



Japan Retail Fund Investment Corporation

Newly acquired property
G-Bldg. Ginza Chuo-dori 01

JAPAN RETAIL FUND

February 2016 (28th)
Period Results

US ADR(OTC): JNRFY

Security Code

8953



Welcome to this presentation of JRF's operating results for the 28th period, the six months from September 1, 2015 to February 29, 2016.

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Following the presentation materials, and as indicated in the “Table of Contents” on page 1, I will first provide an overview of JRF’s portfolio strategy before moving on to how we implement our growth and financial strategies. Turning to the principal topic of this presentation, I will then provide details of our financial results for the 28th period, together with forecasts for the 29th and 30th periods, and in closing, comment on JRF’s approach toward sustainability management.

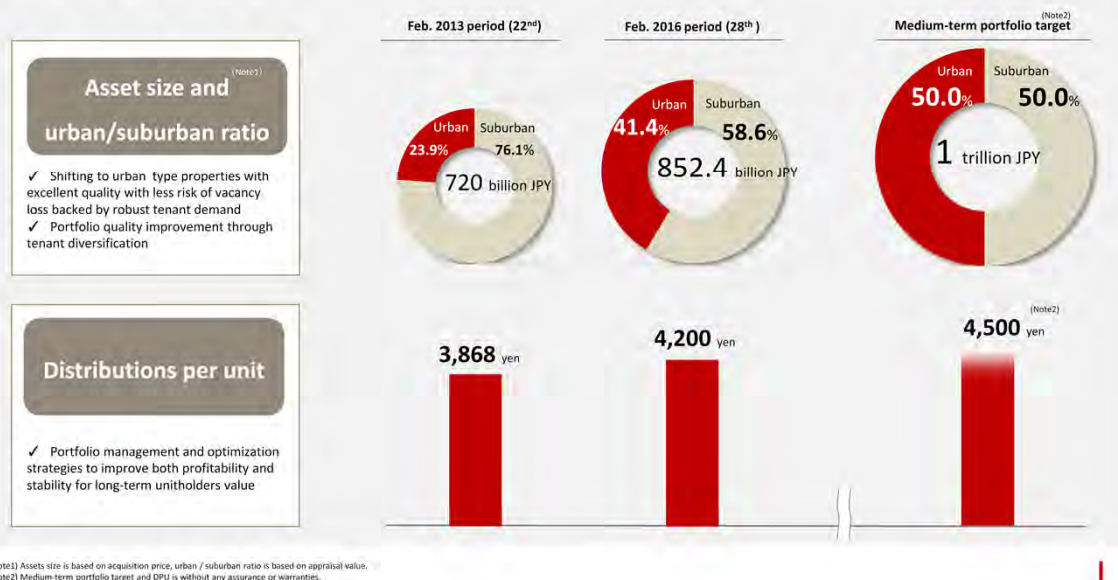


mozo wonder city

- 1. Portfolio Strategy**
2. Implementation of Growth Strategy
3. Financial Strategy
4. Financial Results and Forecasts
5. Sustainability Management

Improvement of unit holders value in the medium-term

■ Medium-term portfolio target and DPU



Over the three-year period from February 28, 2013 to February 29, 2016, JRF has significantly improved the quality, size, and diversification of its portfolio.

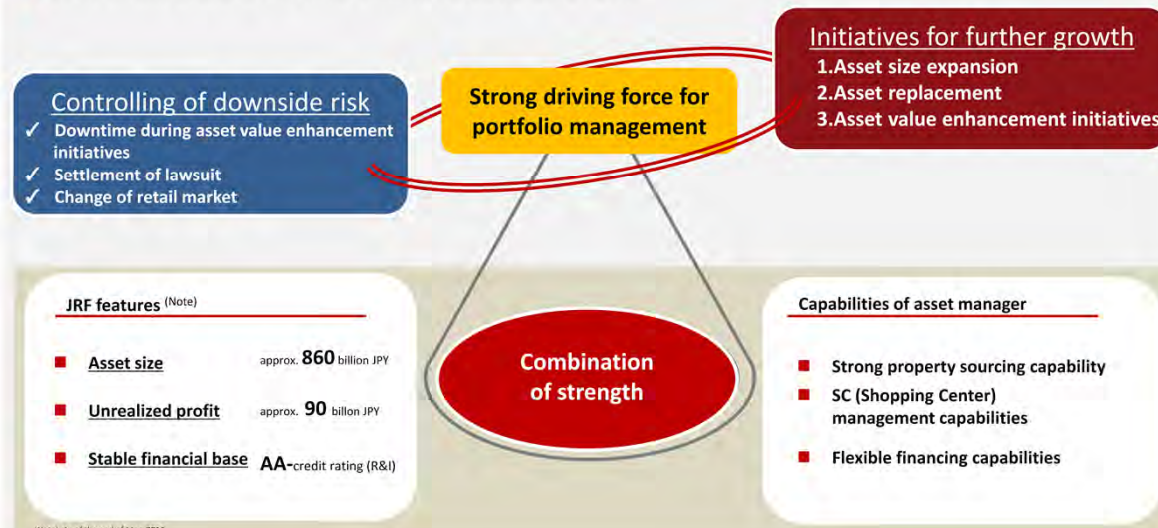
In specific terms, the ratio of urban properties, as a percentage of the portfolio as a whole, has climbed from 23.9% to 41.4%. At the same time, the scale of assets has grown from 720 billion yen to over 850 billion yen. Working diligently to diversify its portfolio over the three-year period to February 29, 2016, JRF has increased the number of properties and tenants to 94 and 1,007, respectively. Taking into consideration the correlation between the credit standing of tenants and stability, JRF has successfully put in place a balanced portfolio from each of the quality, asset scale, and diversification perspectives.

In addition to enhancing portfolio stability, JRF has also increased its DPU 332 yen, from 3,868 yen in the February 2013 22nd period to 4,200 yen in the February 2016 28th period.

Looking ahead, JRF has identified a medium-term DPU target of 4,500 yen. With this in mind, we will further enhance the stability of our portfolio while increasing the scale of our assets and the ratio of urban properties to the targeted levels of 1 trillion yen and 50%, respectively.

Drive active portfolio management by combining our strength

- Achieve effective portfolio management utilizing strength of JRF and MCUBS



Moving on to the management capabilities that underpin this portfolio strategy.

JRF is distinguished by its active portfolio management, which combines the inherent strengths of the Fund, which include a significant asset scale, substantial unrealized profits, and a stable financial base, with the considerable competitive advantage of the Asset Management Company in such areas as property sourcing, shopping center management, and the flexible raising of funds.

On this basis, we are looking to replace assets and push forward large-scale property renewals, while advancing other initiatives aimed at securing continued growth. We are also working diligently to control such risks as the downtime associated with property renovation and the settlement of claims for a reduction in rent, while addressing trends in commercial markets that include the declining population and shifts in preferences and tastes.

JAPAN RETAIL FUND



Newly acquired property
G-Bldg. Kichijoji 02

1. Portfolio Strategy
- 2. Implementation of Growth Strategy**
3. Financial Strategy
4. Financial Results and Forecasts
5. Sustainability Management

Steadily executing initiatives aimed at growing unitholder value in the medium to long-term

Initiatives for further growth and recent actions

External growth strategy

Asset size expansion

Newly acquired properties by capital raising through public offering



G-Bldg. Minami Aoyama 01 (Bldg. B)

Number of properties (Note 1)	Total acquisition price	Average NOI yield (after depreciation)
8	42.1 billion JPY	3.9%

External growth strategy

Asset replacements

Disposition of 5 suburban GMS properties



AEON Omiya

Strategically allocated the three periods of gain on sale to offset the temporary expenses related to renewals and decline in rental revenue due to the sale and retained part of the sales proceeds as reserve for dividend. (Note 2)

Number of properties	Total disposition Price	Average NOI yield (after depreciation)
5	68.5 billion JPY	3.3%

Acquisition of 5 urban properties



G-Bldg. Kyoto Kawaramachi 01

G-Bldg. Ginza Chuo-dori 01

Number of properties	Acquisition price	Average NOI yield (after depreciation)
5	37.9 billion JPY	3.3%

Internal growth strategy

Asset value enhancement initiatives

Action plans for improving facility competitiveness

Completed project : 1
Ongoing projects : 5
Total investment: approx. 11.1 billion JPY (Note 3)

Settlement of lawsuit <Kawaramachi OPA>

Properly managed and settled the lawsuit without affecting the projected PL.

Monthly rent increased by 2% (Note 4)

Settlement money payment of 283 million JPY (Note 5)

(Note 1) G-Bldg. Ueno 01, which was acquired on Jul. 28, 2015, is included in (1) number of properties, (2) total acquisition price and (3) average NOI yield (after depreciation)

(Note 2) 193 million yen, which was a part of gain on sale, was accounted as reserve for dividend in the fiscal period ended Feb. 2016

(Note 3) Total investment is expected total expenditure of following renewal projects: one completed project at mozo wondercity and five projects currently taking place at G-bldg. Jiyugaoka 01 (Bldg. B), BiCamera Tachikawa, Nara Family, Ito-Yokado Yotsukaido and Kamishin plaza.

(Note 4) Monthly rent increased by 2% after Mar. 1, 2016.

(Note 5) JRF paid the settlement money of 283 million yen. Considering the allowance of 42 million yen, which we have reserved based on the lease contract, extraordinary loss of 242 million yen was booked in the fiscal period ended Feb. 2016.

I would like to comment on the implementation of our growth strategies.

JRF conducted a public offering in September 2015, and acquired eight mainly urban retail properties for 42.1 billion yen.

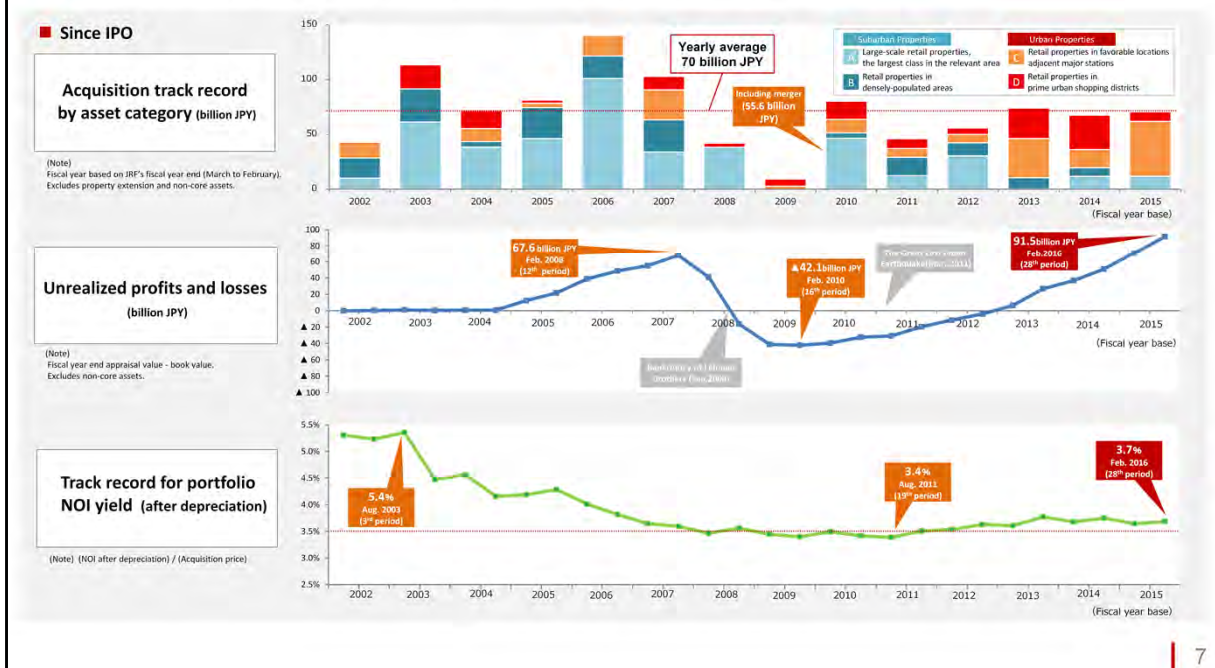
In October 2015, we then disposed of five suburban type GMS properties for 68.5 billion yen in order to mitigate the risk of over-concentration in specific tenants. Later in 2016, we purchased five urban properties at an aggregate acquisition price of 37.9 billion yen. Through this replacement of assets, JRF has successfully spread the timing at which gains on the sale of properties are realized over three periods. This in turn has offset the decline in rental revenues. Moreover, JRF has taken strategic steps to allocate a portion of the sales proceeds to the reserve for dividends.

Furthermore, JRF is undertaking reconstruction work as well as large-scale renewals, at a cost of approximately 11.1 billion yen, in a bid to improve the facility competitiveness of existing properties.

Turning to prolonged litigation and claims for a reduction in rent at Kawaramachi OPA, JRF paid a settlement amount of 283 million yen. Despite this payment, we have successfully incorporated recent market trends in the rent applicable to this property, with an increase of roughly 2% from March 2016.

Initiatives aimed at addressing the downtime in rent attributable to JRF's Action Plan and efforts to improve facility competitiveness as well as the payment of the settlement amount were undertaken using the reserve for dividends. In this manner, we eliminated the risk of any temporary fluctuation in distributions.

Increased profitability and stability based on consecutive acquisition



I will now touch on JRF's efforts to expand its assets through steady acquisition.

Despite the harsh nature of recent property acquisition conditions, JRF has completed a public offering and purchased properties at an aggregate acquisition price of approximately 70 billion yen, as a part of its asset replacement activities over the past 12 months. As indicated in the graph that runs across the top of the page, JRF has consistently acquired properties at an average aggregate acquisition price of 70 billion yen each year since it was first publicly listed. This is a clear indication of its proven track record and sound acquisition capabilities.

As you well know, property values are cyclical in nature. This is reflected in the unrealized profit and loss on JRF's portfolio, which has fluctuated around plus or minus 10% since the Investment Corporation was established, as depicted in the graph that runs along the center of the page. Meanwhile, JRF's NOI yield after depreciation has remained firm at roughly 3.5%. Retail properties are generally characterized by their stable rental revenues. Taking into consideration the scale and level of diversification that is unique to JRF's retail property portfolio, we are confident that this sense of stability is steadily increasing.

Moving ahead, we will continue to mitigate the effects of fluctuations in the market environment, build up a robust portfolio of prime assets, and pursue further improvements in the quality and diversification of our portfolio, by consistently acquiring a certain number of properties in a manner that is similar to dollar cost averaging.

Asset replacement for the purpose of improving portfolio quality

■ Concept of asset replacement



Latest asset replacement Oct. 2015~ (After FP ended Feb. 2016)

Disposition	Acquisition
<ul style="list-style-type: none"> AEON Mall Yachiyo Midorigaoka AEON Ueda AEON Nishi-Otsu AEON Omiya AEON Mall Kashihama 	<ul style="list-style-type: none"> G-Bldg. Shinsaibashi 04 (Bldg. A&B) G-Bldg. Sendai Ichibancho 01 G-Bldg. Kyoto Kawaramachi 01 G-Bldg. Kichijoji 02 G-Bldg. Ginza Chuo-Dori 01
5 properties 68.5 billion JPY Avg. NOI yield (after depreciation) 3.3%	5 properties 37.9 billion JPY Avg. NOI yield (after depreciation) 3.3%
✓ Profit management through splitting the timing of disposition for next 3 fiscal period	



AEON mall Kashihama



G-Bldg. Sendai Ichibancho 01



G-Bldg. Kichijoji 02

We provide details of JRF's asset replacement strategy.

Taking into consideration the current harsh property acquisition environment, and the recent surge in real estate values, market conditions are extremely conducive to the disposition of assets. Cognizant of such wide-ranging factors as the shift in Japan's demographics, changes in consumer tastes, and other commercial market trends, we are placing considerable emphasis on efforts aimed at improving the quality of our portfolio. With this in mind, JRF's portfolio offers several different scenarios. The fortunes of suburban type retail properties under a single master lease arrangement, for example, depend very much on the strengths of the major retailer and principal tenant.

In extreme cases, such as Naru Park, located in Aichi Prefecture, the Investment Corporation has the opportunity to revitalize the property in a bid to improve the quality of the portfolio. This, however, runs the risk of negatively impacting distributions due to the time required to complete a full rejuvenation.

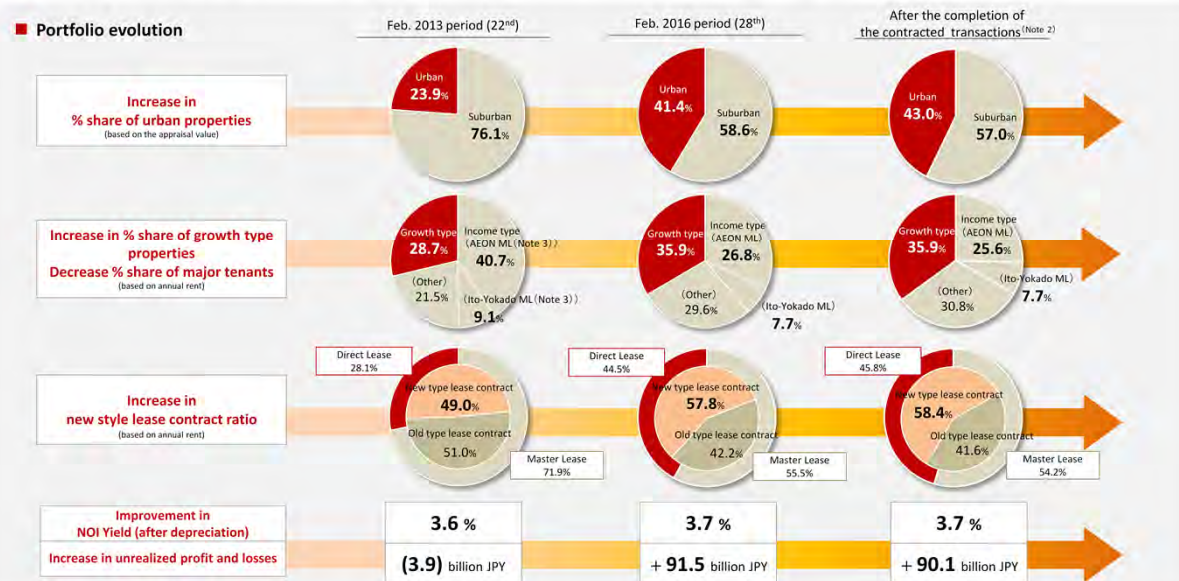
In contrast, the risks associated with properties that are located in urban commercial areas tend to be small, requiring less time to attract a replacement tenant, even after the facility has been vacated.

For suburban type properties under multiple lease contracts with individual retail stores, the situation is again different. Even with the replacement of certain tenants, the impact on the Investment Corporation as a whole is extremely small. As long as the property is located in the right area, the ability to attract replacement tenants is roughly the same as that for urban properties.

JRF's recent replacement of assets falls in the extreme case scenario. In this instance, we successfully prioritized the disposal of properties that posed considerable difficulties. This included properties that were purchased during a period of financial crisis and exhibited extremely low yields after depreciation.

Proceeds from the disposal of properties were applied to the purchase of properties in Ginza, Kichijoji, Kawaramachi in Kyoto, Shinsaibashi in Osaka, and Ichibancho in Sendai. Each of these properties is located in a high foot-traffic area and exhibits low vacancy risk. As such, we are confident that JRF's margin of portfolio safety has improved.

Portfolio metrics constantly improving through our persistent efforts



(Note 1) Based on 94 properties as of Feb. 29, 2016.

(Note 2) Based on % properties after the completion of contracted transactions. Excluding AEON Mall Kashiwazaki (to be disposed on Aug. 31, 2016 and Sep. 30, 2016) and including G-Bldg. Kyoto Kawaramachi 01 (acquired on Mar. 18, 2016).

G-Bldg. Shinjimbashi 04 (Bldg. 8) (acquired on Mar. 31, 2016), G-Bldg. Ginza Chuo-dori 01 (27.5% acquired on Mar. 1, 2016 and 22.5% to be acquired on Apr. 28, 2016) and G-Bldg. Sendai Ichibancho 01 (to be acquired on Sep. 30, 2016).

(Note 3) "AEON ML" refers to the total annual rent of AEON Retail, AEON MALL, AEON Kyushu, AEON Ryukyu and AEON TOWN, which are master lease tenants of income type properties. "Ito-Yokado ML" refers to the total annual rent of Ito-Yokado, which are master lease tenants of income type properties.

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I would now like to elaborate on the evolution of JRF's portfolio.

On this page, we provide a series of pie charts that map out changes in the quality of JRF's portfolio from the February 2013 22nd period to the recent acquisition of five properties.

Over this period, the percentage share of urban properties has climbed to 43%. In addition, the percentage of growth type properties, where we expect to secure the fruits of future expansion, has improved to 35.9%. At the same time, the excessive concentration of AEON Group master lease properties has fallen to 25.6%. Meanwhile, the share of Ito-Yokado master lease properties stands at 7.7%. Conversely, the percentage shares of direct lease properties and fixed-term lease contract properties have increased to 45.8% and 58.4%, respectively.

As you can see from this page, we have maintained an average NOI yield after depreciation of 3.7% and increased the amount of unrealized profit to 90.1 billion yen, more than 10% of JRF's total assets, while steadily improving each portfolio indicator.

Looking ahead, we will purchase new properties and promote an asset replacement strategy with a view to continuously improving the quality of JRF's portfolio.

Selectively acquired prime properties mainly in urban area using our abundant deal sources

■ Newly acquired properties after Sep. 2015 (13 properties, JPY 79.2 billion)^(Note)

Additional closing

Urban

DFS T Galleria
(A part of land with
leasehold interest)

PO in 2015 (Excluded G-Bldg. Ueno 01 closed in Jul 2015)

7 properties 38.8 billion JPY

Suburban



mozo wonder city (20% co-ownership interest)



G-Bldg. Umeda 01

Urban



G-Bldg. Minami Aoyama 01 (Bldg. B)

Urban



G-Bldg. Abeno 01

Urban

Takadanobaba
(Land with leasehold interest
(60% co-ownership interest))

Urban

G-Bldg.
Akihabara 01

Urban

G-Bldg.
Akihabara 02

Asset replacement

5 properties 37.9 billion JPY

G-Bldg. Ginza Chuo-dori 01
(50% co-ownership interest)

G-Bldg. Kichijoji 02

G-Bldg. Kyoto
Kawaramachi 01G-Bldg. Sendai
Ichibancho 01G-Bldg. Shinsaibashi 04
(Bldg. A&B)

(Note) This figure includes G-Bldg. Ginza Chuo-dori 01 (22.5%) and G-Bldg. Sendai Ichibancho 01 (Building with leasehold interest) to be closed on Apr. 28, 2016 and on Sep. 30, 2016 respectively in addition to the properties as of Apr. 15, 2016

Moving on to JRF's external growth strategy.

Including the acquisition of properties following JRF's public offering and additional interests acquired since September 2015, successful steps have been taken to purchase 13 properties at an aggregate acquisition price of 79.2 billion yen.

Continued acquisitions of urban type properties in prime locations and accumulated expertise in retail asset management

- Holds a series of properties in one of the most prominent commercial areas in Tokyo

Omotesando/ Harajuku / Aoyama area (14 properties)

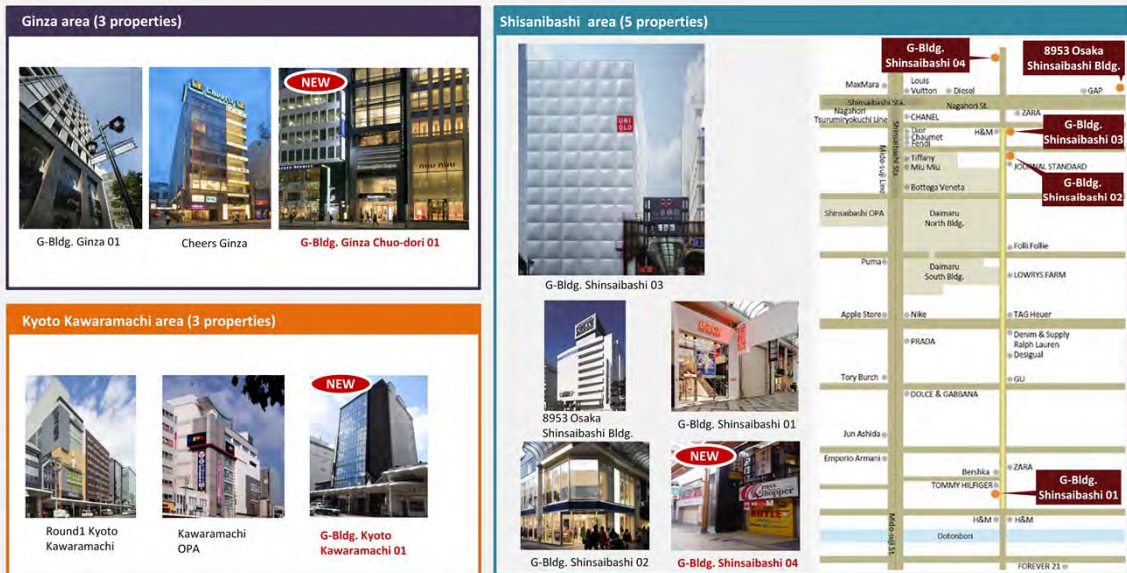


We provide details of selectively acquired urban properties in the Omotesando, Harajuku, and Aoyama areas.

Following the recent public offering, JRF acquired the G-Bldg. Minami Aoyama 01 (Building B) bringing the total number of properties in this area to 14 at a value of 100.1 billion yen.

Acquired properties with high rarity facing main street in prime retail locations

■ JRF's portfolio – Ginza in Tokyo/ Kawaramachi in Kyoto / Shinsaibashi in Osaka



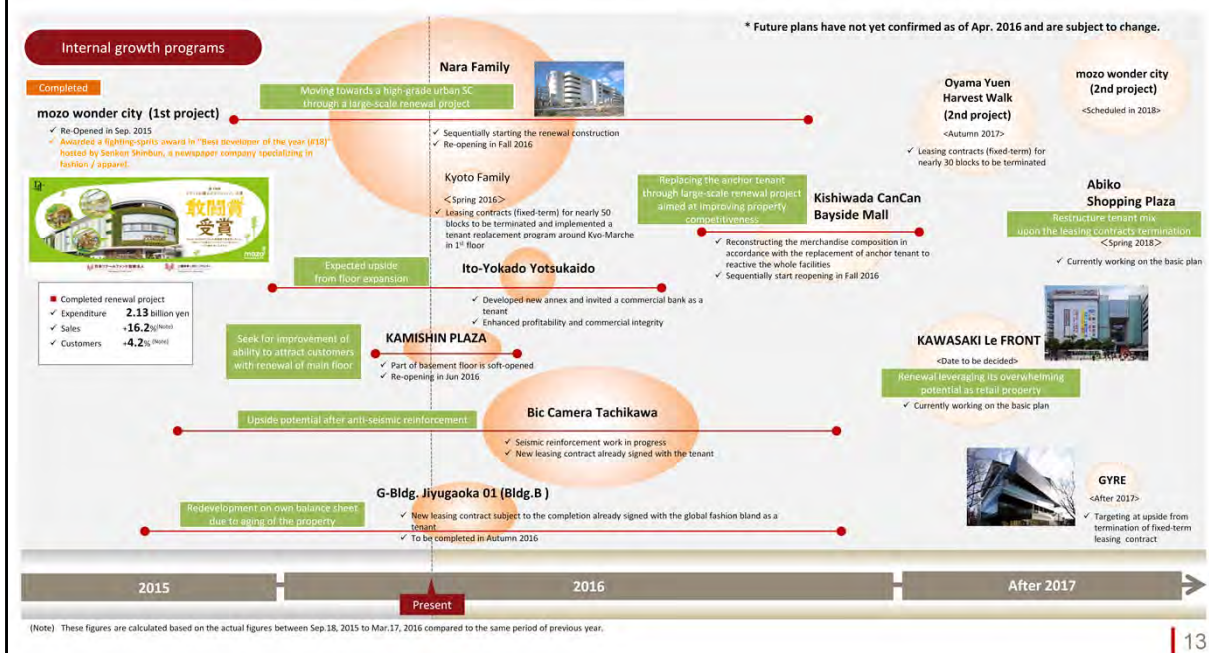
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Turning to certain properties acquired in other areas.

JRF maintains three properties including G-Bldg. Ginza Chuo-dori 01 with a value of 22.7 billion yen in the Ginza area of Tokyo, three properties including G-Bldg. Kyoto Kawaramachi 01 at an aggregate acquisition price of 23.4 billion yen in the Kawaramachi area of Kyoto, and five properties including G-Bldg. Shinsaibashi 04 with a total value of 45.7 billion yen in the Shinsaibashi area of Osaka.

By acquiring properties located in prime retail areas in this manner, JRF is building up its limited pool of information on tenants that maintain stores in metropolitan areas. Through these means and the accumulation of expertise in the attributes of specific locations, we are enhancing our leasing capabilities and increasing opportunities for the purchase of additional properties.

Implement internal growth strategy by leveraging our SC management capability



I will now elaborate on JRF's internal growth strategy.

As was the case in our presentation for the 27th period, the size of each circle or oval is indicative of the size of JRF's investment in each project, while the length of each line represents the downtime in rent attributable to the construction period.

I am pleased to report that work on the five projects currently being implemented are progressing without incident.

As we first mentioned at the time of our public offering and the acquisition of KAMISHIN PLAZA in 2013, we have taken steps to replace the anchor supermarket tenant and conclude a long, fixed-term leasing agreement with Heiwado Co., Ltd. Moreover, renewal work on the main floor is underway. Plans are in place to re-open the relevant area in June 2016.

As far as other large-scale projects are concerned, including the renewal of Nara Family and Bic Camera Tachikawa as well as the redevelopment of G-Bldg. Jiyugaoka 01, construction work will be completed on a progressive basis from the end of 2016.

Implement internal growth strategies to enhance property competitiveness and profitability

■ Completed **2** properties, Ongoing plans **5** properties, estimated total expenditure approx. **12.5** billion JPY

Status	Property	Objective	(Estimated) Expenditure ^(Note 1)	(Estimated) NOI increase ^(Note 2) / Investment amount
Completed	Oyama Yuen Harvest Walk (1st project)	Successfully improved competitiveness as retail property and achieved profitability improvement	1.32 billion JPY	10.7%
	mozo wonder city (1st project)	A large-scale renewal project to establish a stronger market position	2.13 billion JPY	10.9%
Ongoing plans	G-Bldg. Jiyugaoka 01 (Bldg. B)	Redevelopment on own balance sheet due to aging of the property	589 million JPY	6.4%
	Big Camera Tachikawa	Upside potential after anti-seismic reinforcement	2.92 billion JPY	15.3%
	Nara Family	Moving towards a high-grade urban SC through a large-scale renewal project	5.1 billion JPY	8.2% ^(Note 3) 4.2%
	Ito-Yokado Yotsukaido	Build the Extension on a part of the premise returned by the master lease tenant	154 million JPY	10.4%
	KAMISHIN PLAZA	Seek for improved attractiveness for customers through floor renewal	299 million yen	15.5%

(Note 1) Approximate estimate amount is used for the projects when total investment amount for the project is not fixed.

(Note 2) NOI increase = (NOI after renewal project) - (NOI before renewal project). For NOI after renewal project, actual result is used if the property is operating, at normalized base, otherwise annual NOI estimate is used.

(Note 3) Calculation based on the estimated NOI increase, that made from difference between an estimated annual NOI for FY2017 after renewal project (normalized base) and an estimated annual NOI for FY2017 without renewal project.

Budget plans for each project are presented on page 14.

In addition to the two completed projects, JRF is undertaking a cumulative investment of roughly 12.5 billion yen in seven projects. Each of these projects will help JRF achieve steadfast internal growth with rates of investment return ranging from a low of around 6% to a high of about 15%.

Action plans by leveraging our SC management capabilities

1 Ito-Yokado Yotsukaido

■ Effect on renewal project (Note 1)

Estimated Total Expenditure (A)	154 million JPY
Estimated Increase in NOI (B)	16 million JPY/year
(B) / (A)	10.4 %

Enhanced profitability and competitiveness of the property through the development of the annex in the parking lots

Current property



Annex (Note 2)



- ✓ JRF had initiated the development project for the 3 story annex in the parking lot area since the master leased tenant, Ito-Yokado, had partly canceled the lease contract and returned the area.
- ✓ Contracted with K.K. Chiba Kogyo Bank that operates mainly in Chiba prefecture as a new tenant for the annex
- ✓ Achieved enhanced commercial integration and profitability through enhanced customer traffic between the original store and the annex

< Current plan >

	Key milestone
Nov. 2015	Executed the leasing contract subject to the completion with K.K. Chiba Kogyo Bank.
Dec. 2015 to Jul. 2016	Construction period
Jul. 2016	Completion and the leasing contract will be executed
Aug. 2016	Opening

2 KAIMISHIN PLAZA

■ Effect on renewal project (Note 1)

Estimated Total Expenditure (A)	299 million JPY
Estimated Increase in NOI (B)	46 million JPY/year
(B) / (A)	15.5 %

Replaced the supermarket as the anchor tenant and replaced specialty stores in basement floor to improve the competitiveness of the store

Before



After (Note 2)



- ✓ Main floor and common area is refurbished; Replacing the anchor tenant of supermarket in the basement floor to Heiwado considering the characteristics of its trade are and replacing the tenants in the same floor
- ✓ Exterior signboard is updated
- ✓ Established stable revenue base in long term through the strengthened competitiveness of the retail property

< Current plan >

	Key milestone
Mar. 5, 2016	Bookstore had been opened
Apr. 15, 2016	Food court and pharmacy in basement floor had been opened
Jun. 2016	Heiwado is to start its operation as Heiwado Friend mart Kaimishin plaza (provision)

Implemented sequential opening methodology to minimize the loss of revenue and customer traffic

(Note 1) Please refer to the press release on Nov. 11, 2015 for Ito-Yokado Yotsukaido and Jan. 13, 2016 for Kaimishin Plaza respectively for the key assumptions for the projects.

(Note 2) These are indicative renderings and may differ from the actual development.

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In specific terms, I would like to elaborate on JRF's growth-oriented investments in Ito-Yokado Yotsukaido and KAIMISHIN PLAZA.

Utilizing a portion of the parking lot area at Ito-Yokado Yotsukaido, expansion work that entails the construction of an annex building is currently underway. JRF has concluded a reservation agreement with The Chiba Kogyo Bank, Ltd. to execute a 20-year fixed-term lease for the extended portion. Plans are in place for the Bank to open its doors in August 2016.

Achieved rent increase by leveraging our SC management capabilities

Urban properties subject to lease renewal (fixed term) due to lease termination through Sep. 2015 and Feb. 2017

Rent increased in **10**, stayed same in **16**, and reduced in **3** out of the signed **29** blocks^(Note 1)

Examples of rent increase

G-Bldg. Ginza 01



Agreed on upward rent revision with existing tenants at expiry of lease contract

- Located in Ginza, a central commercial place, especially for luxurious brand
- Agreed on upward rent revision with the existing tenants, following careful selection among various potential tenants

(Note 2) Total of the asset	Floor area (Note 3) 487 tsubo	(Note 4) Rent growth +21.3%
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G-Bldg. Omotesando 02



Example of rent increase in Omotesando where the overseas luxurious brand are concentrated

- Located in Omotesando where the retailers gets benefit from increased inbound demand
- Agreed on upward rent revision with the existing tenants, following careful selection among various potential tenants

Expiration of lease contract (1 tenant)	Floor area 52 tsubo	(Note 4) Rent growth +21.4%
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Blocks at expiry of fixed term lease contract (urban properties)

Aim to improve profitability and stability by strengthening property competitiveness using SC management capabilities

	Aug. 2016 period (29 th)	Feb. 2017 period (30 th)
Properties subject to lease renewal	7 properties	11 properties
Major properties	<ul style="list-style-type: none"> KAWASAKI Le FRONT G-Bldg. Umeda 01 etc. 	<ul style="list-style-type: none"> KAWASAKI Le FRONT G-Bldg. Shinsaibashi 02 G-Bldg. Minami-Ikebukuro 01 etc.
# of blocks subject to lease renewal (# of signed lease contract)	18 blocks (7 blocks)	30 blocks (0 blocks)
Area subject to lease renewal	approx. 1,300 tsubo	approx. 3,400 tsubo
% share of annual portfolio revenue	0.7%	1.6%

(Note 1) Figures are based on lease contracts signed as of Apr. 5, 2016, excluding certain blocks whose rent level cannot be compared before and after lease renewal.

(Note 2) Figures represent the total of all relevant assets given limited disclosure agreements obtained from the tenants.

(Note 3) 1 tsubo is approximately 3.3 m².

(Note 4) Rent growth is a comparison of rental conditions before and after tenant replacement (a total of monthly rent and common area charges).

Looking at examples where we have successfully secured an increase in rent at urban properties.

We have concluded lease contracts for 29 urban property blocks subject to lease renewal, as a result of lease expiration, during the 18-month period from September 2015 to February 2017.

Out of these 29 blocks, rents increased for 10 blocks, stayed the same for 16 blocks, and decreased for three blocks. The average percentage increase for the aforementioned 29 blocks was 15.7%.

Properties of particular note include G-Bldg. Ginza 01, which was acquired at the time of JRF's public offering in 2013. In purchasing this property, which is located diagonally opposite Tokyu Plaza -Ginza, JRF took into consideration such factors as the potential for rental income growth. As anticipated, successful steps were taken to increase the rents of existing tenants, and as a result average income across the property as a whole climbed 21.3%.

Following a public offering in 2014, JRF acquired G-Bldg. Omotesando 02. While we received several comments that the yield on this property was low for the period in question, we were able to secure an increase in rents of 21.4% on certain sub-blocks that were subject to rent revision.

In each of the aforementioned examples, an increase was not factored into our acquisition price valuation. However, both properties located in the prime locations of Ginza and Omotesando represent instances where expectations of an increase in rent were brought to fruition. Quite naturally, we are extremely pleased with the results.

Details of the number of blocks with lease agreements that are due to expire in the August 2016 and February 2017 periods are presented in the table at the bottom right of the page.

We will continue to make every effort to secure internal growth going forward.

Proactive risk management for portfolio stabilization

1 Settlement of the lawsuit with increased rent for future

Kawaramachi OPA

Settlement of lawsuit with OPA without affecting the DPU forecast while deriving upward revision of the rent

Reason for the reconciliation

- ✓ Elimination of the risk through stable contract with the tenant
- ✓ Secured the flexibility of the asset management for urban type around Kyoto Kawaramachi area

Impact to P/L for this fiscal period

- ✓ Extraordinary loss of 242 million yen was offset with gain on sale of the properties of 5 AEON properties^(Note)
- ✓ Monthly rent after Mar 1, 2016 is increased by +2% without revision for next 3 years

Next steps

- * Renewal project is currently on-going in an initiative of its tenant, which includes the dynamic reconstruction of merchandise composition and investment commitment by the tenant; re-opening sequentially once completed.
- * Attract more customers cooperating with the tenants

(Note) JRF paid the settlement money of 283 million yen. Considering the allowance of 42 million yen, which we have reserved based on the lease contract, extraordinary loss of 241 million yen was booked.

2 Response to the turning tide in retail business

Responses to the headwind to GMS type retailers

Risk control with closed monitoring of their revenues

- AEON
 - ✓ Completed the disposition of particularly high risk-bearing assets in Fall 2015.
- Ito-Yokado
 - ✓ No offer of the termination has been received for our properties after the announcement. IY to close 40 stores.
- Izumiya
 - ✓ Contract has been terminated in Apr 2016 at Kishiwada Can Can Bayside mall in East annex and its GMS spaces is subject to leasing activity.
- SEIYU
 - ✓ Seiyu Hibarigaoka: JRF has renewed its old-style contract with SEIYU with reduced rent strategically so that JRF can motivate the tenant to have the refurbishment investment in their initiative for this master-leased property.

Next steps

- * Strategically implements revitalization in cooperation with our anchor tenants
- * Consider the asset replacement as an option for the risk management

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We provide details of JRF's proactive risk management and efforts to stabilize its portfolio.

First, I would like to comment on the steps taken to settle the lawsuit and claim for a reduction in rent at Kawaramachi OPA. Brief details are presented along the left half of the page.

The decision to settle the lawsuit is based on a number of factors. In addition to the opening of Kyoto BAL, a new urban retail facility, in the immediate surrounding area, reconciliation reflects efforts by the tenant to substantially revise its merchandise composition and to undertake investments in line with an invigoration plan.

Taking also into consideration the discrepancy between rents when conditions were at a low and market levels, the decision to settle the lawsuit was made after reaching a mutually acceptable agreement. As a result, JRF has paid a settlement amount of 283 million yen and the rent on the property has increased by around 2% to reflect the recent upswing in market conditions from March 1, 2016. This has then allowed both parties to proactively focus on increasing the competitiveness of the property.

The payment of a settlement amount was not factored into our recently disclosed forecast. Accounting for such factors as the projected increase in revenues from existing properties, however, we do not envisage any impact on distributions.

Turning to those properties tenanted by major retail businesses, JRF has again taken steps to mitigate risks and to stabilize its portfolio.

In completing the sale of five properties tenanted by AEON CO., LTD. in 2015, for example, we have disposed of assets classified in the high-risk category.

While there have been reports that Ito-Yokado will close 40 of its stores, we have not, at this stage, received any notification of termination for the relevant properties that we hold.

As far as the East Annex of Kishiwada CanCan Bayside Mall is concerned, the contract with Izumiya Co., Ltd. expired as of April 1, 2016. In the ensuing period, energies have been directed toward leasing the blocks utilized for GMS purposes.

Finally, the rent at Seiyu Hibarigaoka was reduced and the contract period extended. This initiative is designed to entice the tenant to further refurbish and reinvigorate the property.

As in the past, we will continue to encourage tenants to renovate their respective facilities. At the same time, we will consider the replacement of tenants as required for properties that are of particular concern.

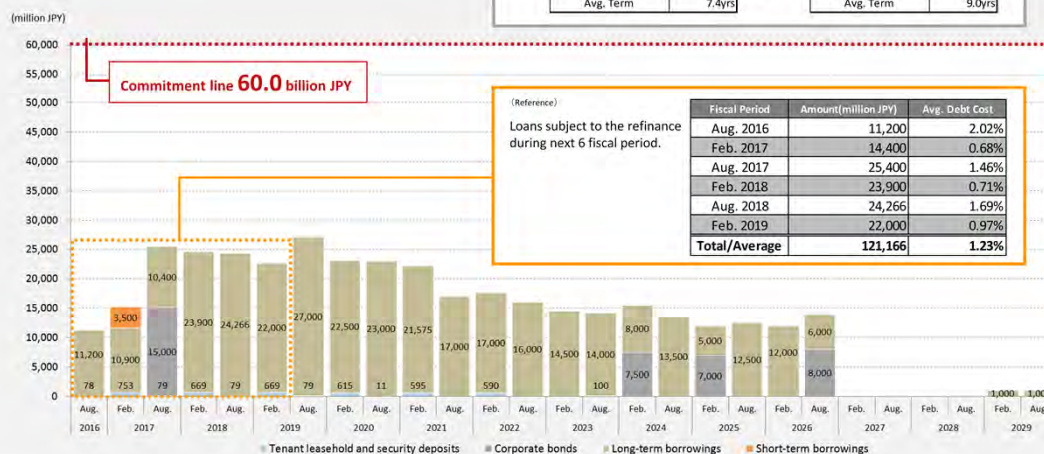


Awarded 3 stars in DBJ Green Building Certification program
Kyoto Family

1. Portfolio Strategy
2. Implementation of Growth Strategy
- 3. Financial Strategy**
4. Financial Results and Forecasts
5. Sustainability Management

Diversification of maturity dates and leveling of repayment amount

■ Maturity ladder (as of the end of Mar. 2016)



I will now provide details of JRF's financial strategy .

As usual, we provide details of JRF's maturity ladder. As you can see, the level of repayment amount remains at around 25 billion yen for each six-month period. JRF has also secured a commitment line of credit totaling 60 billion yen, which allows us to address any sudden financial crisis.

A brief summary of JRF's refinancing activities in the February 2016 period is presented at the top right of the page. During the period under review, JRF newly procured 11 billion yen with an average term of nine years at the extremely low average interest rate of 0.59%. Since the Bank of Japan announced its decision to adopt a negative interest rate policy, debt procurement costs have fallen dramatically. Looking ahead, we expect to refinance debt totaling roughly 10.8 billion yen that is scheduled to mature in August 2016 at a reduced cost.

Persistent efforts for further strengthening financial stability

■ LTV management for stable financial base

- ✓ LTV benchmark: 45% - 55%
- ✓ Further strengthen the stable financial base while carefully focusing on debt cost control
- ✓ Selective acquisitions of prime retail assets such as urban type properties leveraging our acquisition capacity

Financial indices



(Note 1) 2nd closing of G-bldg. Ginza Chuo-dori 01 (22.5%) and 2nd and 3rd settlement of disposition AEON Mall Kashiwa is expected at Apr. 28, 2016, the end of Aug. 2016 and the end of Sep. 2016 respectively.
(Note 2) As of Apr. 14, 2016 when the distribution statements in the financial statements of fiscal period ended Feb. 2016 was approved by the JRF's Board of Directors.

■ Use of negative goodwill and reserve for reduction entry of property for stable distributions

- ✓ Gain on sale of 5 AEON properties will be retained as Reserve for dividend
- ✓ 193 million JPY will be also retained as Reserved for dividend while keeping the DPU of 4,200 yen
- ✓ The above reserves are not taxable as they don't exceed the tax loss carried forward, which is to be carried until Feb. 2020 period (36th).

Policies for the use of negative goodwill and reserve for reduction entry of property

Maintain stable distributions

- Reserve for dividend (negative goodwill) **3,138** million JPY (Note 2)
- Reserve for reduction entry of property **502** million JPY (Note 2)
- Total reserve 3,640** million JPY

(Reserve per unit: JPY 1,426^{29th} / (Period over Period + JPY 75)

Specific use of reserve

- Additional tax expense originating from the tax-accounting mismatches
- Temporary expenses related to renewal and reconstruction of existing assets
- Dilution of distributions from issuance of new investment units
- Other temporary expenses

In terms of JRF's financial stability, we provide details of key financial indices in the graph and table at the bottom left of the page. As you can see, roughly 100% of JRF's debt has been procured on a long-term fixed basis. The average loan term remaining until maturity is 4.7 years and the average debt cost is 1.31%. LTV as of the end of the 29th period is expected to come in at 50.5% and acquisition capacity to total approximately 87 billion yen based on an LTV of 55%.

In connection with the acquisition of properties in the future, we will carefully evaluate the respective merits of asset replacement and a new public offering, while taking into consideration property yields.

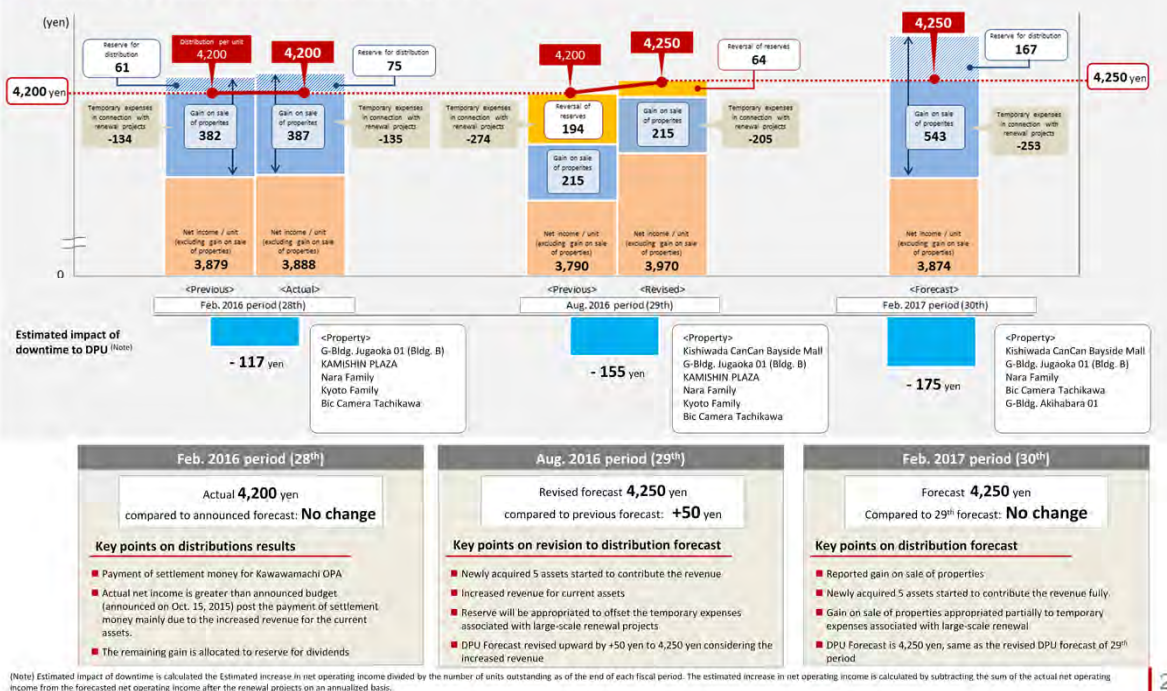
At the right side of the page, we layout details of negative goodwill, the reserve for reduction entry, and our utilization policy. In each case, we will continue to focus on stabilizing distributions.



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Narupark

1. Portfolio Strategy
2. Implementation of Growth Strategy
3. Financial Strategy
- 4. Financial Results and Forecasts**
5. Sustainability Management

■ Illustration of the actual and forecasts for distribution per unit



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I would now like to comment on JRF's financial results for the February 2016 28th period and forecasts for the August 2016 29th and February 2017 30th periods.

The bar graph that runs along the top half of the page depicts trends in JRF's DPU.

JRF's DPU came in at 4,200 yen for the February 2016 period. This was in line with forecasts. Despite the downturn in revenue attributable to the payment of a settlement amount, JRF benefited from an increase in revenue from such properties as mozo wonder city. At the same time, gains on the sale of properties, net income excluding gains on the sale of properties, and temporary expenses in connection with large-scale renewal projects all came in at around forecast levels.

Looking at the actual value calculation, without the impact of renovations and property sales, I ask that you first look at the grey text box. As you can see, temporary expenses in connection with the large-scale renewal of properties had a negative impact on distributions of 135 yen. At the same time, net income per unit excluding gains on the sale of properties came to 3,888 yen as indicated by the bar graph shaded in orange. Combining the two, the actual distribution value came to 4,023 yen after excluding the drop in revenues attributable to renovations.

Turning to the bar graph shaded in blue below the February 2016 period data, the estimated impact attributable to downtime as a result of renovations is 117 yen. The real actual value therefore comes in at 4,140 yen.

Next, I would like to review distribution forecasts for the August 2016 period. JRF has upwardly revised its DPU forecast for the 29th period from 4,200 yen to 4,250 yen. This is mainly due to the early acquisition of assets in line with our asset replacement strategy, which serves to push up net income per unit excluding gains on the sale of properties by 180 yen. Meanwhile, the actual DPU value is projected to come in at 4,330 yen based on the same calculation identified for the February 2016 period.

Looking further ahead, JRF's distribution for the February 2017 period is forecast to come in at 4,250 yen, unchanged from the August 2016 period. Compared with the 29th period, net income per unit excluding gains on the sale of properties is expected to decline by 96 yen to 3,874 yen, due to the sale of AEON Mall Kashiihama and other factors. Again using the same calculation, the actual DPU value for the 30th period is forecast to come in at 4,302 yen.

Taking each of the aforementioned into consideration, we have set DPU forecasts for the August 2016 and February 2017 periods at 4,250 yen, which is slightly lower than calculations for theoretical actual values.

Steady increase in unitholder value (DPU and NAV per unite)

Asset size



Rent NOI (excluding profit of sales)



Distributions per unit (Note)



(Note) Distribution per unit (estimate) is calculated as Net income plus appropriated reserves divided by the number of outstanding units as of the end of each fiscal period.

NAV per unit



Unrealized profits and losses (billion JPY)
Period-end NAV: +38.8, +50.8, +70.9, +91.5, +91.9
(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 as of the end of Mar. 2016: (Net asset value as of the end of Feb. 2016 period + unrealized profits and losses of the property in our portfolio, as of the end of Feb. 2016 + unrealized profits and losses of 3 newly acquired properties in Mar. 2016) / the number of units outstanding as of the end of Mar. 2016.

Here, we provide details of trends in JRF's business results.

The scale of JRF's assets has recovered to 862.5 billion yen with the acquisition of five urban properties. Rent NOI excluding gains on the sale of properties is projected to decline in the 29th and 30th periods. This is mainly due to the drop in revenues following the sale of AEON properties and the downtime attributable to large-scale renovations.

As mentioned a few moments ago, DPU in the February 2016 period was 4,200 yen and is expected to climb 50 yen to 4,250 yen for each of the August 2016 and February 2017 periods.

NAV per unit amounted to 198,350 yen in the 28th period. This largely reflects the increase in unrealized profit on the back of an upswing in appraisal values.

Unrealized profit currently stands at 91.9 billion yen. This represents an unrealized profit rate of 10.6%.

4. Financial Results and Forecasts

February 2016 period (28th) P/L performance

Japan Retail Fund Investment Corporation

	Aug. 2015 Period (27 th) (Actual)	Feb. 2016 Period (28 th) (Actual)	Change	28 th Period at the beginning of the period	Change
Operating revenue	30,962	32,017	+ 1,054	31,905	+ 111
Operating expenses	18,146	18,332	+ 186		
(Rent NOI)	21,914	21,767	- 147	21,363	+ 403
Operating income	12,816	13,684	+ 868	13,428	+ 256
Non-operating revenue	8	9	+0		
Non-operating expenses	2,607	2,539	- 68		
Ordinary income	10,217	11,154	+ 937	10,876	+ 278
Extraordinary loss	—	242	+ 242		
Net income	10,731	10,912	+ 181	10,875	+ 36
Allocation to reserve	514	(Note 1) 193	- 320	157	+ 36
Reversal of reserve	—	—	—	—	—
Total distribution	10,216	10,719	+ 502	10,719	—
Units outstanding	2,430,198 units	2,552,198 units	—	2,552,198 units	—
DPU	4,204 yen	4,200 yen	- 4 yen	4,200 yen	—
FFO per unit (Note 2)	6,770 yen	6,293 yen	- 477 yen	6,211 yen	+ 82 yen
FFO pay out ratio	62.1 %	66.7 %	—	67.6 %	—
Capital expenditures	2,312	3,556	+ 1,244	4,019	- 462
Repair expenses	214	346	+ 131	412	- 66
Total	2,527	3,903	+ 1,376	4,431	- 528
Depreciation	6,236	6,138	- 97	5,952	+ 186

(Note 1) Balance of allocation to reserve after approval of distributions at the JRF Board directors meeting on Apr. 15, 2016.
(Note 2) (Net income + loss on sales of real estate, etc. - gain on sales of real estate, etc. + depreciation + other real estate related depreciation) / total units outstanding
Net income used in calculation of FFO for the Aug. 2015 period (27th) does not include income taxes.

Change in DPU forecast for Feb. 2016 period (28th)



Major factors behind change during Feb. 2016 period (28th) (compared to previous period)

	(million JPY)
Operating revenue	+1,054
✓ Rent of properties acquired through PO in 2015, etc.	+1,282
✓ Rent of 5 AEON properties disposed	- 1,295
✓ Gain on sales of 5 AEON properties	+989
✓ Acquisition of G-Bldg. Shinsaibashi 04 (Bldg. A)	+45
✓ Existing properties (revenue-based rent+362, utility charge received -200, other revenues -131)	+31
Operating expenses	- 186
✓ Expense of properties acquired through PO in 2015	+523
✓ Expense of 5 AEON properties disposed	- 442
✓ Acquisition of G-Bldg. Shinsaibashi 04 (Bldg. A) and G-Bldg. Kichijoji 02	+15
✓ Existing properties (repair expenses +130, utility charge -313, PM Fee +41, sales promotion expenses +118, loss on disposal of fixed assets -45, depreciation +75)	+18
✓ Increase on SG&A (asset management fee -41, increase in non-deductible consumption tax, etc. +118)	+71
Operating income	+868
Non-operating revenue	+9
Non-operating expenses	- 68
Extraordinary losses (settlement package for reaching accommodation with tenant)	- 242
Charge in income taxes	- 514
Net income	+181

Major factors behind change during Feb. 2016 period (28th) (compared to forecasts at the beginning of the period)

	(million JPY)
Operating revenue	+111
✓ Impact due to renewal of mozo wonder city	+99
✓ Renewal downtime of Nara Family	- 66
✓ Decrease in utility charge received	- 62
✓ Increase in penalty charge	+22
✓ Other revenues (Revenues on restoration expenses, sales promotion revenues, insurance received etc.)	+110
Operating expenses	- 186
✓ Impact due to renewal of mozo wonder city	+21
✓ Impact due to renewal of Nara Family	- 35
✓ Decrease in utility charge	- 66
✓ Decrease in repair expenses	- 56
✓ Increase in PM Fee	+18
✓ Decrease in non-deductible consumption tax, etc.	- 25
Operating income	+256
Non-operating revenue	+9
Non-operating expenses	- 68
Extraordinary loss (settlement package for reaching accommodation with tenant)	+242
Net income	+36

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Factors that contributed to an increase or decrease in JRF's business results are outlined . I ask that you review at your leisure.

February 2016 period (28th) B/S performance

	Aug. 2015 Period (27th) (Actual)	Feb. 2016 Period (28th) (Actual)	Change
Total assets (1)	842,568	829,239	- 13,329
Total liabilities	451,009	414,533	- 36,475
Interest-bearing liability (2)	380,091	349,591	- 30,500
Tenant leasehold and security deposits (3)	59,758	52,833	- 6,925
Net assets	391,559	414,705	+ 23,146
LTV ((2)+(3)) / (1)	52.2 %	48.5 %	- 3.67 points
LTV (2) / (1)	45.1 %	42.2 %	- 2.9 points
Long-term borrowings ratio	99.3 %	99.8 %	+ 0.5 points
Fixed interest rate ratio	95.5 %	99.8 %	+ 4.3 points
Average debt cost	1.29 %	1.31 %	+ 0.0 points
Number of properties	90 properties	94 properties	+ 4 properties
Aggregate acquisition price	854,133	852,414	- 1,718
Unrealized profits and losses	+ 70,911	+ 91,540	+ 20,628
Book value	803,103	807,141	+ 4,038
Appraisal value	874,015	898,682	+ 24,667
<Reference: Balance of reserve>			
Balance of reserve	3,446	3,640	+ 193
Reserve for dividends (Negative goodwill)	2,944	3,138	+ 193
Reserve for reduction entry of property	502	502	—

■ Major factors behind change during Feb. 2016 (28th) period
(compared to previous period)

	(million JPY)
Total assets	- 13,329
✓ Acquisition of new properties through PO in 2015	+63,945
✓ Disposition of existing properties	- 57,528
✓ Depreciation, loss on disposal of fixed assets	- 6,203
✓ Capital expenditures	+3,556
✓ Decrease in cash and bank deposits	- 16,272
Total liabilities	-36,475
✓ Decrease in borrowings and corporate bond	- 30,500
✓ Repayment of tenant leasehold and security deposits	- 6,925
✓ Derivatives liabilities	+1,483
Net assets	+23,146
✓ Increase in capital associated with issuance of new units	+23,943

Factors that contributed to an increase or decrease in JRF's business results are outlined . I ask that you review at your leisure.

4. Financial Results and Forecasts

Forecasts for the coming two periods

Japan Retail Fund Investment Corporation

	Feb. 2016 Period (28th) (Actual)	Aug. 2016 Period (29th) (Forecast)	Change	Feb. 2017 Period (30th) (Forecast)	Change
Operating revenue	32,017	31,574	- 442	32,297	+ 722
(Rent NOI(excluding on sale)	21,767	21,418	- 348	21,111	- 306
Operating income	13,684	13,142	- 542	13,637	+ 495
Ordinary income	11,154	10,683	- 471	11,275	+ 592
Extraordinary loss	242	—	- 242	—	—
Net income	10,912	10,682	- 229	11,275	+ 592
Allocation to reserve	193	—	- 193	428	+ 428
Reversal of reserve (Note 1)	—	163	+ 163	—	Δ 163
Balance of reserve (Note 2)	3,640	3,476	—	3,904	—
Total distribution	10,719	10,846	+ 127	10,846	—
Units outstanding	2,552,198 units	2,552,198 units	—	2,552,198 units	—
DPU	4,200 yen	4,250 yen	+ 50 yen	4,250 yen	—
FFO per unit (Note 3)	6,293 yen	6,282 yen	- 11 yen	6,196 yen	- 86 yen
FFO pay out ratio	66.7 %	67.7 %	—	68.6 %	—
Capital expenditures	3,556	4,151	+ 594	8,381	+ 4,229
Repair expenses	346	470	+ 124	609	+ 138
Total	3,903	4,621	+ 718	8,990	+ 4,368
Depreciation	6,138	5,901	- 237	5,928	+ 26

(Note 1) The maximum amount of the reversal of reserve will be following temporary expense in connection with renewal projects.

	Aug. 2016 period (29 th)	Property	Feb. 2017 period (30 th)	Property
Temporary expenses in connection with renewal projects	524 million JPY	Nara Family, Kishiwada,	647 million JPY	Nara Family, Kishiwada,
Demolition costs, compensation costs, etc.	342 million JPY	Kyoto Family, Kishiwada, Bic Camera Tachikawa	625 million JPY	Bic Camera Tachikawa G-Bldg, Akihabara 01
Loss on disposals of fixed assets	182 million JPY		22million JPY	

(Note 2) Balance of reserve after approval of distributions at the JRF Board directors meeting for each period.

(Note 3) (Net income + loss on sales of real estate, etc. - gain on sales of real estate, etc. + depreciation + other real estate related depreciation) / total units outstanding

■ Major factors behind change during Aug. 2016 period (29th) (Compared to actual results of Feb. 2016 (28th) period)

	(million JPY)
Operating revenue	+42
✓ Contribution, in full, of rent revenue of properties acquired through PO in 2015	+116
✓ Decrease in rent revenue of 5 AEON properties disposed	- 412
✓ Decrease in gain on sale of 5 AEON properties	- 438
✓ Rent of new properties acquired through property replacement, etc.	+559
✓ Existing properties (penalty charge +335, impact due to renewal -599, utility charge received +79, other revenues -94)	- 268
Operating expenses	+103
✓ Contribution, in full, of expenses of properties acquired through PO in 2015	+98
✓ Decrease in expenses of 5 AEON properties disposed	- 293
✓ Expenses of new properties acquired through property replacement	+98
✓ Existing properties (repair expenses +132, utility charge +82, sales promotion expenses -123, loss on disposal of fixed assets +135, depreciation -143, other expenses -155)	+203
Operating income	-542
✓ Decrease in interest payments	Δ80
Ordinary income	- 471
✓ Absence of extraordinary losses (settlement package for reaching accommodation with tenant)	- 242
Net income	- 229

■ Major factors behind change during Feb. 2017 period (30th) (Compared to forecast for Aug. 2016 (29th) period)

	(million JPY)
Operating revenue	+722
✓ Increase in gain on sales of 5 AEON properties	+837
✓ Decrease in rent of 5 AEON properties disposed	- 294
✓ Contribution, in full, of rent revenue of new properties acquired through property replacement	+159
✓ Existing properties (revenue-based rent +376, utility charge received -74, penalty charge-377, other revenues +101)	+20
Operating expenses	+227
✓ Decrease in expenses of 5 AEON properties disposed	-79
✓ Contribution, in full, of expenses of new properties acquired through property replacement	-20
✓ Existing properties (repair expenses +139, utility charge -95, loss on disposal of fixed assets -150, PM Fee and BM Fee +90, sales promotion expenses +114, depreciation +61, other expenses +96)	+276
Operating income	+495
✓ Decrease in interest payments	—
Ordinary income	+592
Net income	+592

Factors that contributed to an increase or decrease in JRF's business results are outlined . I ask that you review at your leisure.



Awarded 3 stars in DBI Green Building Certification program
DFS T GALLERIA OKINAWA

1. Portfolio Strategy
2. Implementation of Growth Strategy
3. Financial Strategy
4. Financial Results and Forecasts
- 5. Sustainability Management**

Proactively engage in various measures towards sustainability of whole society and environment

Basic policy

JRF shares the same concept of sustainability with the Asset Manager and implement various measures together. We established new policies and measures for sustainability in June 2013 and signed declarations adopting the following two principles.

- United Nation's Principles for Responsible Investment (PRI)



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






Also, the Asset Manager has become the first J-REIT asset manager to sign Montreal Carbon Pledge^(Note) in September 2015.



(Note) Montreal Carbon Pledge was launched on September 25, 2014 at PRI in Person in Montreal, and is supported by the Principles for Responsible Investment (PRI) and the United Nations Environment Programme Finance Initiative (UNEP FI). The Montreal Carbon Pledge commits investors to measure, disclose and reduce their carbon footprints.

DBJ Green Bbuilding Certifications

Awarded DBJ Green Building Certification in 2015 with 3 new properties. mozo wonder city was ranked up to 5stars (2015★★★★★), which is the highest of the five evaluation ranks, from 4stars (2014★★★★), and GYRE was ranked up to 3stars (2015★★★) from 2stars (2014★★★)

Certification Rank	Property name
Properties with the best class environmental & social awareness  DBJ Green Building 2015 ○○○○○	<ul style="list-style-type: none"> mozo wonder city (Rank Up)
Properties with exceptionally high environmental & social awareness  DBJ Green Building 2015 ○○○○○	<ul style="list-style-type: none"> Nara Family Abiko Shopping Plaza Narupark (New)
Properties with excellent environmental & social awareness  DBJ Green Building 2015 ○○○	<ul style="list-style-type: none"> Oyama Yuen Harvest Walk KAWASAKI Le FRONT GYRE (Rank Up) Kyoto Family (New) DFS T Galleria (New)

"CASBEE for Building" Certifications

Awarded CASBEE for Building certifications in 2 properties in Feb. 2016 in addition to 4 properties in Feb. 2015.

Certification Rank	Property name
Rank S 	<ul style="list-style-type: none"> AEON Mall Sapporo-Hassam (Note) AEON Mall Tobata Shopping Center <p>(Note) Awarded jointly with AEON Hokkaido</p>

GRESB "Green Star"

JRF received "Green Star" the highest ranking of the four categories in the GRESB (Global Real Estate Sustainability Benchmark) Survey in 2015



We provide details of JRF's sustainability management.

Strategies to enhance corporate governance

Improvement in Corporate Governance

Investment Committee (Updated)

- External specialist as a standing member of the committee
- Invited outside real estate appraiser as a standing member of the investment committee

Compliance Committee (Newly established)

- Compliance Committee was newly established, that includes external lawyer as a standing member of the committee, instead of the Stakeholder Transactions Review Committee.
- Formerly, of the transactions subject to examination by the Investment Committee, the Asset Manager has required resolution of the Stakeholder Transactions Review Committee (STRC) for interested party transactions involving both shareholders of the Asset Manager, with the aim of confirming that such transactions will not harm the funds which the Asset Manager manages.
- To enhance the role of STRC, the Asset Manager has decided to abolish STRC and establish (New) the Compliance Committee, whose standing members include the outside lawyers.

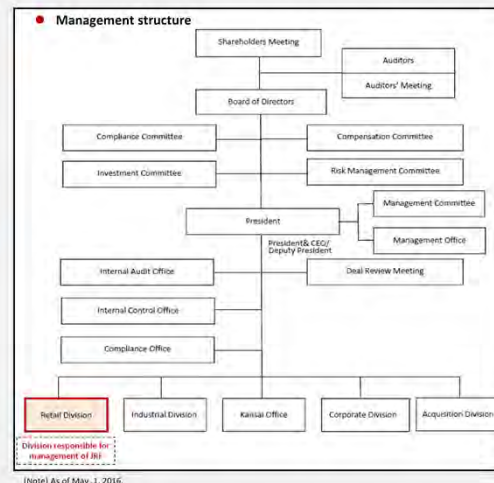
Risk Management Committee (Newly established)

- Risk management committee was newly established, which takes the role of the risk management from the (former) compliance committee
- The role of former compliance committee is now undertaken by the Risk Management Committee.
- As the Asset Manager, meetings of (Former) the Compliance Committee, comprising the President, Deputy President, Head of Division, Deputy Head of Division, Head of Private Fund Management Department and Head of Compliance Office as standing committee members, had previously been held quarterly in principle, to ascertain and review risks involving matters other than those under control of the Investment Committee on a timely basis to draw up necessary measures and management policies. However, the Internal Control Office was established effective December 1, 2015, with the aim of planning and developing the risk management framework of the Asset Manager from a company-wide standpoint, independent of other divisions, departments and offices, and oversee operations to verify/improve the status of development and operation of such risk management framework. Accordingly, the Asset Manager has decided to abolish (Former) the Compliance Committee and newly establish the Risk Management Committee, which will take on the risk management-related functions which (Former) the Compliance Committee served previously.

Improved internal controls by setting up Internal Control Office in accordance with the growth of the asset management company: MCUBS

- Effective as of Dec. 1, 2015, Internal Control Office was established.
- Management committee was also established as an advisory body for the President.

Management structure



In this instance, we have paid particular attention to outlining efforts by the asset management company to strengthen corporate governance. Please take a look when time permits.
This then concludes my presentation.



Japan Retail Fund Investment Corporation

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