



February 2014 (24th) Period Results

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Asset Management Company:

Mitsubishi Corp.-UBS Realty Inc.

(Financial Instrument Firm under License No. 403 of the Director of Kanto Local Finance Bureau)



Newly acquired property
G-Bldg. Omotesando 02

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Newly acquired property
G-Bldg. Shibuya 01

1

Overview of New Acquisitions

New Acquisitions in August 2014 Period (25th)

(as of Apr. 14, 2014)

Acquired 3 urban retail properties in Tokyo and a suburban property in Osaka for the total acquisition price of approx. 20 billion JPY

	Property names	Acquisition highlights	Acquisition conditions			
			Acquisition price (A)	Appraisal value (B)	NOI yield (before depreciation)	NOI yield (after depreciation)
		Deal sources	(A) / (B)			
Urban	G-Bldg. Omotesando 02 (35% of co-ownership) (Note) (Shibuya-ku, Tokyo)	Facing Japan's most famous luxury brand fashion street, "Omotesando", featuring a flagship store of global fashion brand as its tenant Mitsubishi Corporation group	12,393.5 million JPY	12,915.0 million JPY	3.7%	3.5%
			(96.0%)			
	G-Bldg. Shibuya 01 (Shibuya-ku, Tokyo)	A retail property located in an area with many high fashion street brands in Shibuya Mitsubishi Corporation group	3,230 million JPY	3,610 million JPY	4.7%	3.9%
			(89.5%)			
	G-Bldg. Kichijoji 01 (50% of co-ownership) (Musashino-shi, Tokyo)	A retail property located in a high fashion brand area in Kichijoji, one of Tokyo's major shopping areas Independent network	1,700 million JPY	1,885 million JPY	4.4%	4.0%
			(90.2%)			
			Feb. 2014 period (24 th) Average for urban properties		4.6%	3.9%
Suburban	Round 1 Stadium Takatsuki (Takatsuki-shi, Osaka)	An amusement facility complex facing a major road in the north Osaka area CRE approach	2,080 million JPY	2,660 million JPY	7.4%	6.1%
			(78.2%)			
			Feb. 2014 period (24 th) Average for suburban properties		5.5%	3.7%
Newly acquired properties			19,403.5 million JPY	21,070.0 million JPY	4.3%	3.9%
Total/ Average			(92.1%)			
			Feb. 2014 period (24 th) Average for portfolio total		5.3%	3.8%

(Note) JRF has already concluded the purchase agreement of 50% co-ownership of G-Bldg. Omotesando 02, and acquired its 35% co-ownership in advance.

1. Overview of New Acquisitions

"G-Bldg. Omotesando 02"

D



Road-side stores and specialty buildings in favorable locations

Income-type

Occupancy rate **100.0%**

Acquisition date

Apr. 1, 2014

Collaboration with
Mitsubishi Corporation group

Co-ownership with the Real Estate fund managed
by Mitsubishi Corporation group (planned)

Acquisition Highlights

Facing Japan's most famous luxury brand fashion street, "Omotesando",
featuring a flagship store of global fashion brand as its tenant



Main Building

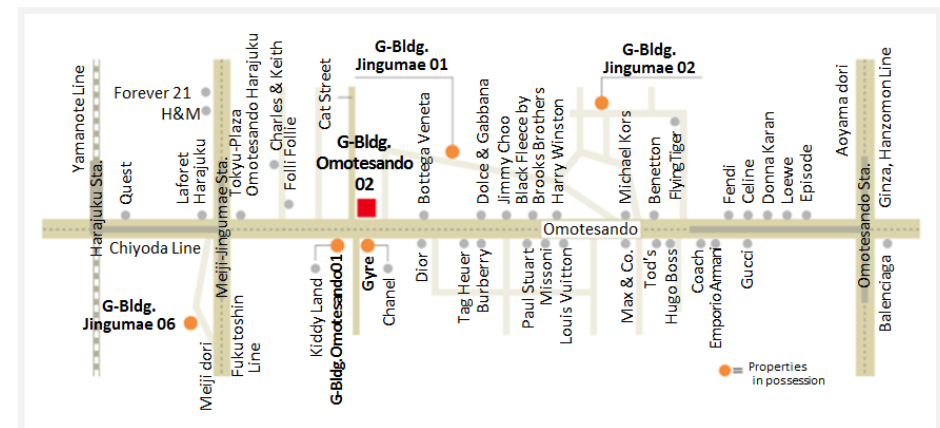


Annex Building 1



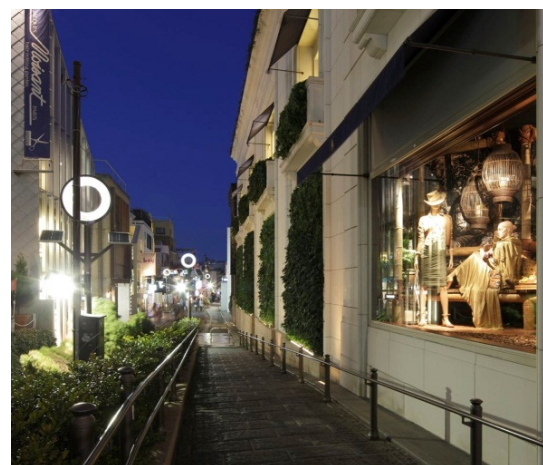
Annex Building 2

■ Omotesando area map



1. Overview of New Acquisitions

“G-Bldg. Omotesando 02”



■ Omotesando



Market

- Omotesando is a Japan's most famous shopping area, with a high concentration of luxury foreign brand stores

Location

- Only about a 2 minutes' walk from the Meiji-Jingumae station on the Tokyo Metro
- Facing “Omotesando”, which is lined with large scale commercial facilities and luxury brand stores, it also faces “Cat Street”, where many casual brand stores are located

Facility

- The main building houses a global fashion brand's flagship store in Asia which is one of major road-side stores in Japan.
- With a wide notable facade, it is known as a landmark building in the Omotesando area

Future additional acquisition

JRF has concluded purchase agreement for the 50% co-ownership and acquired 35% co-ownership in advance. The remaining 15% co-ownership (acquisition price of 5,311.5 million JPY) is to be acquired within a year of the conclusion of the purchase agreement

Acquisition price (Note 1)	NOI yield (before depreciation)	NOI yield (after depreciation)	(Average)Remaining term of lease
12,393.5 million JPY	3.7 %	3.5 %	5.9 years

Appraisal value	12,915 million JPY		
Location	Shibuya-ku, Tokyo		
Year of initial construction	Main building : Dec 2 nd , 2005 Annex Building 1,2 : Nov 30 th , 2005		
Land area (Note1)	Main building : 1,906.50 m ² Annex Building 1 : 108.75 m ² Annex Building2 : 258.90 m ²	Total 2,274.15 m ²	
Floor area (Note 1)	Main building : 6,563.16 m ² Annex Building 1 : 174.85 m ² Annex Building2 : 419.31 m ²	Total 7,157.32 m ²	
No. of tenants	6	Key tenants	— (Note2)

(Note 1) Acquisition price is based on the 35% co-ownership. The land area and floor area are for the property as a whole.

(Note 2) Not disclosed because consent from tenants has not been obtained.

1. Overview of New Acquisitions

"G-Bldg. Shibuya 01"

D	Road-side stores and specialty buildings in favorable locations	Acquisition date	Acquisition of a property developed by Mitsubishi Corporation group
	Income-type	Mar. 25, 2014	
	Occupancy rate 100.0%		

Acquisition Highlights

A retail property located in an area with many high fashion street brands in Shibuya



■ Koen Street



Market

- Shibuya is a hub of the streets where large scale shopping facilities and street faced shops exist
- Shibuya Station is one of the Japan's busiest stations (approximately 3 million passengers per day)

Location

- About an 8 minutes' walk from the Shibuya station on the JR, Tokyu, Tokyo Metro, and Keio Line
- Located in the area with a high concentration of high fashion street brands in Shibuya

Facility

- Leased to BAYCREW'S group, which operates multiple stores such as specialty stores and cafes around this area
- New building (completed in Apr. 2013) with a wide and pretty visible facade from a major street named "Koen Street".



Acquisition price	NOI yield (before depreciation)	NOI yield (after depreciation)	(Average) Remaining term of lease
3,230 million JPY	4.7 %	3.9 %	9.1 years
Appraisal value	3,610 million JPY		
Location	Shibuya-ku, Tokyo		
Year of initial construction	2013		
Land area	274.93 m ²	Floor area	1,893.52 m ²
No. of tenants	1	Key tenant	BAYCREW'S

1. Overview of New Acquisitions

"G-Bldg. Kichijoji 01"

C	Retail properties in favorable locations adjacent to major stations	
	Income-type	Occupancy rate 100.0%

Acquisition date
Apr. 10, 2014

Independent network

Co-ownership with the Real Estate fund managed by Mitsubishi Corporation group

Acquisition Highlights

A retail property located in a high fashion brand area in Kichijoji, one of Tokyo's major shopping areas



Market

- A retail catchment area with a population of approximately 40,000 within a one-kilometer radius, and approximately 390,000 within a 3 kilometers radius
- Increasing trend in the population of Musashino city, where Kichijoji area is located, with an above-average income level compared to Japan and Tokyo.
- Kichijoji, which is popular for new openings of relatively small-scale retail stores, is a major shopping area in Tokyo

Location

- About a 5 minutes' walk from Kichijoji Station on the JR Chuo Line
- An area comprised of numerous road-side casual fashion/select shops with high foot traffic

Facility

- Casual/luxury brand of America's largest retail apparel is a major tenant of this property
- A rare facility that offers substantial floor space of around 100 tsubo per floor in an area that is home to a large number of small-scale properties
- The facility is in a highly visible location from pedestrians walking from the Kichijoji Station, standing in front of the crossing streets



Tenant status as of the acquisition date

4F	Occupied	Intention of lease cancellation
3F	Occupied	Agreed on lease cancellation (end of May 2014)
2F	Occupied	Agreed on lease cancellation (end of May 2014)
1F	Occupied	—
B1	Occupied	—

3 tenants to be replaced

(Percentages share of total leased floor area: 54.9%)

Potential types of tenants

- Apparel
- Miscellaneous goods, furniture
- School, service etc.

Acquisition price (Note 2)	NOI yield (before depreciation)	NOI yield (after depreciation)	(Average)Remaining term of lease
1,700 million JPY	4.4 %	4.0 %	2.8 years

Appraisal value	1,885million JPY		
Location	Musashino-shi, Tokyo		
Year of initial construction	1995		
Land area (Note 2)	572.55 m ²	Floor area (Note 2)	1,715.25m ²
No. of tenants	4	Key tenants	— (Note 3)

(Note 1) NOI (before depreciation) and NOI (after depreciation) are based on the annual rent with an assumption full occupancy under the lease agreement as of today.

(Note 2) Acquisition price is based on the 50% co-ownership. The land area and floor area are for the property as a whole.

(Note 3) Not disclosed because consent from tenants has not been obtained.

“Round 1 Stadium Takatsuki”



Retail properties near densely-populated areas

Income-type

Occupancy rate **100.0%**

Acquisition date

Apr. 1, 2014

CRE approach

Acquisition Highlights

An amusement facility complex facing a major road in the North Osaka area



Market

- A retail catchment area with a population of approximately 220,000 within a three-kilometer radius, and approximately 600,000 within a 5 kilometers radius
- Takatsuki city has a large number of population and household which develops as a commuter town located between Osaka and Kyoto

Location

- Facing a major arterial road (Soto Kanjo Route), it offers good access from broad areas by car
- Location with a high concentration of retail stores including a wide variety of road-side stores

Facility

- Ranked high among Round1's facilities in Japan in terms of sales revenue
- The largest scale facility among Round1, comprising bowling alleys, amusement facilities, karaoke boxes and "Spoccha". ("Spoccha" is the facility which charges by time and whose theme is sports.)



Acquisition price	NOI yield (before depreciation)	NOI yield (after depreciation)	(Average)Remaining term of lease
2,080 million JPY	7.4 %	6.1 %	19.0 years
Appraisal value	2,660 million JPY		
Location	Takatsuki-shi, Osaka		
Year of initial construction	2004		
Land area	9,963.85 m ²	Floor area	19,767.64 m ²
No. of tenants	1	Key tenant	Round 1

2

Financial Results and Forecasts



Newly acquired property
Round 1 Stadium Takatsuki

Measures for sustainable DPU growth and portfolio quality enhancement

Feb. 2014 period (24th)

Oct. 2013

Acquisition of new properties in connection with PO

(8 properties, approx. **73.6** billion JPY)

- New equity: approx. **43.4** billion JPY New borrowings: **31** billion JPY

Dec. 2013

Issuance of Investment Corporate Bond (for the first time in 6 years)

- **7.5** billion JPY **10** years bond Coupon rate: **1.108%**
- Used for early repayment of short term loan (**11.2** billion JPY)
- Long-term liabilities ratio **100%**

Jan. 2014

Disposition of existing properties

(4 properties, approx. **10.0** billion JPY)



G DINING Sapporo



G-Bldg. Jingumae 05



G-Bldg. Jingumae 04



AEON TOWN Ogaki (Note 1)

(Disposition date: Jan. 30, 2014)

(Disposition date: Mar. 24, 2014)

Property
replacement

Aug. 2014 period (25th)

Mar. – Apr. 2014

Newly acquired properties

(4 properties , approx. **20.0** billion JPY)



G-bldg. Shibuya 01
(Acquisition date: Mar. 25, 2014)



G-bldg. Omotedando 02
(Acquisition date: Apr. 1, 2014)



Round 1 Stadium Takatsuki
(Acquisition date: Apr. 1, 2014)



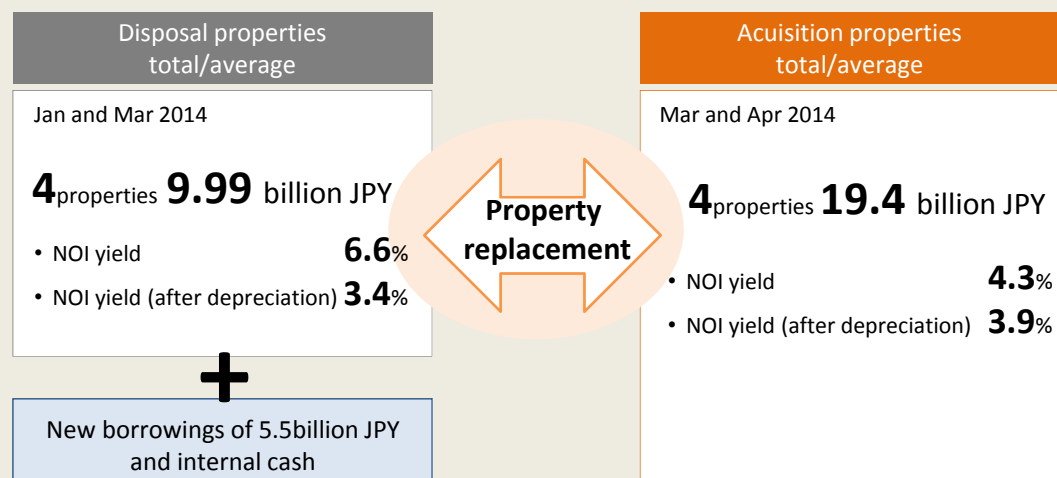
G-bldg. Kichijoji 01
(Acquisition date: Apr. 10, 2014)

(Note 1) JRF announced the sale of AEON TOWN Ogaki on Dec 19th, 2013 (Feb. 2014 period), and completed transaction on Mar 24th, 2014 (Aug. 2014 period)

Growth and improvement in stability of portfolio through property replacement

Summary of property replacement

- Growth of portfolio both in terms of profitability and quality
 - Optimum timing of disposition and acquisition
 - Use of sales proceeds and flexible LTV control
- Further enhancement of our portfolio stability utilizing the effect of the replacement



Effect of property replacement

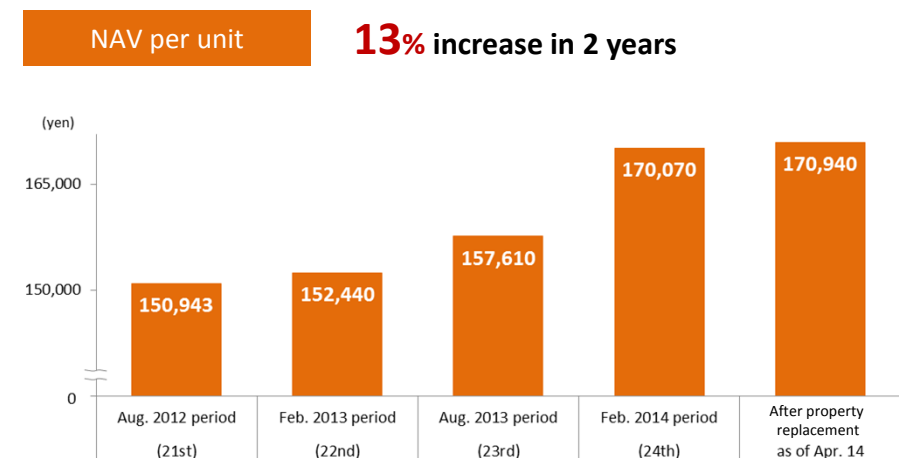
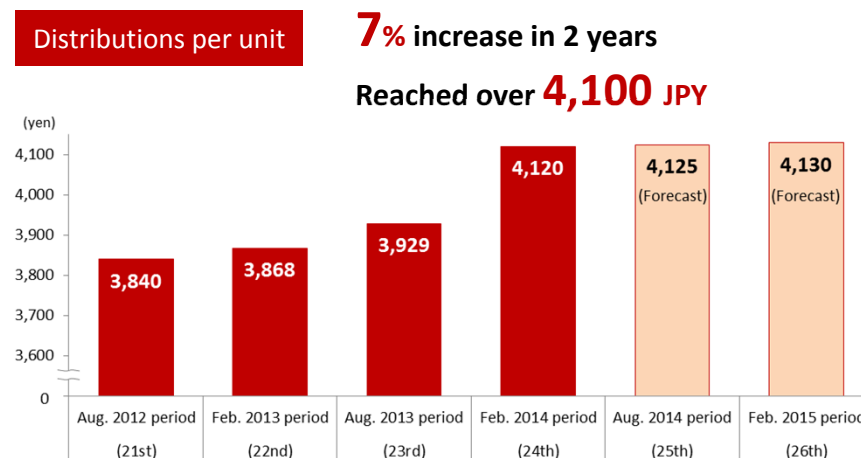
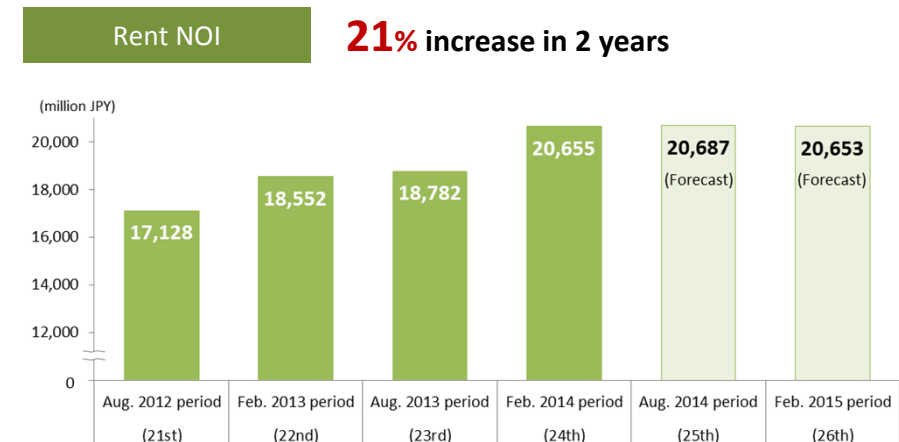
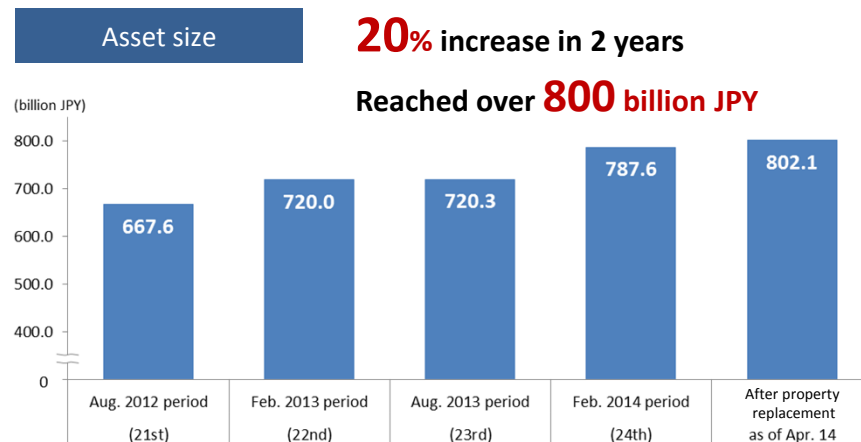
	Before (As of Oct 15 th , 2013)	After (As of Apr 14, 2014)
• Total acquisition price	794.0 billion JPY	802.1 billion JPY
• Average NOI yield (before depreciation)	(Note 1) 5.3%	(Note 2) 5.3%
• Average NOI yield (after depreciation)	(Note 1) 3.8%	(Note 2) 3.8%
• Average remaining term of lease	7.0 years	7.0 years
• Number of tenants	1,040	1,032
• Total leasable area	3.10 million m ²	3.07 million m ²
• Ratio of urban properties (based on appraisal value)	30.6%	31.9%
• Ratio of Greater Tokyo metropolitan area (based on appraisal value)	49.1%	50.1%

(Note 1) Portfolio NOI = Annualized NOI of the properties owned as of the end of Feb. 2014 period (24th) + Annualized NOI of the 3 properties sold on Jan. 2014 (sum of NOI for Aug. 2013 and Feb. 2014 periods divided by 365 multiplied by 181, the operating days of the current fiscal period)
 Average NOI yield (before depreciation) = Portfolio NOI / Total acquisition price prior to property replacement (as of Oct 15, 2013)
 Average NOI yield (after depreciation) = (Portfolio NOI - Depreciation) / Total acquisition price prior to property replacement (as of Oct 15, 2013)

(Note 2) Portfolio NOI = Annualized NOI of the properties owned as of the end of Feb. 2014 period (24th) + Assumed annualized NOI of the 4 newly acquired properties - Annualized NOI of the property sold on Mar. 2014
 Average NOI yield (before depreciation) = Portfolio NOI / Total acquisition price after property replacement (as of Apr. 14, 2014)
 Average NOI yield (after depreciation) = (Portfolio NOI - Depreciation) / Total acquisition price after property replacement (as of Apr. 14, 2014)

Increasing Unitholder Value

Asset size expansion and steady increase in unitholder value (DPU and NAV per unit)



Unrealized profits and losses (billion JPY)	-11.4	-3.9	+6.3	+26.7	+28.7
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Period-end NAV: (Net asset value + unrealized profits and losses of the properties in our portfolio, as of the end of each fiscal period) / (the number of units outstanding as of the end of each fiscal period)

NAV after property replacement: (Net asset value + unrealized profits and losses of the properties in our portfolio, as of the end of Feb. 2014 period — unrealized profits and losses of a sold property + unrealized profits and losses of 4 newly acquired properties) / (the number of units outstanding as of April 14, 2014)

2. Financial Results and Forecasts

February 2014 Period (24th) P/L Performance

	Aug. 2013 Period (23rd) (Actual)	Feb. 2014 Period (24th) (Actual)	Change	24th forecast at the beginning of the period	Change
Operating revenue	26,130	29,083	+ 2,953	28,939	+ 144
Operating expenses	15,465	16,966	+ 1,501	—	—
(Rent NOI)	18,782	20,655	+ 1,873	—	—
Operating income	10,665	12,116	+ 1,451	12,032	+ 84
Non-operating revenue	14	7	- 7	—	—
Non-operating expenses	2,508	2,535	+ 26	—	—
Ordinary income	8,171	9,588	+ 1,417	9,478	+ 109
Net income	8,170	9,614	+ 1,443	9,400	+ 214
Reserves for dividends (Note 2)	—	103	+ 103	—	+ 103
Total distribution	8,169	9,509	+ 1,340	9,401	+ 108
Units outstanding	2,079,198 units	2,308,198 units	+ 229,000 units	2,308,198 units	—
DPU	3,929 yen	4,120 yen	+ 191 yen	4,073 yen	+ 47 yen
FFO per unit (Note 3)	6,664 yen	6,710 yen	+ 46 yen	6,647 yen	+ 63 yen
FFO pay out ratio	59.0 %	61.4 %	—	61.3 %	—
Capital expenditures	2,233	1,768	- 465	2,121	- 352
Repair expenses	170	188	+ 18	204	- 15
Total	2,404	1,956	- 447	2,325	- 368
Depreciation	5,685	5,926	+ 240	5,942	- 16

(Note 1) Million JPY unless otherwise noted.

(Note 2) Breakdown of deferred income taxes

	Amount	Remarks
(1) Amount of deferred tax liability associated with asset write-off obligations for "KAWASAKI Le FRONT"	+77	Include in calculation for distributions
(2) Provision of reserve for dividends (negative goodwill) in order to minimize future tax outflow	-103	Exclude from calculation for distributions (→ Reserves for dividends)
Partial reversal of deferred tax liability associated with disposition of "AEON TOWN Ogaki"	-89	
Partial reversal of deferred tax liability resulting from discrepancy in tax and accounting for the loss on disposal of fixed assets associated with renewal of "Oyama Yuen Harvest Walk"	-14	
(1) + (2)	-26	

(Note 3) (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
Net income used in calculation of FFO for the Feb. 2014 period (24th) does not include income taxes.

Major factors behind change during Feb 2014 (24th) period (compared to previous period)

	(million JPY)
Operating revenues	+2,953
✓ Increase in rent revenue of properties acquired through PO in 2013	+2,589
✓ Renewal of Oyama Yuen Harvest Walk ,etc.	+246
Operating expenses	+1,501
✓ Increase in expenses associated with acquisition of properties through PO in 2013	+938
✓ Renewal of Oyama Yuen Harvest Walk, etc.	+229
✓ Loss on disposal of fixed assets associated with renewal of Oyama Yuen Harvest Walk	+177
✓ Increase in asset management fee due to increase in total asset through PO	+175
Operating income	+1,451
✓ Increase in interest payments through new borrowings in 2013,etc	-33
Ordinary income	+1,417
✓ Deferred income taxes(profit) (Note 2)	+26
Net income	+1,443

Major factors behind change during Feb 2014 (24th) period (compared to forecasts at the beginning of the period)

	(million JPY)
Operating revenues	+144
✓ Increase in other revenues (one-time revenue such as rent of temporary tenants, etc.)	+91
✓ Increase in utilities revenues	+63
✓ Decrease in revenue due to sale of properties	-28
✓ Profit on sale of the property	+25
Operating expenses	+59
✓ Increase in utilities costs	+98
✓ Decrease in property management fee, etc.	-14
✓ Decrease in expenses due to sale of properties	-8
Operating income	+84
Ordinary income	+109
✓ Deferred income taxes	-104
Net income	+214

February 2014 Period (24th) B/S Performance

	Aug. 2013 Period (23rd) (Actual)	Feb. 2014 Period (24th) (Actual)	Change
Total assets (1)	711,352	777,706	+ 66,353
Total liabilities	390,030	411,866	+ 21,835
Interest-bearing liability (2)	319,751	342,251	+ 22,500
Tenant leasehold and security deposits (3)	60,732	61,153	+ 421
Net assets	321,322	365,840	+ 44,518
LTV ((2)+(3)) / (1)	53.5 %	51.9 %	- 1.6 points
LTV (2) / (1)	44.9 %	44.0 %	- 0.9 points
Long-term liability ratio (incl. above (3))	97.1 %	100.0 %	+ 2.9 points
Fixed interest ratio	69.1 %	74.4 %	+ 5.3 points
Average debt cost	1.45 %	1.39 %	-0.06 points
Number of properties	76 properties	81 properties	+ 5 properties
Unrealized profits and losses	+ 6,385	+ 26,714	+ 20,328
Book value	678,711	742,642	+ 63,931
Appraisal value	685,097	769,357	+ 84,260
Reserve for dividends (Negative goodwill)	2,326	(Note 2) 2,430	+ 103

(Note 1) Million JPY unless otherwise noted.

(Note 2) Balance of reserve for dividends after approval of distributions at the JRF board of directors meeting on April 14, 2014

■ Major factors behind change during Feb 2014 (24th) period
(compared to previous period)

(million JPY)

Total assets	+66,353
✓ Acquisition of 8 properties through PO in 2013, etc.	+63,931
✓ Increase in cash and bank deposit	+2,057
Total liabilities	+21,835
✓ Increase in borrowings associated with acquisition of 8 properties through PO in 2013	+31,000
✓ Increase in tenant leasehold and security deposits, etc.	+421
✓ Issue of investment corporate bond	+7,500
✓ Repayment of borrowings	-16,000
✓ Decrease in deposits received	-1,326
Net assets	+44,518
✓ Increase in capital associated with issuance of new units	+43,465

2. Financial Results and Forecasts

P/L Forecasts for the coming two periods

	Feb. 2014 Period (24th) (Actual)	Aug. 2014 Period (25th) (Forecast)	Change	Feb 2015 Period (26th) (Forecast)	Change
Operating revenue	29,083	29,376	+ 292	29,193	- 183
(Rent NOI)	20,655	20,687	+ 31	20,653	- 34
Operating income	12,116	12,139	+ 22	12,100	- 39
Ordinary income	9,588	9,521	- 66	9,532	+ 10
Net income	9,614	9,521	- 92	9,531	+ 10
Reserves for dividends	103	—	- 103	—	—
Total distribution	9,509	9,521	+ 11	9,532	+ 11
Units outstanding	2,308,198 units	2,308,198 units	—	2,308,198 units	—
DPU	4,120 yen	4,125 yen	+ 5 yen	4,130 yen	+ 5 yen
FFO per unit (Note2)	6,710 yen	6,662 yen	- 48 yen	6,691 yen	+ 29 yen
FFO pay out ratio	61.4 %	61.9 %	—	61.7 %	—
Capital expenditures	1,768	3,465	+ 1,697	3,293	- 172
Repair expences	188	199	+ 10	178	- 20
Total	1,956	3,664	+ 1,707	3,472	- 192
Depreciation	5,926	5,903	- 23	5,913	+ 10

(Note 1) Million JPY unless otherwise noted.

(Note 2) (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
Net income used in calculation of FFO for the Feb. 2014 period (24th) does not include income taxes.

Major factors behind change for Aug. 2014 (25th) period (compared to 24th period) (million JPY)

Operating revenues	+292
✓ Contribution in full rent revenue of properties acquired through PO in 2013	+643
✓ Asset replacement transactions (Decrease in rent revenue of properties disposed, etc. -480, Increase in rent revenue of properties acquired, etc. +404)	-76
✓ Existing properties (Decrease in early termination penalty revenue from tenants -185, Decrease in down time of tenant changes -143, Increase in utilities revenue +107, etc.)	-274
Operating expenses	+270
✓ Contribution in full expenses associated with properties acquired through PO in 2013 (Expensed property tax +246)	+594
✓ Asset replacement transactions (Decrease in expenses of properties disposed, etc. -314, Increase in expenses of properties acquired, etc. +59)	-254
✓ Existing properties (Decrease in rebound of removal cost (24th) -234, Increase in utilities fee +143, etc.)	-121
✓ Increase in asset management fee	+67
Operating income	+22
✓ Increase in interest payments due to bond issue, etc.	-88
Ordinary income	-66
✓ Absence of deferred income taxes (profits)	-26
Net income	-92

Major factors behind change for Feb. 2015 (26th) period (compared to forecasts for 25th period) (million JPY)

Operating revenues	-183
✓ Asset replacement transactions (Decrease in rent revenue of properties disposed, etc. -86, Increase in rent revenue of properties acquired, etc. +77)	-8
✓ Existing properties (Decrease by lease stabilization, etc. -68, Decrease in utilities revenue -64, etc.)	-174
Operating expenses	-144
✓ Asset replacement transactions (Decrease in expenses of properties disposed, etc. -42, Increase in expenses of properties acquired, etc. +8)	-34
✓ Existing properties (Decrease in utilities fee -94, Increase in loss on disposal of fixed assets +46)	-57
✓ Decrease in asset management fee	-62
Operating income	-39
✓ Decrease in amortization of investment unit issuance cost, etc.	+49
Ordinary income	+10
Net income	+10

3

Business Environment and Growth Strategy



Newly acquired property
G-bldg. Kichijyoji 01

Identify the market trend of real estate in light of the macro and retail environments

Macro environment	Retail environment	Real estate environment
<p>GDP Growth</p> <p>4 consecutive quarters of positive growth (DI for future business conditions has been decreased on last 3 month (as of Feb. 2014))</p> <p>Consumer price index (CPI)</p> <p>Increase of 1.3% from the same month of the previous year (as of Feb. 2014)</p> <p>Total amount of cash earnings</p> <p>Similar level to the same month of the previous year (as of Feb. 2014)</p> <p>➡ Watch the CPI and wage trends</p> <p>Point</p> <ul style="list-style-type: none">✓ Effects on the economic policy package	<p>Sales of retail</p> <p>Continuous improving trend</p> <p>Sales of department stores</p> <p>Robust growth of the mainstay items and big-ticket items</p> <p>Sales of supermarkets</p> <p>Slightly over the previous year</p> <p>➡ Watch the effect of the consumption tax increase</p> <p>Point</p> <ul style="list-style-type: none">✓ Mid-to long-term effects on the general consumption✓ Effects on the earnings of leading retailers	<p>Property acquisition by J-REITs</p> <p>A record high of 2.2 trillion yen in 2013</p> <p>Commercial real estate</p> <p>Rise in acquisition competition in Urban area Continuous declining trend of acquisition cap rate</p> <p>Leasing in Urban Area</p> <p>Improvement of occupancy rate supported by willingness to open new stores</p> <p>➡ Identify the upward and recovery trend of the market</p> <p>Point</p> <ul style="list-style-type: none">✓ Opportunities for improvement of lease terms✓ Trends in acquisition cap rate

Recent Trend in JRF's Properties

Sales performance indicates Steady Growth in urban SCs, and Stable in suburban SCs

Urban Retail Properties



JRF Portfolio (as of Apr. 14, 2014)
33 properties 31.9%
(Based on appraisal value)

- Strong sales growth for stores which sell foreign high-end brand goods
- Continued high occupancy rate due to strong needs of opening stores
- Sales performance of our urban flagship SC, GYRE, indicates steady growth

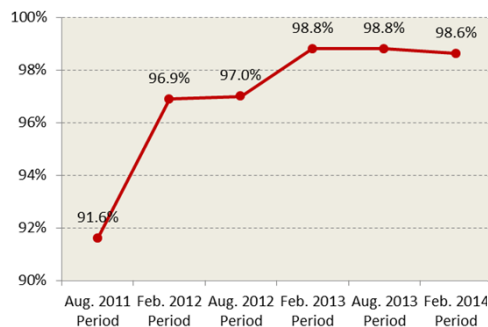
Suburban Retail Properties



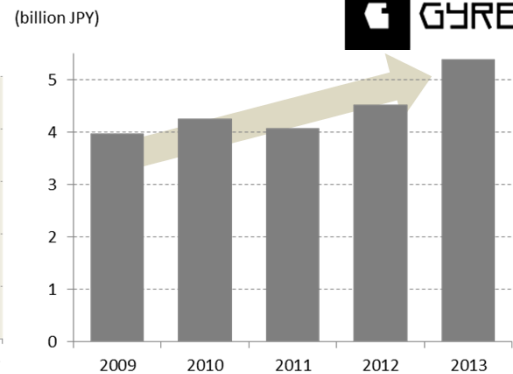
JRF Portfolio (as of Apr. 14, 2014)
51 properties 68.1%
(Based on appraisal value)

- Major retailers show growth trend in revenues and declining trend in profits, and continue to make efforts to improve profitability
- Stable sales performance for JRF's retail facilities in general
- Stable performance of our suburban flagship SC, mozo wonder city

Average occupancy rate of urban retail properties

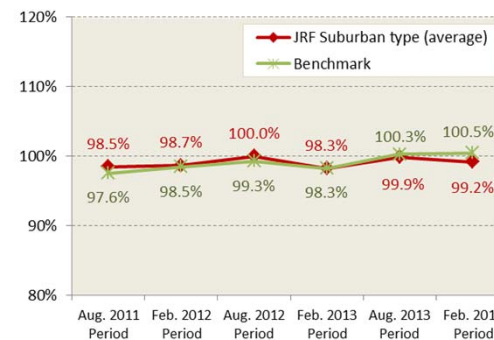


Annual sales in GYRE



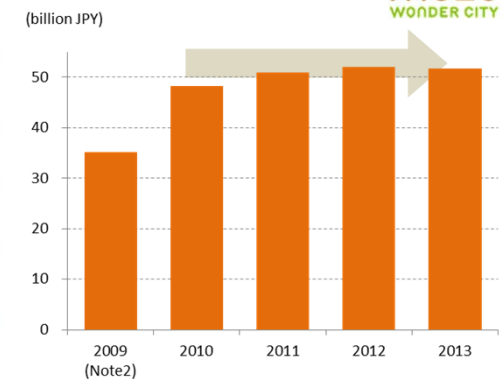
(Note) Based on calendar year

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

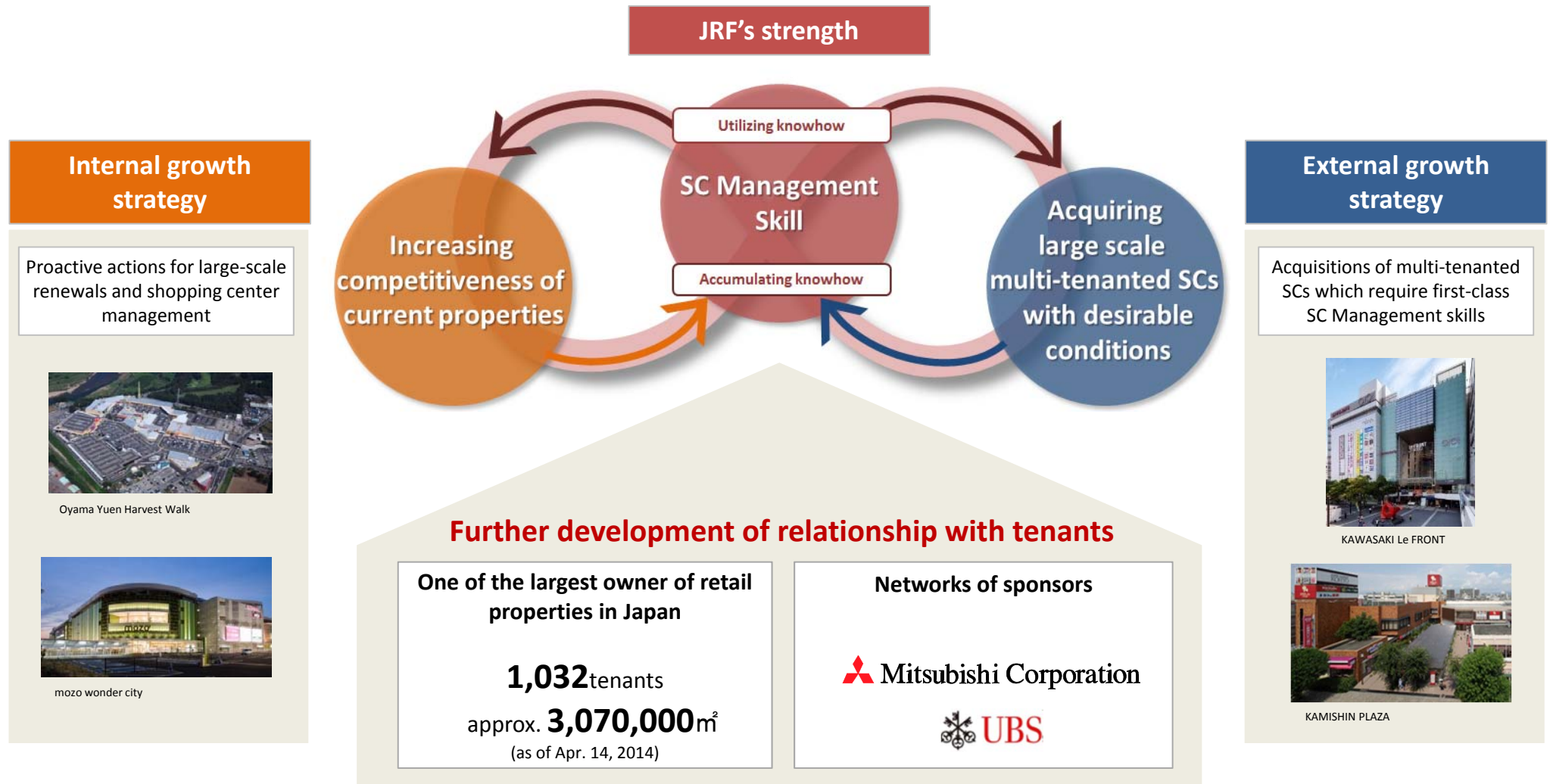
Annual sales in mozo wonder city



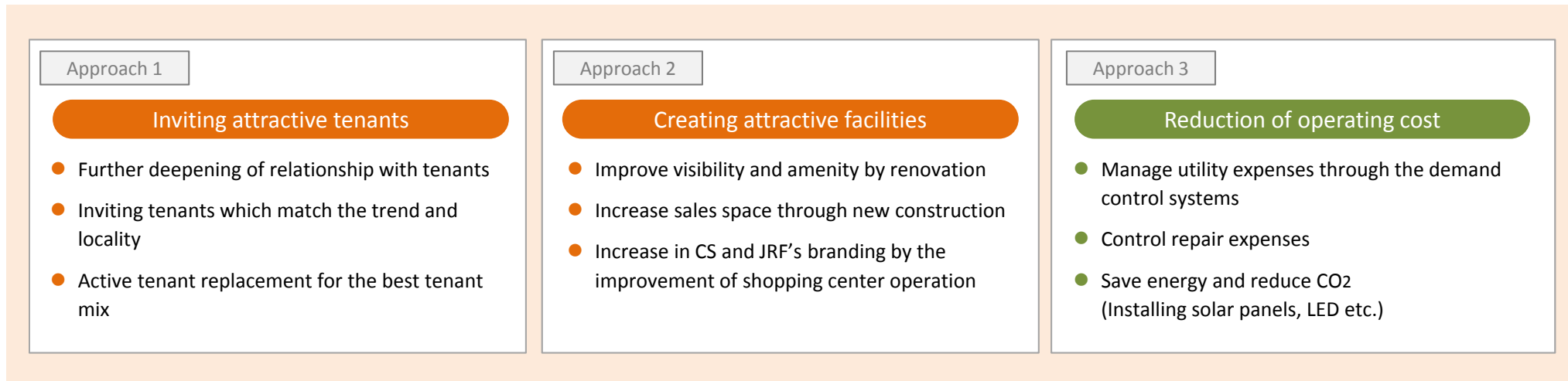
(Note 1) Based on calendar year
(Note 2) Sales in 2009 only indicates nine month results from April to December as mozo wonder city started operation in April

SC Management as JRF's Strength (1)

Seek for both external and internal growth leveraging our SC Management skills

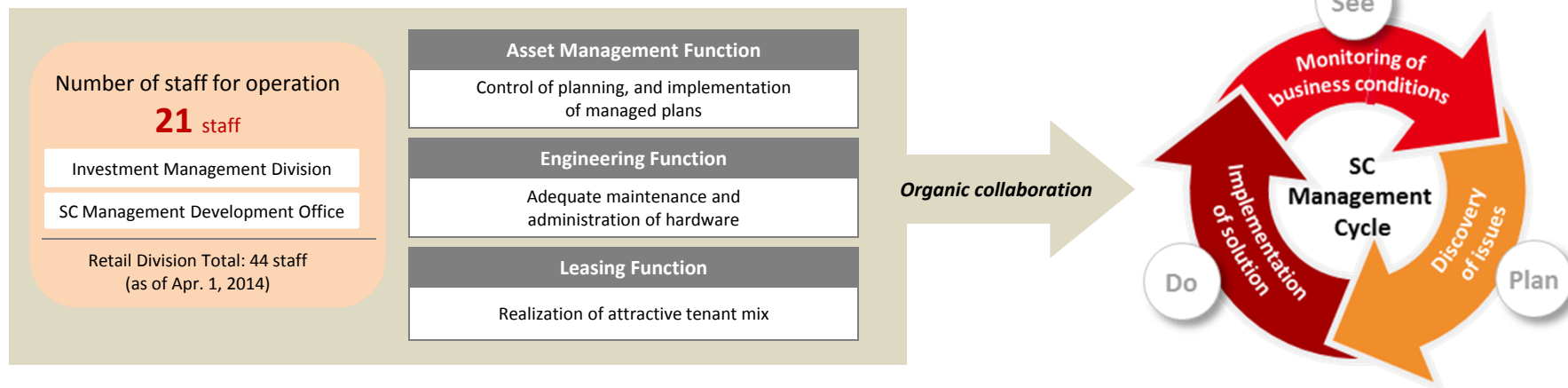


SC Management: Approach to improve competitiveness of properties



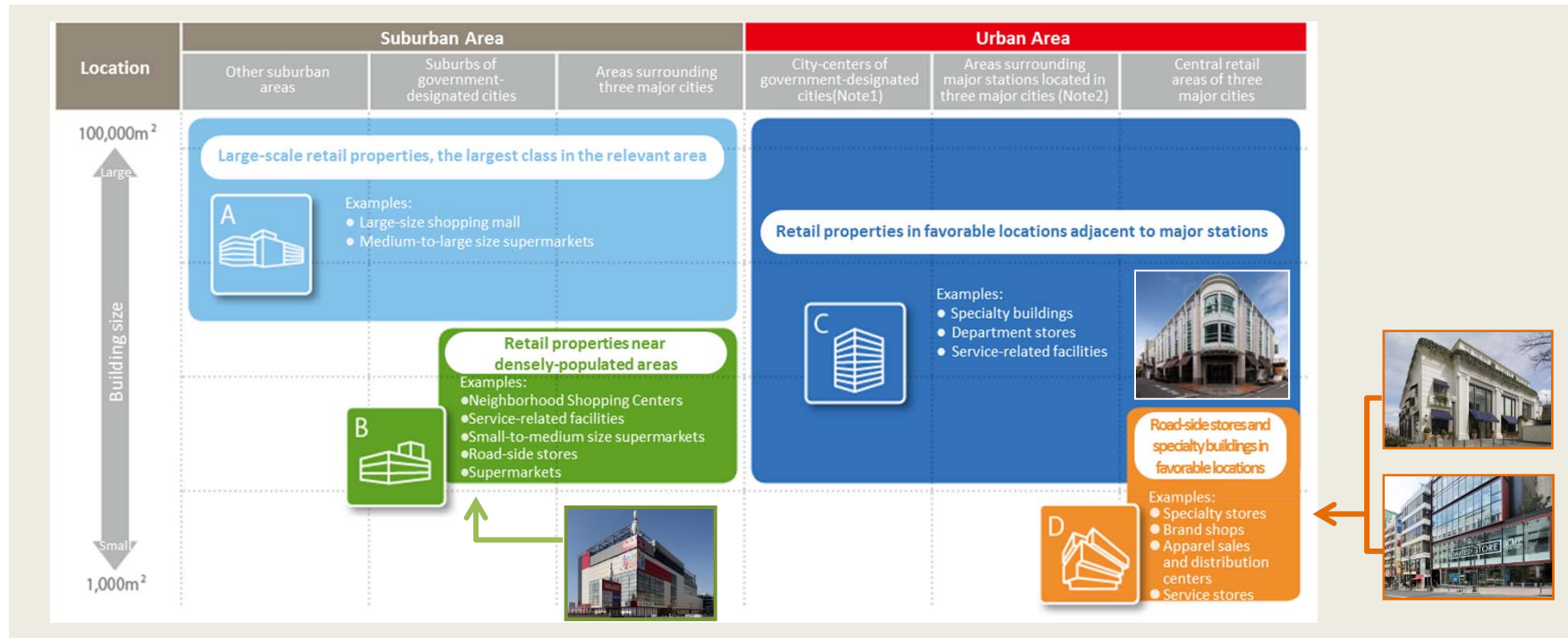
SC Management and its underlying operations

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



Selective investment in a wide variety of investment targets and opportunities





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.

Investment opportunity

	A	B	C	D
Supply Condition	 Little	 Relatively a lot	 Relatively a lot	 Little
Competitors	Gradually increasing	Increasing trend	Increasing trend	Quite a lot

Potential investment pipelines leveraging our extensive deal sources

Our Extensive deal sources

Independent network

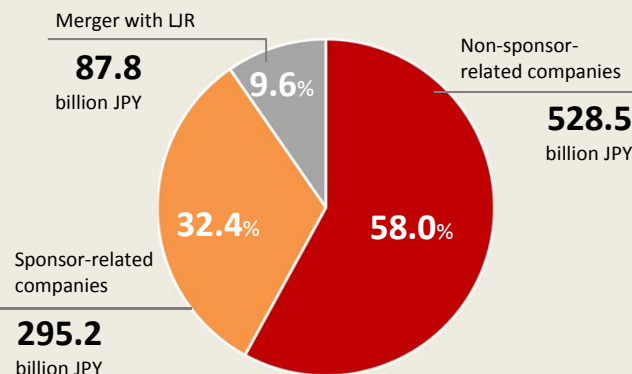
Our independent network built upon our track record as one of the Japan's largest purchasers of retail properties

- A 12-year proven track record of property acquisitions

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

Aggregate acquisition price since listing

approx. **910.0** billion JPY



CRE approach property owners and tenants

Our knowhow for satisfying the needs of retail property owners and tenants

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

- Examples of acquisition through CRE approach

Seller: Round 1

Needs:
Strengthening financial base

Solutions:
Sale and lease-back transaction
of their high ranked properties



Round 1 Stadium Takatsuki

Seller: Take and Give Needs

Needs: Funding

Solutions:
Sale and lease-back transaction
of the land of their flagship
wedding hall



Arkangel Daikanyama
(land with leasehold interest)

Mitsubishi Corporation group

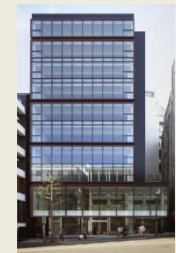


Collaboration with Mitsubishi Corporation group

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

- Examples of the collaboration with Mitsubishi Corp. group

Acquired a property in Shibuya developed and fully leased by Mitsubishi Corporation Urban Development



G-Bldg. Shibuya 01

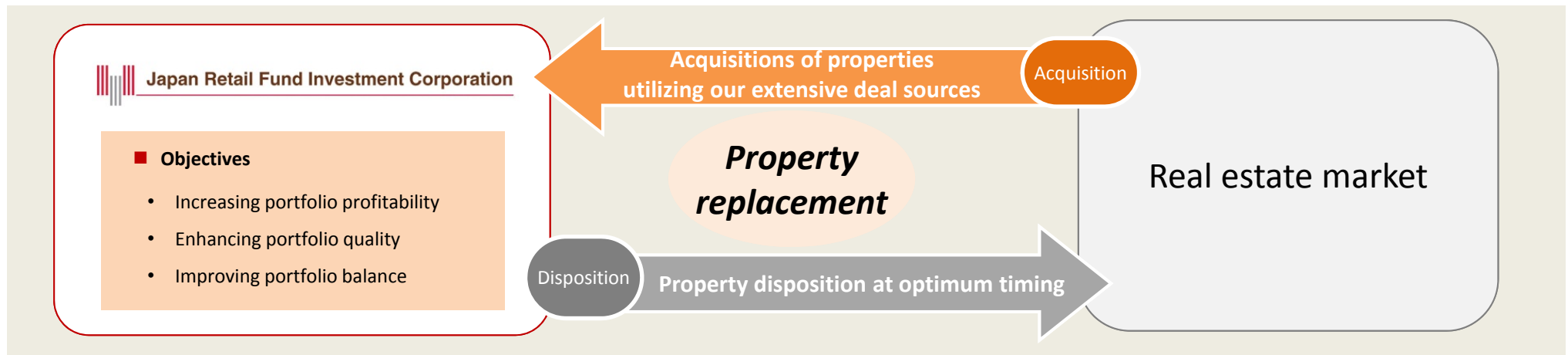
Acquired a landmark property in Omotesando through the collaboration with Mitsubishi Corp. group



G-Bldg. Omotesando 02

Improvement in portfolio profitability and stability through property replacement

Concepts



Examples of property replacement

Mar. – Apr. 2010



Saitama Urawa 8953 Bldg.

Disposition

Property replacement

Acquisition

G-Bldg.
Shinjuku 01G-Bldg.
Jingumae 03

No. of properties	Sales price	NOI yield (after depreciation)	No. of properties	Acquisition price	NOI yield (after depreciation)
1	26.1 billion JPY	2.4%	7	24.4 billion JPY	3.9%

Jan. – Apr. 2014

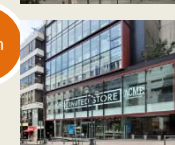


G DINING Sapporo G-Bldg. Jingumae 05

Disposition

Property replacement

Acquisition

G-Bldg.
Omotesando 02G-Bldg.
Shibuya 01

No. of properties	Sales price	NOI yield (after depreciation)	No. of properties	Acquisition price	NOI yield (after depreciation)
4	10.0 billion JPY	3.4%	4	20.0 billion JPY	3.9%

Implementation of action plans for asset value enhancement

Growth

(Measures for profitability improvement)

Target

- **Increase in future CF** through improvement in property competitiveness

Method

- **Attractive tenant mix and facility development** leveraging our SC Management skills

Example

- Oyama Yuen Harvest Walk
(Change in tenant mix and renewal of environmental design) etc.

Stability

(Measures for profitability stabilization)

Target

- **Risk reduction** by ensuring competitiveness of aged properties and by adopting stable lease structure

Method

- **Continuous suggestion and introduction of improvement measures** for long-term business continuity of our tenants
- **Lengthening lease term and securing non-cancellable period** for lease contract with amendment of economic terms
- **Consideration of well-timed property disposition** at favorable conditions

Example

- AEON Yagoto
(Extension of lease contract and limited rent reduction)
- AEON TOWN Ogaki (Disposal for property replacement)

Managing each measure on a portfolio basis

Improvement in portfolio profitability and stability

Oyama Yuen Harvest Walk

Achieving profitability improvement of the whole facility through renewal
 ~ Grand opening on April 26, 2014 with 100% occupancy ~

Renewal Effects on the Entire Facilities

Renewal Costs: 1,330 million JPY ^(A)

	Before ^(Note 1)	After (estimate) ^(Note 2)	Effects
• Annual sales	Approx. 15.0 billion JPY	Approx. 18.0 billion yen	+3.0 billion JPY
• Annual real estate rental revenue	1,120 million JPY	1,690 million JPY	+570 million JPY (+50.9%)
• Annual NOI	490 million JPY	670 million JPY	(B) +180 million JPY (+36.7%)
• Annual NOI yield ^(Note 3)	4.9 %	6.5 %	+1.6 %
• Annual NOI increase/Total expenditure (B/A)	—	—	13.6 %

(Note 1) Represents the total actual amount for the periods ended August 2012 (21st fiscal period) and February 2013 (22nd fiscal period).

(Note 2) Represents the estimated annual amount in accordance with the plan (for the annual period ending February 2015 (26th fiscal period) or later).

Note 3) The annual NOI yield is calculated by dividing an annual NOI by the acquisition cost. The post-renewal estimate includes additional acquisition costs due to the said building extension and renovation.

■ Review the conventional master lease agreement form

Change to a “complete pass-through type master lease” agreement (10-year lease) that passes through all revenues and expenses, rather than rents, common expenses, etc. only

■ Environmental design renewal

※ Under construction towards the grand opening

~ 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

■ Inviting new, promising tenants

Inviting OLD NAVY (opening its first store in Tochigi Prefecture), UNIQLO, MUJI, etc.






Active enhancement of our properties through SC Management skills

Analysis of upside potentials



Active action

Property			Direction of action plan	
mozo wonder city	<p>Percentage share of rent</p> <p>4.8%</p> <p>(60% of co-ownership)</p> 	<p>Potential</p> <ul style="list-style-type: none">■ Large surrounding population of the metropolitan area and high traffic accessibility■ High name recognition as a regional No.1 shopping center in Chubu area	<p>Next-stage</p> <p>Regional No.1 to a representative SC of Japan</p> <ul style="list-style-type: none">● Termination of lease contracts of 200 tenants/40,000m² leased floor area in 2015● Large-scale tenant replacement to achieve re-positioning of the property● Estimated renewal opening in summer to fall of 2015	
Nara Family	<p>Percentage share of rent</p> <p>6.2%</p> 	<p>Potential</p> <ul style="list-style-type: none">■ Large population of the surrounding area with high household income■ Good location in front of a major terminal station with precious large floor spaces■ Anchored by a major department store with an ability to attract customers	<p>Re-positioning</p> <p>Moving towards high-grade urban SC</p> <ul style="list-style-type: none">● Termination of fixed term lease contracts of 100 tenants/12,000m² leased floor area in 2015● Restructuring of tenant mix by altering a part of anchor tenants into specialty stores and inviting popular, fashionable tenants● Estimated renewal opening in fall of 2015 to spring of 2016	
Kawasaki Le FRONT	<p>Percentage share of rent</p> <p>5.6%</p> 	<p>Potential</p> <ul style="list-style-type: none">■ Large surrounding population and shopper traffic of the Tokyo metropolitan area■ Good location in front of a major terminal station with precious large floor spaces■ Anchor tenants with strong name recognition and ability to attract customers	<p>Re-vitalization</p> <p>Overwhelming potential as a retail property</p> <ul style="list-style-type: none">● Strengthening of daily use and planning of renewal project that invites large anchor tenants● Started interviewing major potential tenants	

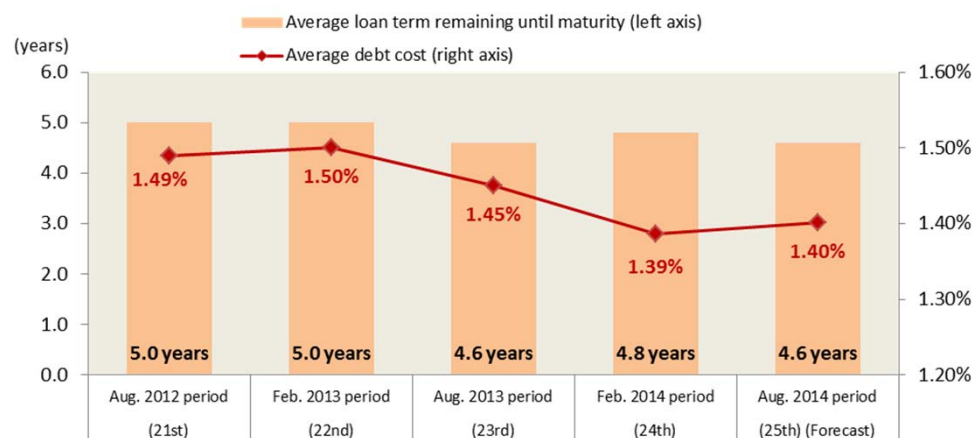
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Stable financing operation and effective control of debt cost

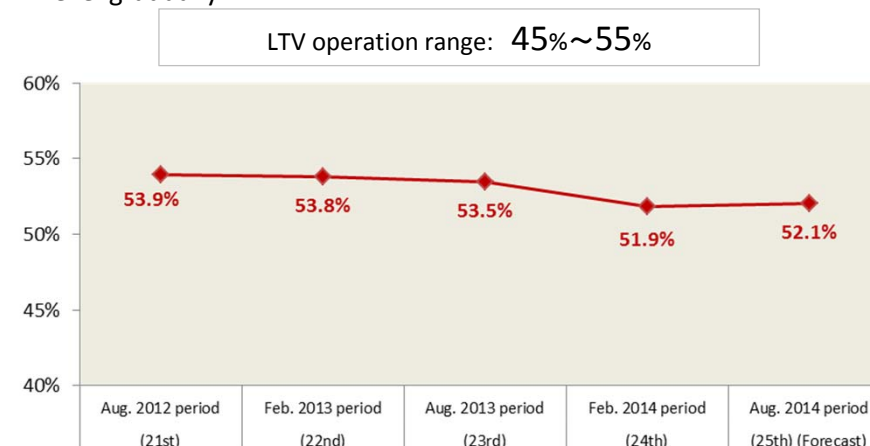
Change in financial indicators

	Aug. 2012 period (21 st)	Feb. 2013 period (22 nd)	Aug. 2013 period (23 rd)	Feb. 2014 period (24 th)	Aug. 2014 period (25 th) (Forecast)	25 th period (Forecast) / 21 st period
(1) LTV (incl. tenant leasehold and security deposits)	53.9 %	53.8 %	53.5 %	51.9 %	52.1 %	-1.8 pt
LTV	44.7 %	45.1 %	44.9 %	44.0 %	44.2 %	-0.5 pt
(2) Long-term liabilities ratio	96.0 %	97.1 %	97.1 %	100.0 %	100.0 %	+4.0 pt
(3) Fixed interest ratio	45.6 %	55.3 %	69.1 %	74.4 %	73.7 %	+28.1 pt
(4) Average debt cost	1.49 %	1.50 %	1.45 %	1.39 %	1.40 %	-0.09 pt

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

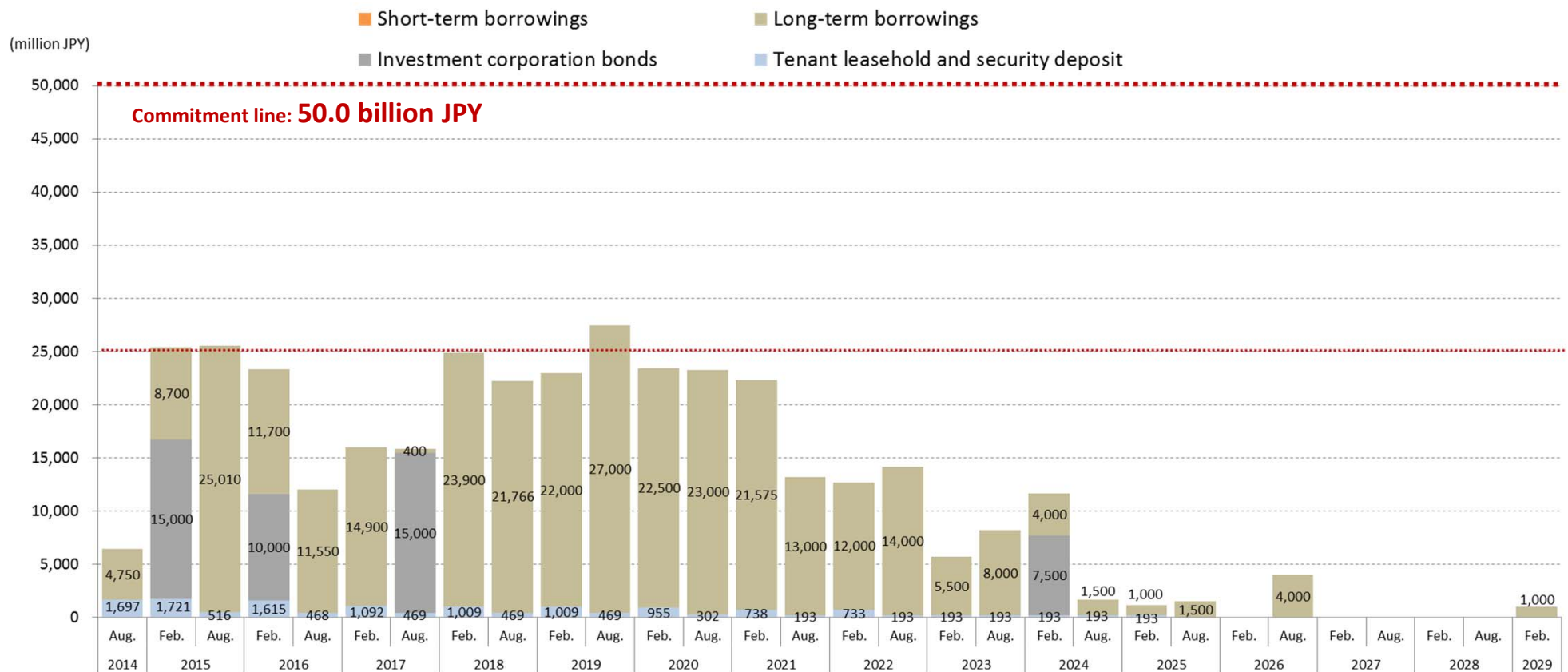


- Reducing our LTV (incl. tenant leasehold and security deposits) level gradually



Diversification of maturity dates and maintaining commitment line

Diversification debt maturity (as of Apr. 1, 2014)



Sustainable DPU growth

through growth strategies

leveraging our competitive advantage in SC Management skills

External Growth Strategy

Growth

- 1 Selective investment in a wide variety of investment targets and opportunities
- 2 Potential investment pipelines leveraging our extensive deal sources
- 3 Improvement in portfolio profitability and stability through property replacement

Internal Growth Strategy

Growth & Stability

- 1 Implementation of action plans for asset value enhancement
 - Profitability improvement measures
 - Profitability stabilization measures
- 2 Active enhancement of our properties through SC Management skills

Financing Strategy

Stability

- 1 Stable financing operation and effective control of debt cost
- 2 Diversification of maturity dates and maintaining commitment line

4 Sustainability Management of JRF



AEON MALL Itami



mozo wonder ciy

JRF and Asset Management Company are sharing the sustainability approach and taking sustainability management actions together

Basic sustainability policies of the Asset Management Company

Mitsubishi Corp.-UBS Realty Inc. (“the Asset Management Company”) has involved with three categories, Environment, Social, and Governance (ESG), and established several basic policies towards Responsible Property Investment in 2013. JRF is managing the portfolio based on the same policies.

- Establishing the Environmental Charter
- Establishing the Basic Policy for Responsible Property Investment
- Signing the Principles for Responsible Investment (PRI)

Signatory of:



- Signing the Principles for Financial Action towards a Sustainable Society (Principles for Financial Action for the 21st Century), endorsed by Japanese Ministry of Environment

It is thought that companies appropriately considering and responding to ESG issues coupled with investors investing in such companies will contribute to solving and improving environmental problems and social issues, as well as cultivating and developing a sound capital market.

Structure and activities for sustainability of the Asset Management Company

■ The Sustainability Committee

- The Asset Management Company formed the Sustainability Committee in 2013 to ensure the policy for responsible property investment
- The committee consists of the CEO, the head and the key personnel of the Retail Division, which is in charge of the asset management of JRF and the other key personnel of the Asset Management Company

■ Activities in 2013

Organization

- Formed the Sustainability Committee to enforce ESG management of the company
- Formed the ESG team in the Retail Division to ensure sustainability activities of JRF

Policy and sign

- Established basic policies towards sustainability by settling the Environmental Charter and the Basic Policy for Responsible Property Investment and signing the Principles for Responsible Investment (PRI).

Sustainability activities of JRF

- Enforced energy consumption management by adopting the Energy Management System (EMS).
- Reduced energy consumption by switching from existing incandescent lighting to LED lighting and conducting fine tuning of HVAC system.
- Promoted sustainability activities at each property working together with property managers.

Leading sustainability activities

In order to make each property a facility that is both rooted in the community and loved by customers and neighbors, JRF supports the tenants initiatives and works on measures for the enforcement of sustainability of the globe and the society.

Environmental contributions

■ Measures for saving energy

Cooperation with tenants

For the improvement of property's energy efficiency, JRF adopts a Win-Win solution where JRF invests the initial cost which will be covered by additional rents afterwards and the tenants can save utility costs without large capital expenditure.

Saving energy and reducing CO2 emission

JRF reduces CO2 by installing solar panels on wall surface of facilities and using generated power within facilities.

JRF actively promotes the switching from existing incandescent lighting to LED lighting since the switching also allows for the cutback of electricity use thanks to high luminous efficiency.



■ Greening of facilities

The greening of facilities not only results in energy-saving but also makes relaxation possible by creating wide open spaces where greenery and natural aromas can be taken in.

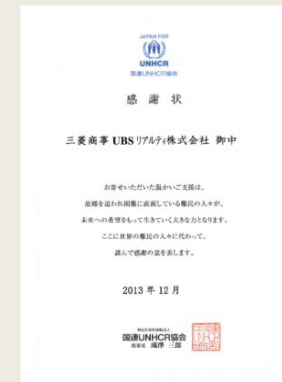
- Greening of main entrances and wall surfaces of parking lots
- Greening of rooftops and entrances
- Greening inside facilities



Social contribution of JRF

■ Campaign for United Nations Refugee Support Activities

JRF supports Japan Association for UNHCR who closely coordinates with the UNHCR (United Nations High Commissioner for Refugees) Representation in Japan. Specifically, JRF provides space from existing properties free of charge for use by the "Campaign for United Nations Refugee Support Activities". Mitsubishi Corp.-UBS Realty Inc., which is Asset Management Company of JRF, received a letter of appreciation from Japan Association for UNHCR for those activities.



■ External assessment of the sustainability performance

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 (Global Real Estate Sustainability Benchmark) survey of environmental responsiveness for real estate operators.

