ Full contribution of revenues of newly acquired properties	+641
✓ Decrease in other revenue (penalty, etc.), increase in utilities revenue	-141
Operating Expenses	+403
✓ Full contribution of expenses of newly acquired properties	+566
✓ Increase in utilities costs	+116
✓ Decrease in loss on disposal of fixed assets	-219
Operating Income	+32
✓ Increase in interest payments	+58
Ordinary Income	-25
✓ Absence of deferred income taxes	-78
Net Income	+52

# 3

## Business Environment and Growth Strategy



G-Bldg. Shinsaibashi 03

## Recent Trends in JRF's Properties

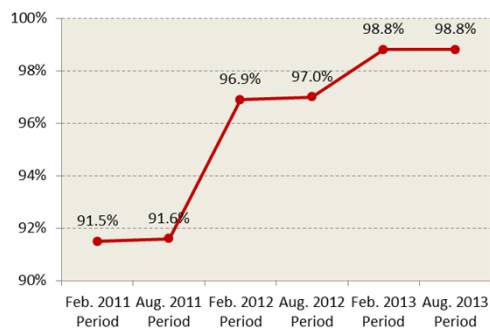
### Urban Retail Properties: Steady growth

JRF Portfolio (As of Oct. 15, 2013)  
33 properties 30.6%  
(Based on appraisal value)

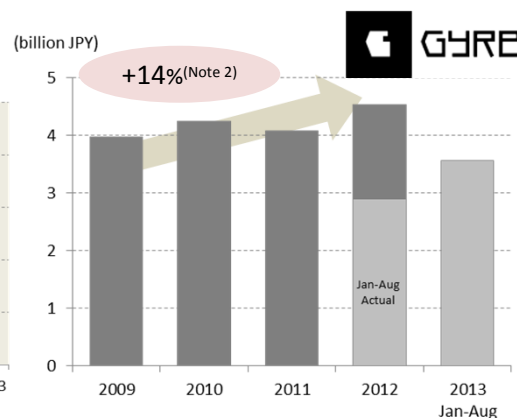


- Good sales growth in urban facilities dealing with foreign high-end brand goods.
- Occupancy rate of JRF's properties keeps high caused by strong needs to open stores.
- Sales performance of urban flagship SC, GYRE, indicates steady growth.

#### ■ Average occupancy rate of urban retail properties



#### ■ Yearly sales performance of GYRE



(Note 1) Based on calendar year  
(Note 2) Relative value of CY2012 sales with comparison to CY2009 sales (supposing CY2009 sales is 100)

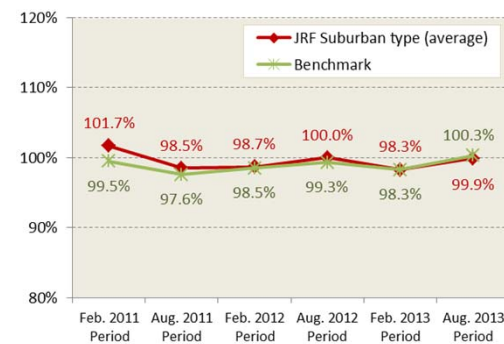
### Suburban Retail Properties: Solid

JRF Portfolio (As of Oct. 15, 2013)  
51 properties 69.4%  
(Based on appraisal value)



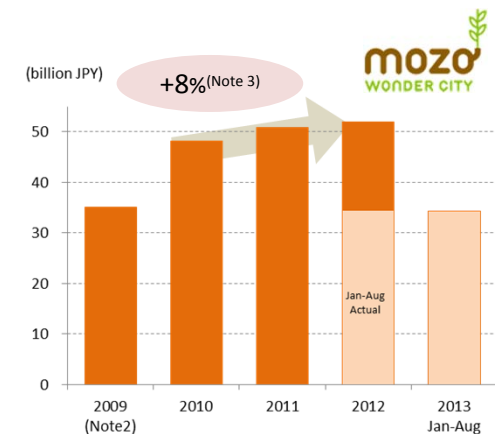
- Major retailers, including AEON and Seven & i Holdings, shows growth trend both in revenues and profits.
- Sales in most JRF's retail facilities are stable.
- Sales in our suburban flagship SC, mozo wonder city, stay solid.

#### ■ Sales performance of suburban retail properties (YoY%)



(Note 1) Sales of suburban retail properties is based on interview by asset management company  
(Note 2) Current Survey of Commerce's large-scale retail store sales value (existing stores) by type of business on year-on-year basis is used as a benchmark

#### ■ Annual sales in mozo wonder city

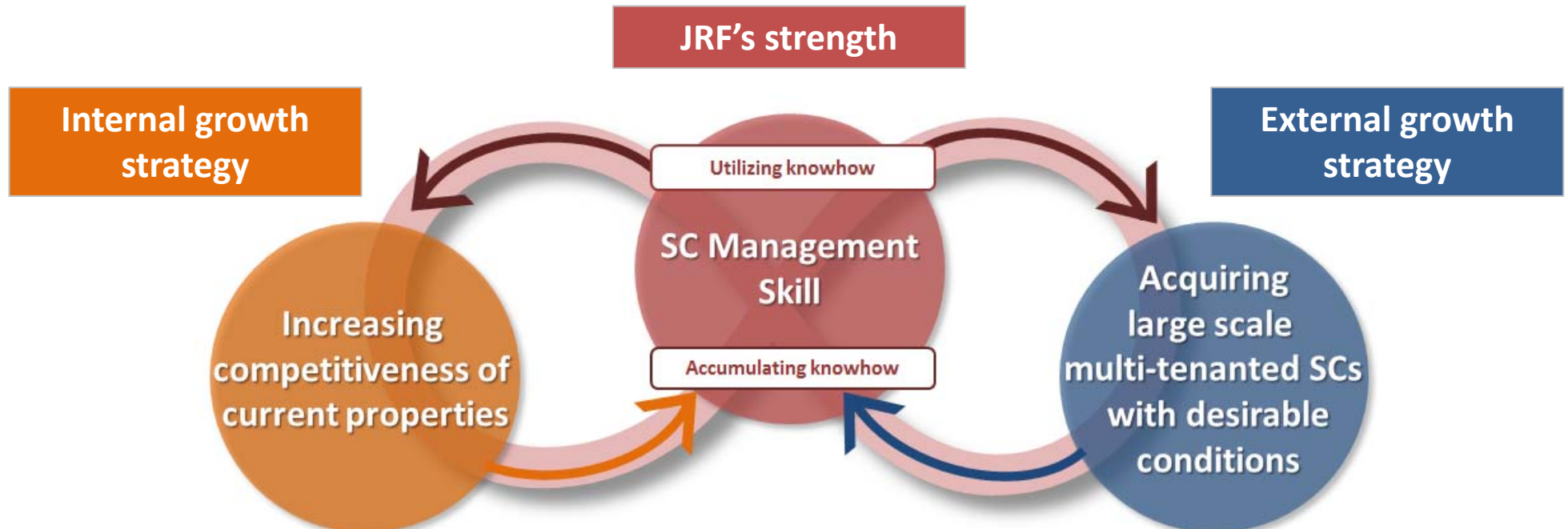


(Note 1) Based on calendar year  
(Note 2) Sales in 2009 only indicates nine month results from April to December as mozo wonder city started operation in April  
(Note 3) Relative value of CY2012 sales with comparison to CY2010 sales (supposing CY2010 sales is 100)



## SC Management as our Growth Strategy

Heading for external growth as well as internal growth maximizing our SC Management skills



Proactive actions for large-scale renewals and shopping center management



Acquisitions of large-scaled and multi-tenanted SCs which require first-class SC management skills





## Internal Growth Strategy (1)

### Proactive and constant action through SC management

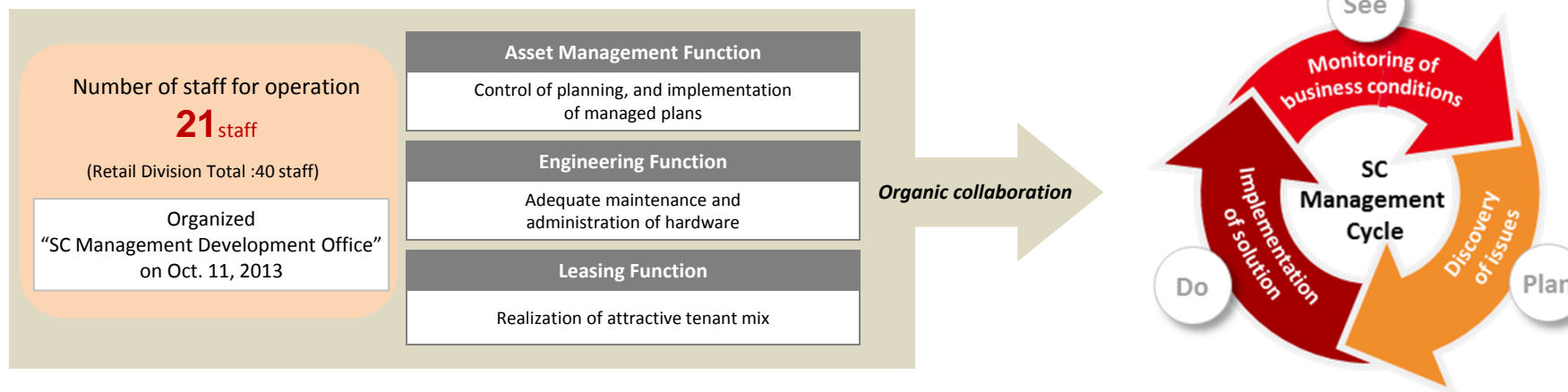
#### Further expansion of our property management platform

- With over 11 years of operation, we have established our position as one of the largest operators of retail properties in terms of leasable area
- Configuring middle and long term relations with various types of tenants

	As of the end of Aug. 2002 (1 <sup>st</sup> period)	As of the end of Aug. 2013 (23 <sup>rd</sup> period)	After PO
• Number of properties	4 properties	76 properties	84 properties
• Leasable area	Approx. 180,000 m <sup>2</sup>	Approx. 3,000,000 m <sup>2</sup>	Approx. 3,100,000 m <sup>2</sup>
• Number of tenants	5 tenants	908 tenants	1,040 tenants

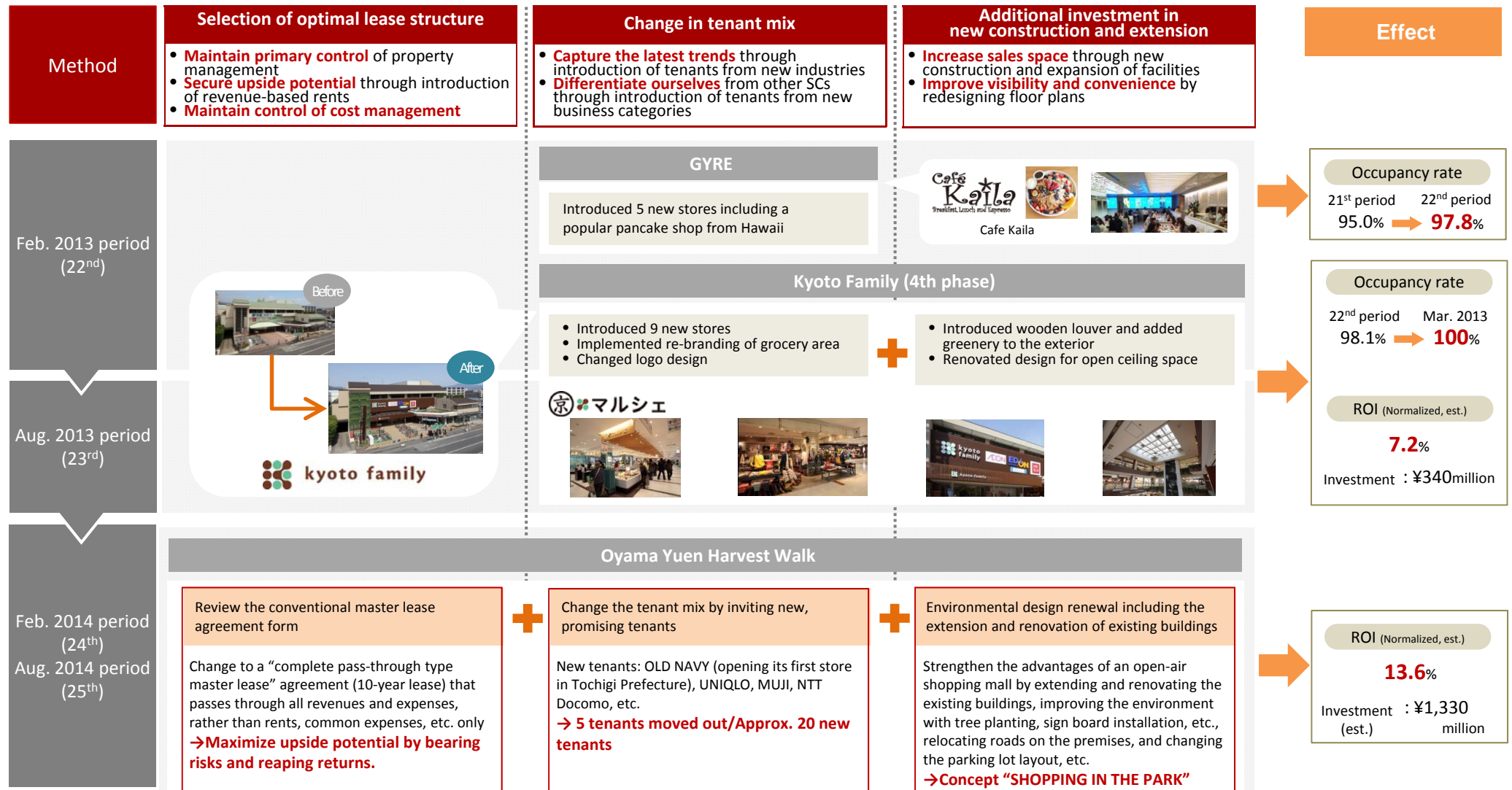
#### SC management and its underlying operations

- We will conduct highly sophisticated SC Management by effectively coordinating the three relevant functions below:



## Internal Growth Strategy (2)

### Dynamic asset value enhancement program



## Internal Growth Strategy (3)

### Oyama Yuen Harvest Walk: Renewal Image



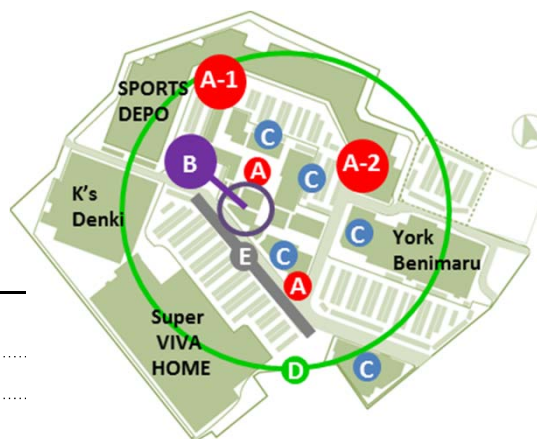
Air photo of renewal property  
(As of the time of acquisition )

#### Concept of environmental designs “SHOPPING IN THE PARK”

Build an environment where customers can enjoy shopping in a parklike atmosphere by strengthening the advantages of an open-air shopping mall

Before

After



#### Renewal implementation place

A	Offer a broader plaza environment (Relaxation Space)
B	Extend and/or renovate existing buildings
C	Rezone the property
D	Improve the environment by planting trees and installing sign boards and by other means
E	Road relocation on the premises



## External Growth Strategy (1)

### Acquisitions of prime retail properties utilizing our extensive deal sources

#### Extensive deal sources

##### Independent network

Our independent network built upon our track record as one of the Japan's largest purchasers of retail properties

- An 11-year proven track record of property acquisitions

##### CRE approach to property owners and tenants

Our know-how for satisfying the needs of retail property owners and tenants

- Needs to move assets off-balance sheet
- Needs to open stores

##### Mitsubishi Corporation group



Collaboration with our sponsor, Mitsubishi Corporation and its group companies ("Mitsubishi Corporation group")

- Acquisition of properties that Mitsubishi Corporation group has acquired or developed
- Acquisition of properties from the funds set up by Mitsubishi Corporation group

- Our acquisition track record as the largest listed J-REIT that specializes in retail properties

Aggregate acquisition price  
since listing



Approx. **¥890 billion**

- Acquisition channels for all properties acquired

Merger with LJR

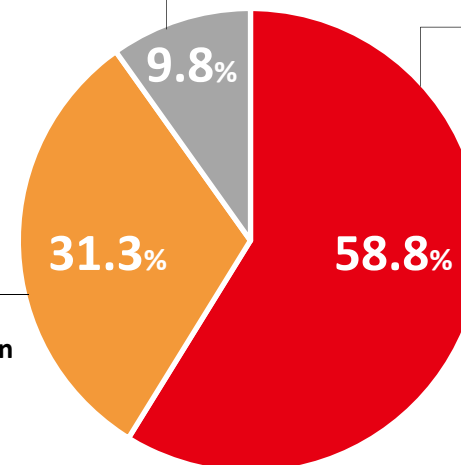
**¥87.8 billion**

Sponsor-related  
companies

**¥279.6 billion**

Non-sponsor –related  
companies

**¥524.8 billion**

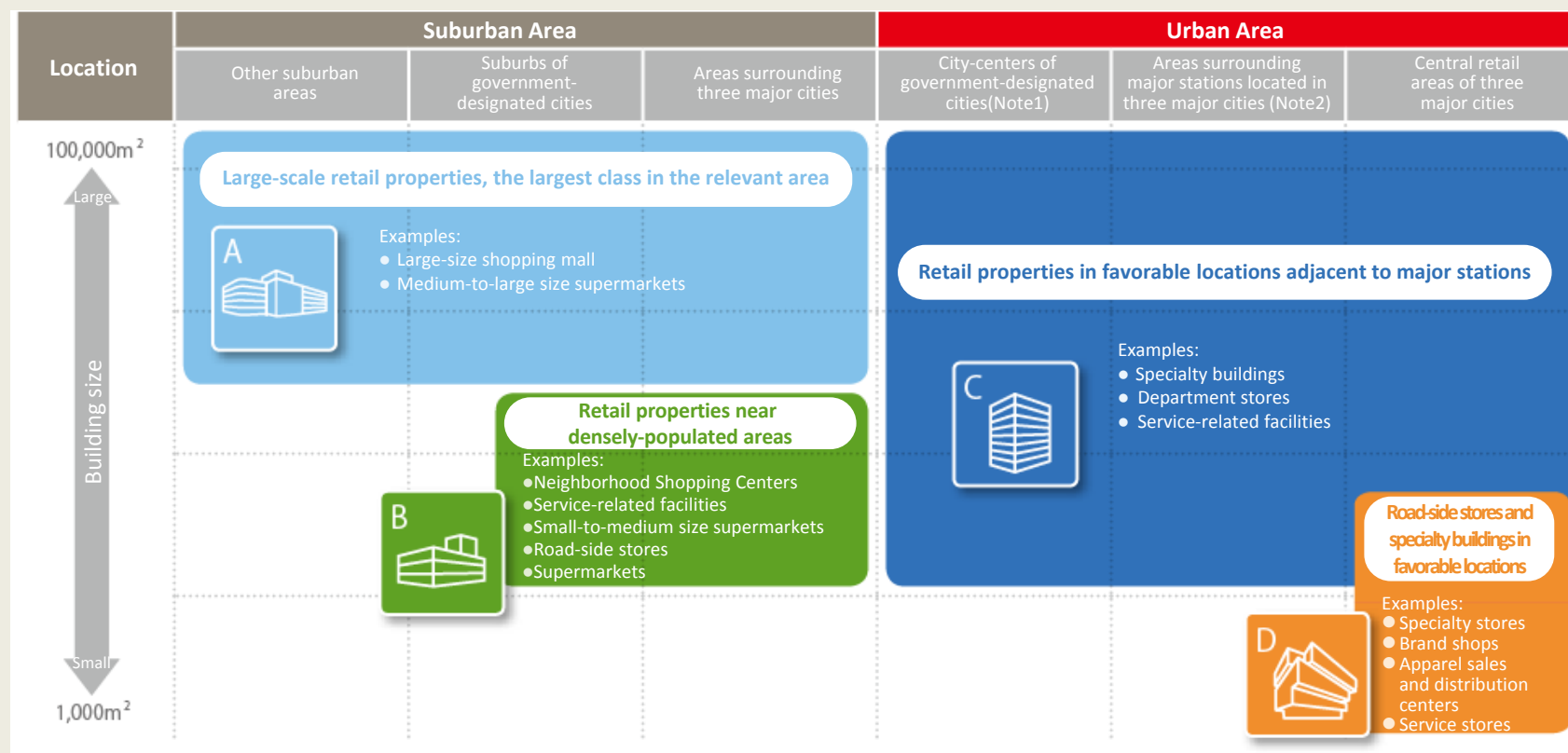




## External Growth Strategy (2)

### Selective investment in a wide variety of properties

Investment target



(Note 1) A government-designated city is a Japanese city that has a population greater than 500,000 and has been designated as such by an order of the cabinet of Japan under Article 252, Section 19 of the Local Autonomy Law.

(Note 2) These three cities are Tokyo, Osaka and Nagoya.

## External Growth Strategy (3)

### Improvement in portfolio profitability and stability through property replacement

#### Concepts

 **Japan Retail Fund Investment Corporation**

#### Objectives

- ✓ Increasing portfolio NOI yield
- ✓ Enhancing portfolio quality
- ✓ Improving portfolio balance

Acquisitions of prominent properties  
making use of abundant deal sources

Independent network

CRE approach

Mitsubishi Corporation group

### Property Replacement

Property disposition at optimum timing

### Real estate market

(Reference) Real estate market cycle and current position

- Urban type
- Suburban type(neighborhood SC)
- Suburban type (large-scale mall)

recession period

rise period

Real estate price

Time to purchase

Time to dispose

Current

## Financing Strategy (1)

### Stable financing operation and effective control of debt cost

#### Change in financial indicators

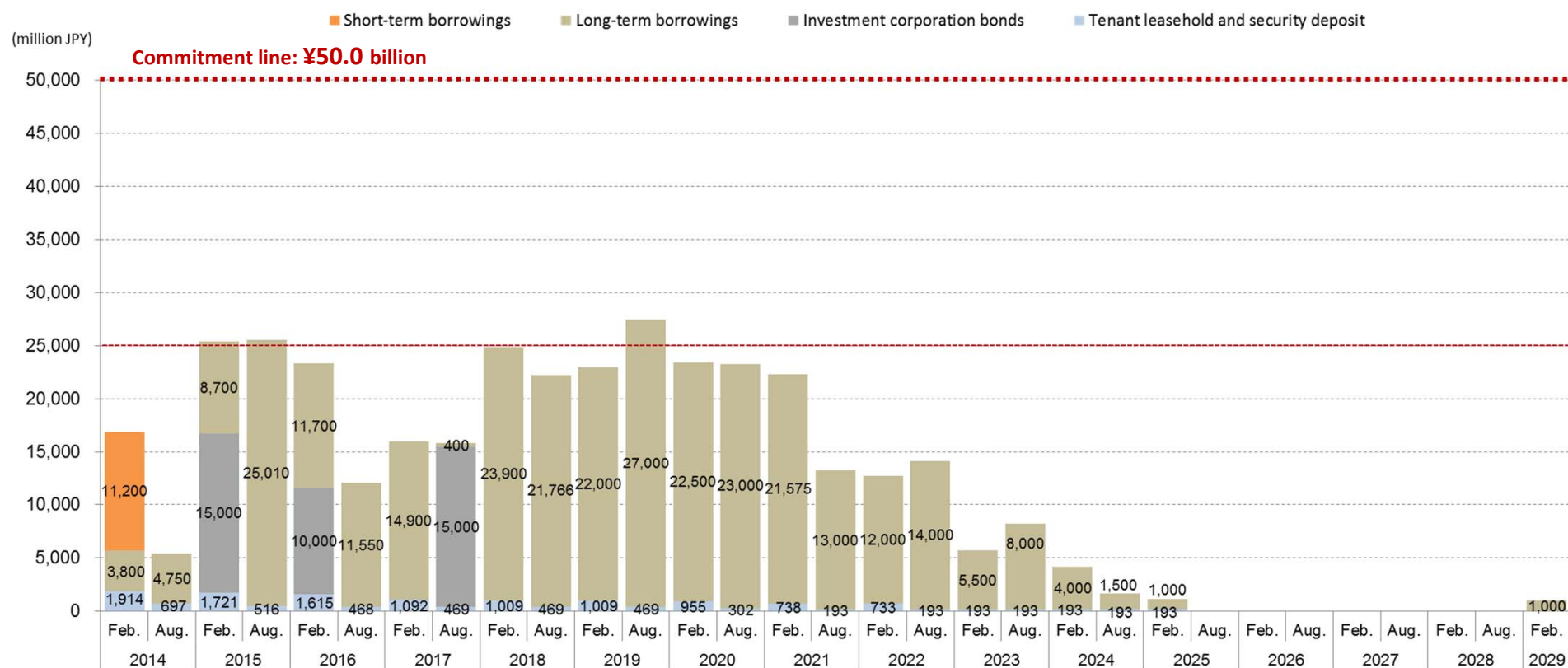
- Reducing our LTV level gradually
- Further strengthening our long-term stable financial base while carefully assessing the average debt cost

	Aug. 2011 period (19 <sup>th</sup> )	Feb. 2012 period (20 <sup>th</sup> )	Aug. 2013 period (21 <sup>st</sup> )	Feb. 2013 period (22 <sup>nd</sup> )	Aug. 2013 period (23 <sup>rd</sup> )	Feb. 2014 period (24 <sup>th</sup> ) (Forecast)	24 <sup>th</sup> period (Forecast) / 19 <sup>th</sup> period
(1) LTV	<b>54.3 %</b>	<b>54.3 %</b>	<b>53.9 %</b>	<b>53.8 %</b>	<b>53.5 %</b>	<b>52.0 %</b>	<b>-2.3 pt</b>
LTV (excl. tenant leasehold and security deposits)	<b>44.3 %</b>	<b>44.8 %</b>	<b>44.7 %</b>	<b>45.1 %</b>	<b>44.9 %</b>	<b>44.2 %</b>	<b>-0.1 pt</b>
(2) Long-term liability ratio	<b>86.2 %</b>	<b>95.5 %</b>	<b>96.0 %</b>	<b>97.1 %</b>	<b>97.1 %</b>	<b>98.5 %</b>	<b>+12.3 pt</b>
(3) Fixed interest ratio	<b>69.3 %</b>	<b>51.4 %</b>	<b>45.6 %</b>	<b>55.3 %</b>	<b>69.1 %</b>	<b>73.1 %</b>	<b>+3.8 pt</b>
(4) Average debt cost	<b>1.69 %</b>	<b>1.58 %</b>	<b>1.49 %</b>	<b>1.50 %</b>	<b>1.45 %</b>	<b>1.40 %</b>	<b>-0.29 pt</b>

## Financing Strategy (2)

### Diversification of maturity dates and maintaining commitment line

Diversifying debt maturities while keeping amount of repayment below the commitment line for each period





## JRF's Growth Strategy

Strive to achieve upside growth conducting strong strategies



▪ ▪ ▪ we aim to continuously grow our distribution per unit



# 4 Features of JRF

Colline Bajikouen

## Features of JRF

- 1. Stable operation supported by large asset size**
  - > The largest listed J-REIT that specializes in retail properties, and the third largest among all J-REITs by asset size based on total acquisition price
  - > Large asset size reduces the effect of volatility of individual properties and enables more stable asset management
- 2. Balanced portfolio with stable cash flows**
  - > High proportion of tenants are under long-term fixed rate contracts and high occupancy rate results in stable cash flows
  - > Diversification by region, location and types of retail properties ensures stable rental revenues and captures growth prospects
- 3. Proactive SC Management**
  - > Our track record of proactive management and operations of retail properties over 11 years with 84 properties and 1,040 tenants (after public offering in 2013)
- 4. Long-term stable financial strength**
  - > AA- (Stable) rating<sup>(Note)</sup> and stable financing strategy focusing on long-term borrowings
- 5. Sponsor support from Mitsubishi Corporation group**
  - > Fully utilizes the sponsor's development capability and extensive network in real estate and retail sectors

(Note) Issuer rating by Rating and Investment Information, Inc. (R&I) as of October 15, 2013.

## An 11-year Track Record since Listing

### Distributions per unit and occupancy rate

- Occupancy rate (at the end of each fiscal period) (%)
- Distributions per unit (JPY)



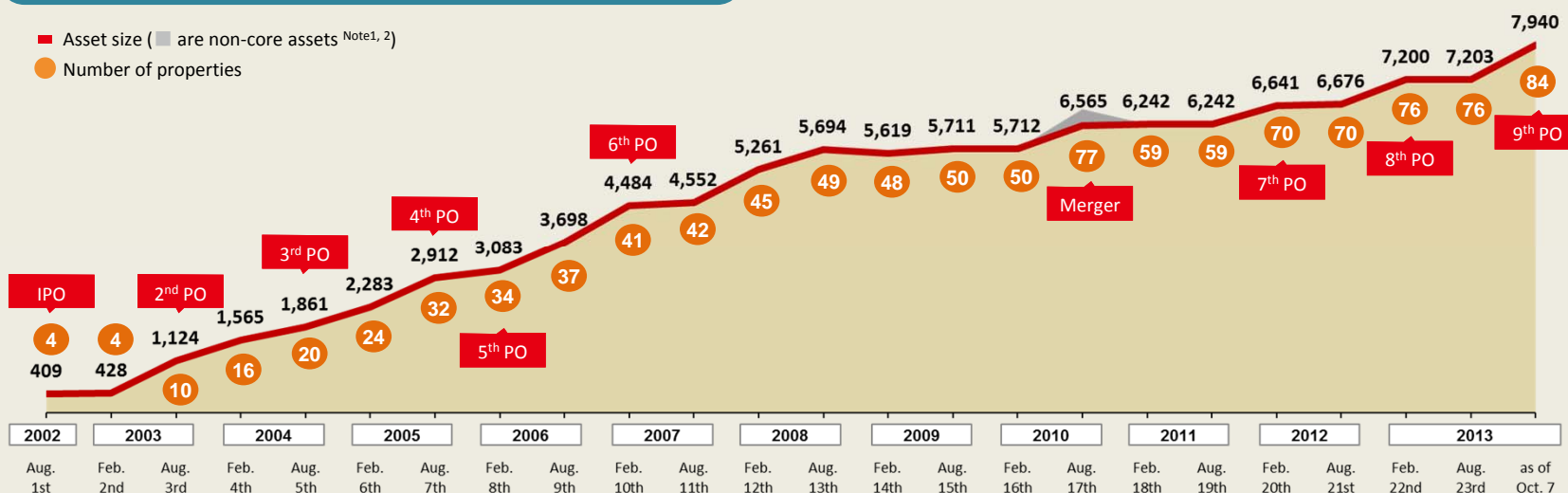
(Note 1) On March 1, 2010, we effected a four-to-one unit split. Distributions from the 1<sup>st</sup> fiscal period to the 16<sup>th</sup> fiscal period are divided by four.

(Note 2) Occupancy rate is rounded to the first decimal place.

(Note 3) Occupancy rate for the 17<sup>th</sup> fiscal period ended August 31, 2010, excludes non-core assets.

### Continuous expansion of asset size since our listing

- Asset size (■ are non-core assets <sup>Note 1, 2</sup>)
- Number of properties



(Note 1) "Non-core assets" means office and residential properties acquired in connection with the LaSalle Japan REIT Inc. (LJR).

(Note 2) Non-core assets (18 properties) were all sold on September 3, 2010 for 33.2 billion JPY.

(Note 3) Asset size is truncated to the nearest 100 million JPY.



## Features of Our Portfolio Assets

### Major properties

We specialize in investing in a wide variety of retail properties varying from large-scale retail properties to road-side stores and specialty buildings in favorable locations

Portfolio assets **84** properties (as of Oct. 15, 2013)

SM-5 Higashi-Totsuka Aurora City  
(Totsuka Ward, Yokohama,  
Kanagawa)



UM-20 KAWASAKI Le FRONT  
(Kawasaki Ward, Kawasaki,  
Kanagawa)



SM-11 mozo wonder city  
(Nishi Ward, Nagoya, Aichi)



**21** properties  
(50.5%)



Large-scale retail  
properties, the largest  
class in the relevant area

**13** properties  
(14.5%)



Retail properties  
in favorable locations  
adjacent to major stations

US-9 G-Bldg. Shinjuku 01  
(Shinjuku Ward, Tokyo)



### Suburban area



SS-41 Summit Store Nakano  
Minamidai  
(Nakano Ward, Tokyo)

**30** properties  
(21.1%)



Retail properties  
near densely-  
populated areas

SM-7 Narupark  
(Midori Ward, Nagoya, Aichi)



Road-side stores  
and specialty buildings  
in favorable locations

**20** properties  
(13.9%)



US-15 G-Bldg. Omotesando  
(Shibuya Ward, Tokyo)

### Urban area



UM-8 GYRE  
(Shibuya Ward, Tokyo)

### JRF green initiatives

We are committed to contributing to local communities and to reducing environmental burden

#### ■ Greening of facilities

~Adding greenery to the main entrance and exterior walls



mozo wonder city



GYRE

#### ■ Energy saving and Co<sub>2</sub> reduction

~Installing solar panels and introducing LED lighting



AEON Mall Itami



Narupark

#### ■ GRESB (Global Real Estate Sustainability Benchmark)



JRF was designated as a “Green Talk” company, which is the rank given to real estate operators making excellent efforts for “Management and Policy,” in the 2013 GRESB survey of environmental responsiveness for real estate operators.

## List of Indices (as of Aug. 31, 2013)

### JRF is a constituent of following indices

#### MSCI World Index

MSCI World Index is an index created and published by Morgan Stanley Capital International (MSCI). It covers large- and middle-capital stocks which are listed in 24 developed countries and can be invested. Approximately 1,600 stock from 24 developed countries are accepted and this covers approximately 85% of developed markets. This index is a basis for other indices, including MSCI EAFE, and is used by investors from all over the world. A various investment products related to this index are provided.

#### FTSE EPRA/ NAREIT Global Real Estate Index

FTSE EPRA/ NAREIT Global Real Estate Index series is developed by EPRA, NAREIT and FTSE, and is widely used as a benchmark for international real estate investment. JRF is incorporated into a number of indices in this series, including FTSE EPRA/NAREIT Global Index, FTSE EPRA/NAREIT Asia Pacific Index, FTSE EPRA/NAREIT Developed Global REITs Index.

#### GPR 250 Index/ GPR 250 REIT Index

This is an index created and published by Global Property Research (GPR). GPR Index consists of representative and highly liquid 250 stocks out of all stocks that satisfy criterion set forth by GPR among all listed real estate companies (including REITs). GPR 250 REIT Index is an index that consists of only REITs out of 250 constituents of GPR 250 Index.

#### UBS Global Real Estate Index/ UBS Global Real Estate Investors Index

This is an index created and published by UBSAG. UBS Global Real Estate Index consists of listed real estate companies that satisfy criterion out of all public real estate companies in the world. UBS Global Real Estate Investors Index consists of only REITs out of all constituents of UBS Global Real Estate Index, excluding developers.

#### S&P Global REIT Index/ S&P Developed REIT Index

This is an index created and published by Standard & Poor's (S&P). S&P Global REIT Index consists of real estate investment trusts (REIT) out of more than 530 real estate companies from 36 countries contained in S&P Global Property index. S&P Developed REIT Index consists of REITs in developed market as defined by S&P Dow Jones Indices out of all REITs in S&P Global REIT Index.