

Security code **8953**

US ADR(OTC) : JNRFY

Think bold today for a brighter tomorrow.

MC-UBS
G R O U P



February 2018(**32nd**) **Period Results**

32nd period: September 1, 2017 ~ February 28, 2018

Japan Retail Fund Investment Corporation

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

G-Bldg. Midosuji 02

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1. JRF's Business Strategy



G-Bldg. Minami Aoyama 01

JRF's Business Strategies

Continued business strategy for improvement of unitholders value

Business strategy

Acquisition strategy

Asset size expansion

for the purpose of further expansion of our portfolio

Asset replacement

for the purpose of improving portfolio quality

Securing future internal growth opportunities

through acquisition of properties with high potential in good location utilizing our SC management capabilities

Asset management strategy

Improvement in profitability

by leveraging our SC management capability

Improvement in stability

by reducing potential risks through contract stabilization etc.

Financial strategy

Equity management

according to acquisition environment and investment unit price

Continued financing stability

by diversifying maturity periods, lengthening borrowing periods, improving fixed interest rate ratio, and securing emergency funding sources

Diversification of funding sources

through introduction of new lenders and issuance of corporate bonds

2. The Effect of Repurchase of Own Investment Units



G-Bldg. Shibuya 01

The Effects of Repurchase of Own Investment Units

Improvement of unitholder's value through repurchasing of own investment units

Detail of implementation

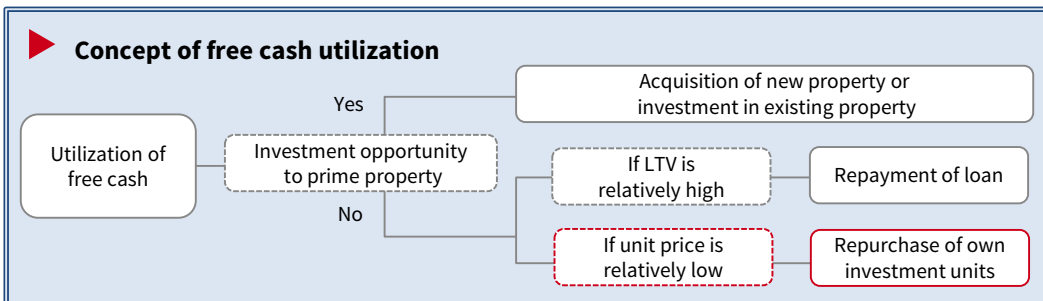
Total number of investment units repurchased	49,181 units ^(Note) (1.88% of the total number of issued investment units (excluding the number of own investment units))
Total amount of investment units repurchased	9,999,980,266 yen
Repurchase period	Oct. 17, 2017 ~ Jan. 23, 2018
Acquisition funds	Cash on hand

(Note) Total Number of own investment units were cancelled during the fiscal period ended Feb. 2018 (32nd period).

Future concept of repurchasing of own investment units

A measure to improve unitholder's value

- Implement measures to improve unitholder's value by utilizing free cash ^(Note 1) generated from depreciation (approx. 12 billion yen annually)



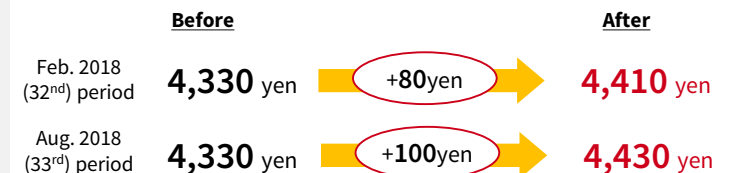
The effects of repurchase of own investment units

Investment unit price, DPU, and NAV per unit all improved

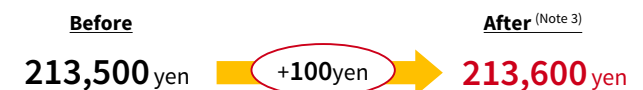
Investment unit price



Distribution per unit



NAV per unit ^(Note 2)



(Note 1) Free cash is the amount calculated by deducting CAPEX for functional maintenance and the amount equivalent to scheduled repayment of debt and deposit from depreciation.

(Note 2) NAV per unit (*) = NAV / investment units outstanding. The same shall apply hereafter.

(*) NAV = Total capital + unrealized gain from real estate related property owned (appraisal value (or survey value) - book value of real estate related property or acquisition price)

(Note 3) Calculated by deducting the total number of repurchased own investment units from NAV before the repurchase, and by deducting the total number of repurchased own investment units from the total number of investment units outstanding before the repurchase.

3. Medium-term Targets and Future Acquisition Strategies

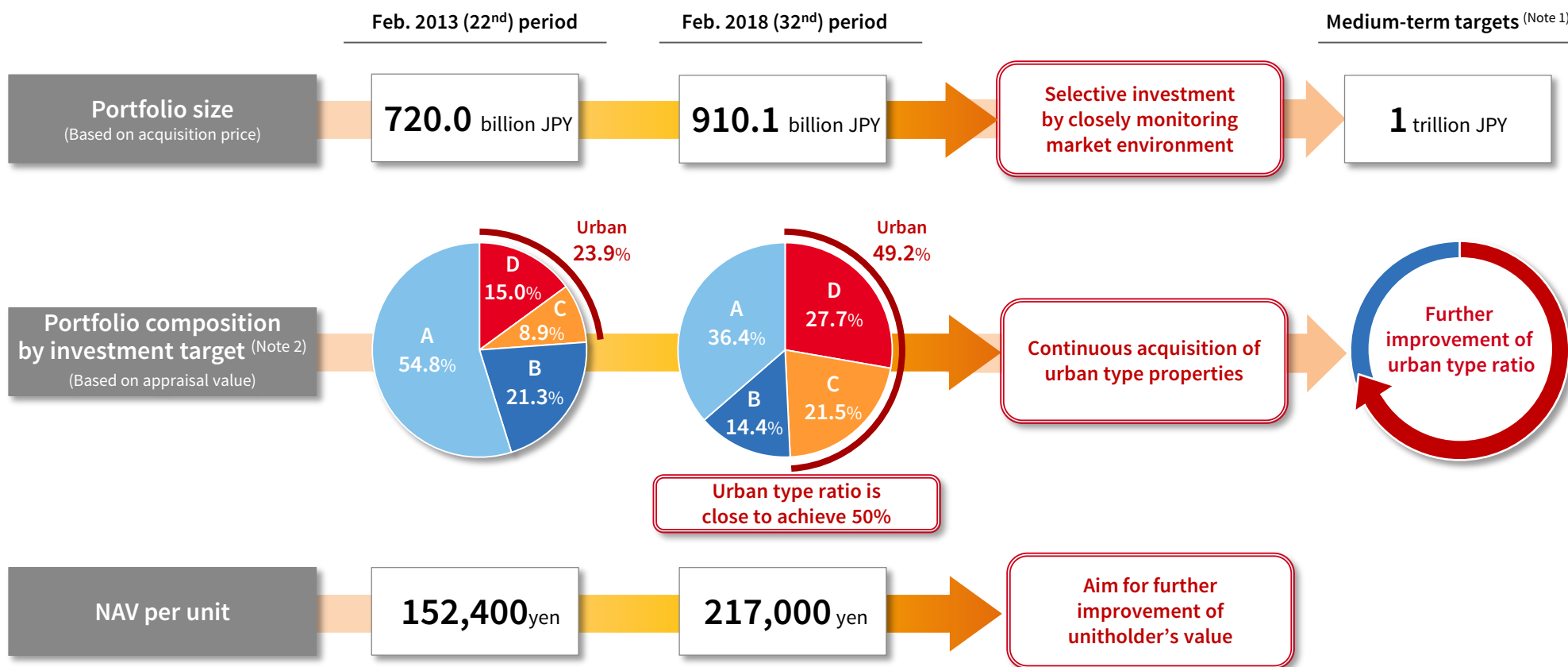


G-Bldg. Midosuji 01

Portfolio Evolution

Portfolio evolution aiming higher locational advantage and tenant substitutability

Portfolio evolution



(Note 1) This is a medium-term target and does not guarantee the realization.

(Note 2) Out investment targets are classified into following 4 categories.

A: Large-scale retail properties, the largest class in the relevant area, B: Retail properties in densely-populated areas, C: Retail properties in favorable location adjacent to major stations, D: Retail properties in prime urban shopping districts.

JRF's Locational Advantage of Commuter-town and Suburban Types Properties (1)

Original expression of “Suburban type” has not sufficiently expressed JRF's portfolio

Original definition of portfolio

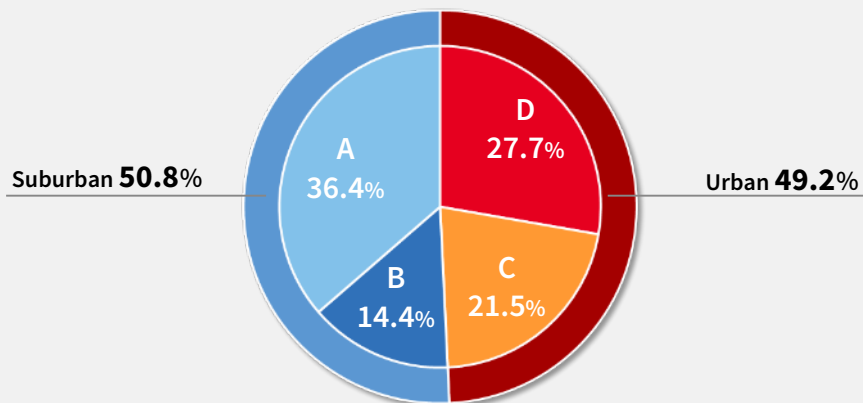
	Suburban	Urban
Location	Three major metropolitan cities/cities designated by cabinet order and surrounding area, and other suburban areas	Commercial Center: three major metropolitan cities etc.

Investment targets

A	Large-scale retail properties, the largest class in relevant area	C	Retail properties in favorable locations adjacent to major stations
B	Retail properties in densely-populated area	D	Retail properties in prime urban shopping districts

As of the end of Feb. 2018 (32nd period)

(Based on appraisal value)



Concern of original definition

Despite the fact that most of JRF's “Suburban type” properties are located in densely-populated area near large cities, the word “Suburban” associates with countryside in English speaking countries.

► Therefore, original expression of “Suburban type” has not sufficiently expressed JRF's portfolio

< Major suburban type properties under original definition >



AEON MALL Tsurumi Ryokuchi
(Osaka-shi, Osaka)

Market population

1km area	50,815
3km area	412,551
5km area	1,016,608
10km area	3,545,011



AEON Itabashi Shopping Center
(Itabashi-ku, Tokyo)

Market population

1km area	57,495
3km area	475,101
5km area	1,172,306
10km area	4,417,028



Summit Store Nakano Minamidai
(Nakano-ku, Tokyo)

Market population

1km area	67,508
3km area	552,771
5km area	1,412,452



Kyoto Family
(Kyoto-shi, Kyoto)

Market population

1km area	40,638
3km area	345,765
5km area	708,429

JRF's Locational Advantage of Commuter-town and Suburban Types Properties (2)

Most of JRF's suburban properties (large-scale retail facilities/neighborhood retail facilities) are located in densely-populated areas

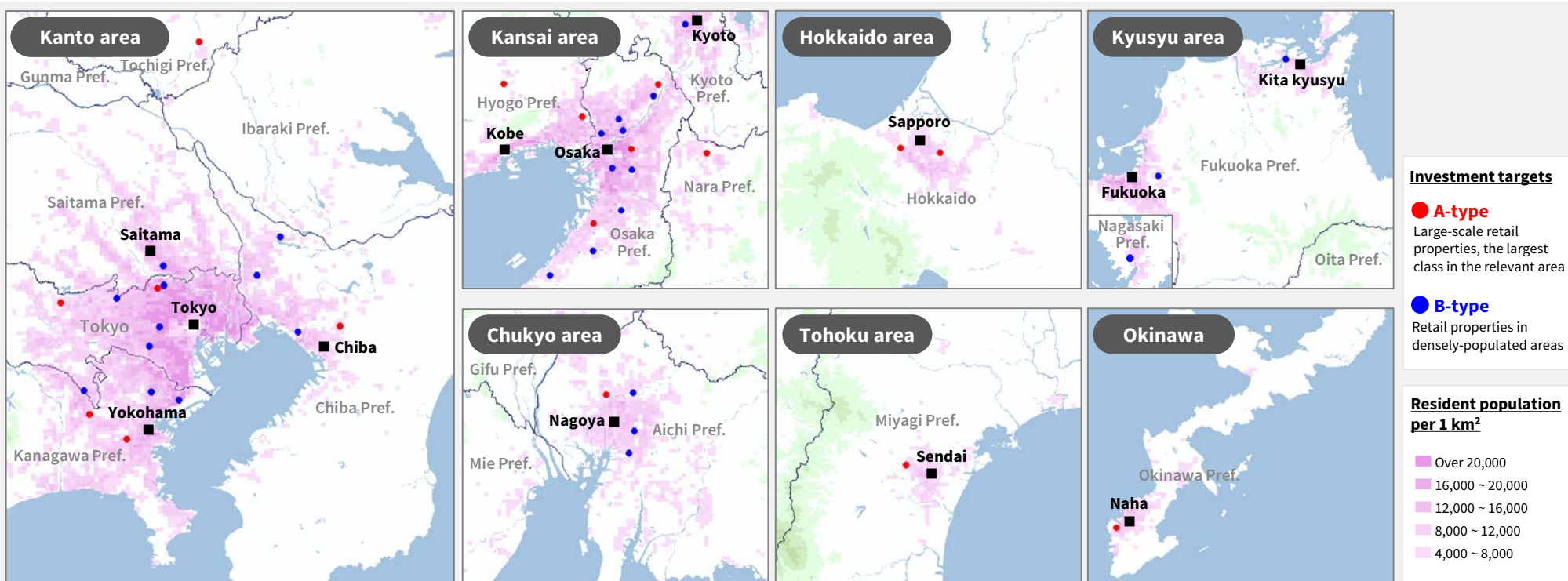
Location of suburban type properties

Densely-populated area is:

Defined as an area within a city, ward, town or village (shi, ku, machi or mura) that is composed of a group of contiguous basic unit blocks each of which has a population density of about 4,000 inhabitants or more per square kilometer and whose total population exceeds 5,000. According to 2010 census, 67.3% of the population of Japan concentrates in the densely-populated area which only accounts for 3.4% of Japan's total land.

(Reference) Population density of major cities in the world

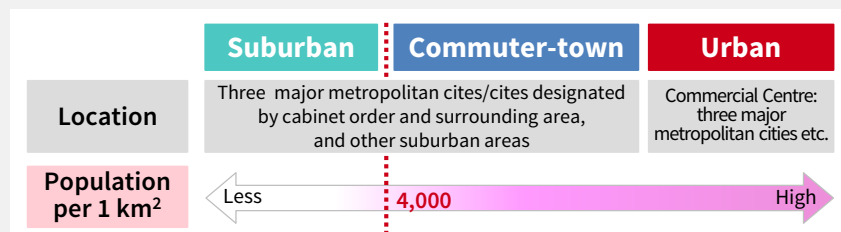
• New York	10,431/ km ²
• Chicago	4,582/ km ²
• London	5,900/ km ²
• Hong Kong	6,582/ km ²
• Singapore	7,792/ km ²
• Tokyo(whole)	6,264/ km ²
• Osaka(whole)	4,636/ km ²



JRF's Locational Advantage of Commuter-town and Suburban Types Properties (3)

More than 90% of our portfolio is located in densely-populated areas
Suburban properties are prime commercial facilities with great ability to attract customers from surrounding wide area

New definition of portfolio

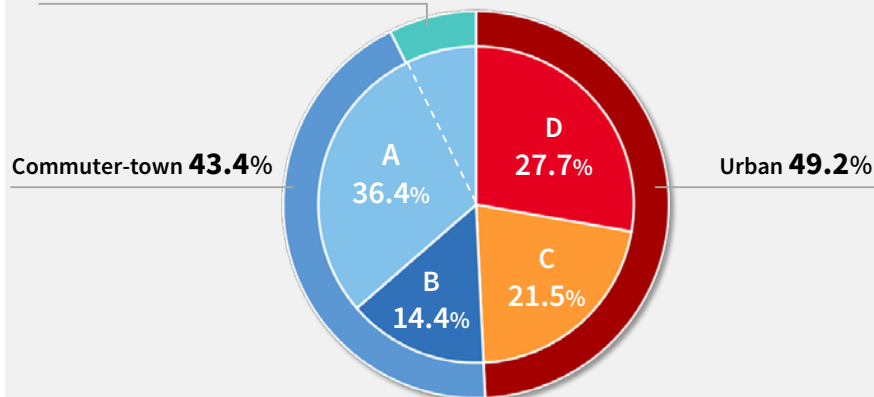


Investment targets

A	Large-scale retail properties, the largest class in relevant area	C	Retail properties in favorable locations adjacent to major stations
B	Retail properties in densely-populated area	D	Retail properties in prime urban shopping districts

As of the end of Feb. 2018 (32nd) period (Based on appraisal value)

Suburban **7.3%** (5 properties)



Future acquisition policy

Continue to acquire mainly urban type properties

< Priority of asset acquisition >

Urban	Continue active investment
Commuter-town	Selective investment in properties with higher locational advantage and tenant substitutability
Suburban	No investment in other assets than large-scale commercial facilities which can attract more customers from surrounding wide area

Aim to acquire high-quality properties that will satisfy target yields

Newly acquired properties in February 2018 period (32nd)

Acquired urban prime properties (4 properties, approx. 23 billion JPY)



G-Bldg. Kobe Sannomiya 01



G-Bldg. Jingumae 07



Round1 Sannomiya Station



G-Bldg. Midosuji 02

Target yield in acquisitions

Acquisition of quality assets leveraging 2 sources of financing

Financing sources

1 Acquisitions together with Equity offerings

▶ Target yield

Average NOI yield
after depreciation
of out portfolio
(as of Feb. 2018 period (32nd))

3.7%

2 Acquisitions as a part of Asset replacement

▶ Target yield

Average NOI yield
after depreciation
of properties disposed

2.9%

Property name	G-Bldg. Kobe Sannomiya 01	G-Bldg. Jingumae 07	Round1 Sannomiya Station	G-Bldg. Midosuji 02
Acquisition date	Nov. 17, 2017	Nov. 22, 2017	Nov. 30, 2017	Jan. 12, 2018
Acquisition price	3,000 million JPY	1,950 million JPY	3,200 million JPY	15,000 million JPY
Appraisal value	3,160 million JPY	2,080 million JPY	3,300 million JPY	15,700 million JPY
NOI yield	5.1%	3.3%	4.1%	3.3%
NOI yield (after depreciation)	4.6%	3.2%	3.7%	3.2%

Medium-term target for DPU

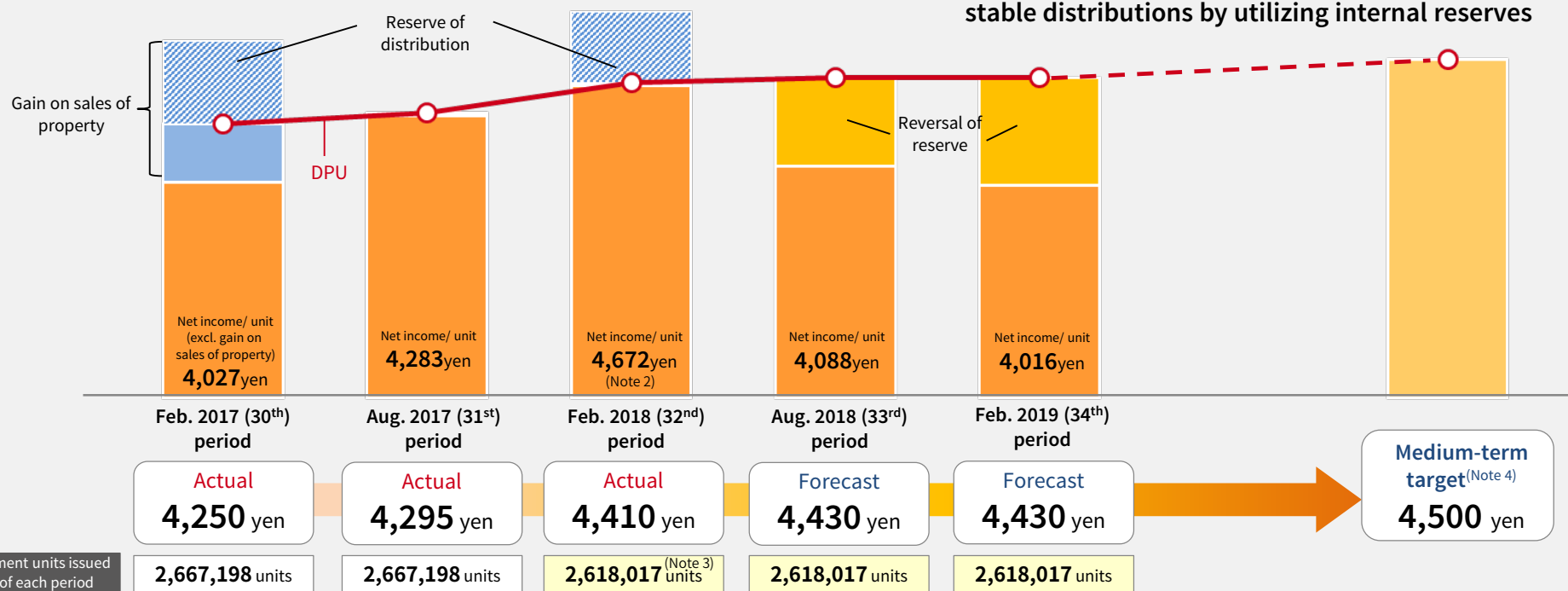
Achieved 4,400 yen, on the way to medium-term target of 4,500 yen

Transition of breakdown for DPU

► **Total reserve: 5,089 million JPY** (Note 1) (Reserve per unit: 1,944 yen)

- ✓ Negative goodwill due to merger
- ✓ Gain on sales of properties through asset replacement
- ✓ Penalty income from tenants

Aim to achieve the medium-term target of 4,500 yen per unit while securing stable distributions by utilizing internal reserves



(Note 1) As of Apr. 16, 2018 when the distribution statements in the financial statements of fiscal period ended Feb. 2018 was approved by the JRF's Board of Directors.

(Note 2) Including the reversal of reserve (274yen per unit).

(Note 3) Repurchased own investment units during October 17, 2017 to January 23, 2018 (49,181 units, approx. 10billion yen), and cancelled them all during the February 2018 fiscal period.

(Note 4) This is a medium-term target and not guaranteed.

4. Sustainability Management



AEON MALL Itami

MC-UBS Group's Basic Approaches to Sustainability

We are continually working towards the realization of a sustainable society through our business activities

Sustainability management structure and sustainability goal

Mitsubishi Corp.- UBS Realty Inc. has established “Environment Charter” and “Responsible Property Investment Policy,” and integrated Environment, Social, and Governance (ESG) factors into asset management processes managed by JRF.

Sustainability management structure

Establishment of a sustainability committee

- Established a sustainability committee in 2013 to further promote organization-wide efforts for responsible property investment (RPI)
- The Committee consists of the CEO as the chairperson, key members of the Industrial Division responsible for the operation of JRF, and key members from each department

Sustainability goal of the asset manager

1. Enhance profitability of assets by installing environmentally friendly facilities such as solar panels
2. Monitor information related to energy consumption
3. Monitor the fund's ESG performance by participating in a third-party evaluation from organizations such as GRESB. The evaluation results will be used for further improvement.

Efforts regarding sustainability

Based on the Responsible Property Investment Policy, MC-UBS agreed and became a signatory to the Principles for Responsible Investment (PRI), which was proposed by the United Nations and the Principles for Financial Action for the 21st Century, which is supported by the Ministry of Environment. In addition, MC-UBS is proactively committed to reduce CO2 emissions as a signatory to Montreal Carbon Pledge.

MC-UBS also devotes its efforts to disseminate and promote the Principles of the Responsible Property Investment as a signatory to the United Nations Environment Programme Finance Initiative (UNEP FI) and by participating in the UNEP FI's Property Working Group

Signatory of:



Developing framework for the first Green Bond issuance in J-REIT

Rationale behind Green Bond^(Note 1) issuance

Further strengthen JRF's sustainability initiatives and diversify fund-raising methods and expand investor base of investment corporation bonds

▶ Commence marketing activities in preparation for 5-year Green Bond issuance

< JRF's Green Bond framework >

- Green Bond proceeds will be allocated to acquire properties with environmental certifications which satisfy the eligibility criteria^(Note 2) (Eligible Green Projects) and/or to refinance the existing debts that have already been allocated to Eligible Green Projects
- The total outstanding amount of Green Bonds ("Debts of Eligible Green Projects") is calculated by multiplying the total book value of the Eligible Green Projects by LTV (excluding tenant leasehold and security deposits)
- Balance of all the Eligible Green Projects, Debts of the Eligible Green Projects, and quantitative indicators (e.g. CO2 emissions and electricity consumption) will be disclosed on the JRF website once every year

Maximum outstanding amount of Green Bond (as of the end of Feb. 2018 (32nd) period)

JRF portfolio book value

859.0 billion JPY
100 properties

Eligible
Green Projects
317.6 billion JPY
21 properties

Eligible Green Project balance sheet

Theoretical maximum
outstanding amount of
Green Bond

Eligible
Green Projects
317.6 billion JPY
21 properties

Debts of Eligible
Green projects
142.9 billion JPY

45.0%

LTV (excluding tenant leasehold and security deposits)
as of the end of Feb. 2018 (32nd) period

- ✓ CASBEE for Building Certification 9 properties/ 99.7 billion JPY
- ✓ DBJ Green Building Certifications 12 properties/ 217.9 billion JPY

* Acquired 3-star certification for G-Bldg. Kichijoji 02 on Apr. 13, 2018

Qualified external party evaluations

- Obtained a second-party opinion from Sustainalytics, an ESG rating agency, to determine the eligibility for Green Bond proceeds
- Acquired a preliminary rating of "GA1" from Rating and Investment Information, Inc.(R&I), the highest rating of the R&I Green Bond Assessment^(Note 3)

(Note 1) Green Bonds are a type of bond instrument issued by corporations, investment funds, and municipalities to finance eligible "green projects". The issuance of Green Bonds must adhere to International Capital Market Association's (ICMA) Green Bond Principles.

(Note 2) To be eligible for Green Bond proceeds, Eligible Green Projects must meet one of the following eligibility criteria:
 - Buildings that have received 3, 4 or 5 stars under the DBJ Green Building Certification Programme within 2 years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings which meet the same criteria as of the end of February of each year.
 - Buildings that have received B+, A or S rank under the CASBEE Certification Rank within 2 years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings which meet the same criteria as of the end of February of each year.

(Note 3) "R&I Green Bond Assessment" is R&I's opinion regarding the extent to which the proceeds from the issuance of Green Bonds are used to invest in projects with environmental benefits. There are 5 rankings; from "GA1" (environmental benefits to a significant degree) to "GA5" (environmental benefits to a limited degree)

External recognition on JRF's efforts toward environmental measures and efficient uses of energy

Inclusion in MSCI Japan ESG Select Leaders



- ESG index by MSCI
The index only includes equities with high ESG performance based on certain market-capitalization and other criteria
- Two funds managed by the MC-UBS Group, **Japan Retail Fund Investment Corporation** and **Industrial & Infrastructure Fund Investment Corporation**, are part of the 7 J-REITs included in the index
- The Government Pension Investment Fund for Japan (GPIF) announced in July 2017 that it would start passive investment linking with ESG indices including MSCI index

Third-party evaluations

GRESB Real Estate Assessment

- Awarded the “Green Star” for 3 consecutive years
- Received 4 stars under the GRESB rating system (five-star scale, with 5 being the highest)



CASBEE for Building Certification

- The number of certified building has increased to 13, with additional three properties including AEON Itabashi Shopping Center in February 2018



AEON Itabashi Shopping Center

DBJ Green Building Certifications

- The number of certified buildings has increased to 19, with additional two properties including G-Bldg. Kichijoji 02 in April 2018



G-Bldg. Kichijoji 02



G-Bldg. Midotsuji 02

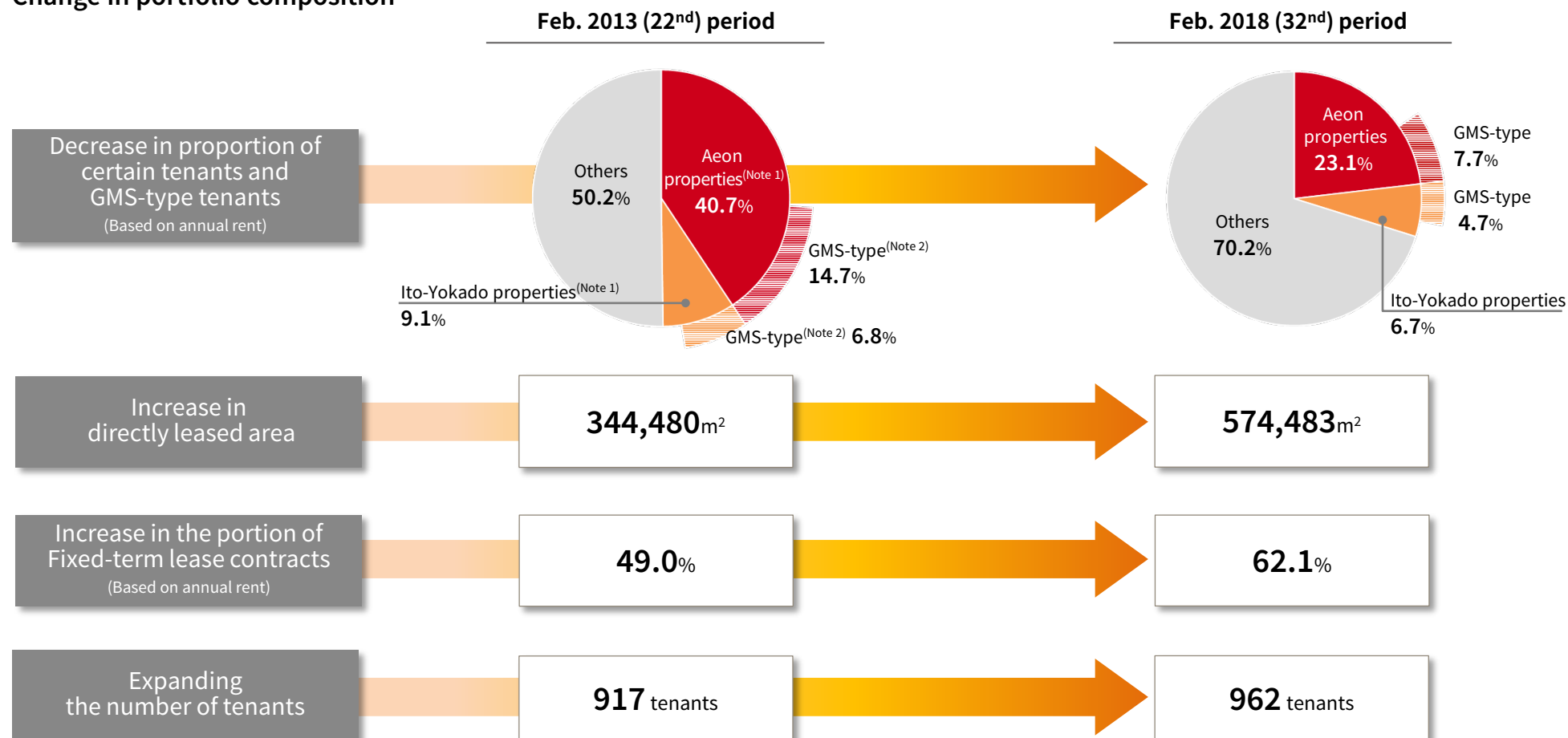
5. Implementation of Business Strategy



La Porte Aoyama

Solid improvement in portfolio composition as a result of our continued efforts

Change in portfolio composition



(Note 1) "AEON properties" refer to those properties for which AEON Retail, AEON MALL, AEON Kyushu, AEON Ryukyu and AEON TOWN are master lease tenants.

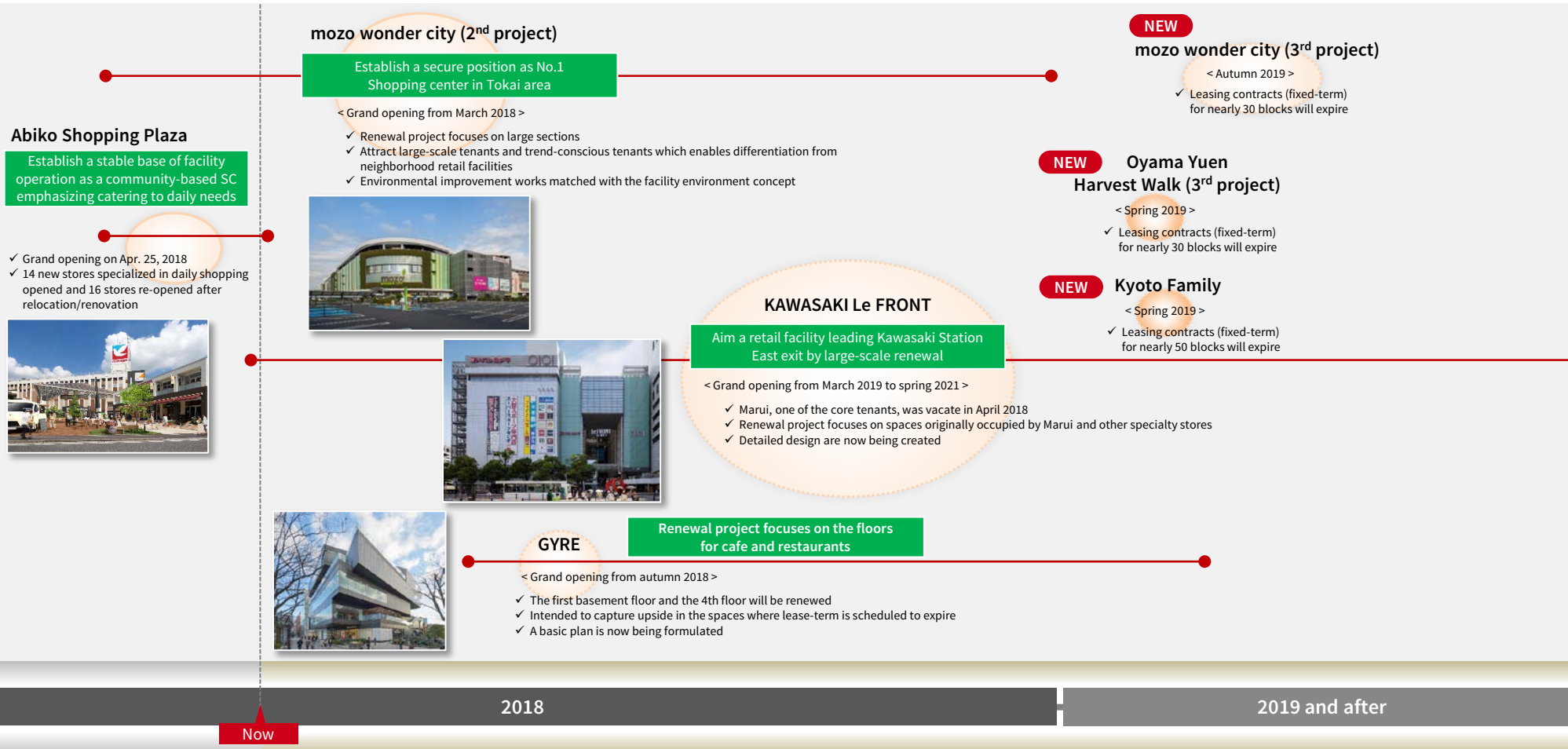
"Ito-Yokado properties" refer to those properties for which Ito-Yokado Co., Ltd. is a master lease tenant.

(Note 2) The "proportion of GMS-type" refers to the shares of the annual rent represented by the "AEON properties" and "Ito-Yokado properties" that we classify as GMS-type, is the entire portfolio.

Asset Management Strategy (1) - Upcoming Major Renewal Projects

Large-scale renewal projects by utilizing our SC management capabilities










Renewal projects * Future plan may change without notice.



Asset Management Strategy (2) – Renewal Actions

Implement asset management strategy to enhance property competitiveness and profitability

Recent renewal actions

Categories	Property name		Completion date	Action plan	Renewal type <small>(Note 1)</small>	Effect	
						Expenditure	ROI <small>(Note 2)</small>
	Oyama Yuen Harvest Walk	1 st project	Apr. 2014	Improved its competitiveness as a retail property by fully upgrading the environmental design, expanding the leasable area with building expansion/renovation, and attracting prominent tenants		1.31 billion JPY	11.5%
		2 nd project	Oct. 2017	Upgrade/improvement works scheduled to provide spaces for marketing activities and facilitate tenants' communication with customers	Stay	530 million JPY	—
	mozo wonder city	1 st project	Sep. 2015	Upgraded the property to create a park-like environment, leveraging its "green" image. As a result of the renewal project, 163 stores newly opened including 26 stores which opened their first stores in the Tokai area	Offensive	2.13 billion JPY	9.8%
	KAMISHIN PLAZA	1 st project	Jun. 2016	Renovated the basement floors, following the replacement of key tenants, to attract more customers	Offensive	290 million JPY	15.5%
		2 nd project	Sep. 2017	Replaced 1st and 2nd floor tenants to increase customer flow following the first-phase renewal	Offensive	80 million JPY	Estimate ^(Note3) 13.4%
	Ito-Yokado Yotsukaido		Jul. 2016	Constructed an additional building on the same premises to attract new tenants	Offensive	150 million JPY	10.4%
	G-Bldg. Jiyugaoka 01(Bldg. B)		Nov. 2016	Reconstructed the obsolete building under an on-the-book project	Offensive	570 million JPY	6.5%
	Bic Camera Tachikawa		Dec. 2016	Renovated the building to enhance its seismic resistance and signed long-term stable lease contracts with existing tenants	Offensive	2.90 billion JPY	15.3%
	Nara Family		Nov. 2016	Expanded the zone of specialty stores adjacent to the department store and fully renovated the environmental design to transform the property into a high-quality retail property	Stay	5.10 billion JPY	—
	Narupark		Apr. 2017	Replaced tenants in approx. 20 section and strengthen its function as a daily use facility to attract more customers	Stay	90 million JPY	—
	Abiko Shopping Plaza		NEW Apr. 2018	Expand space for specialty stores and attract daily shopping specialized stores	Stay	210 million JPY	—

(Note 1) There are three renewal types: Offensive, Stay and Defensive.

(Note 2) ROI = NOI increase(*) / Total expenditures * NOI increase = (NOI after renewal project or estimated NOI) – (NOI before renewal project)

(Note 3) Estimated ROI is as of today because the property's NOI is not stabilized yet.

Status of Major Properties – Nara Family

The sales of renewed specialty store sales hit 105% compared to previous year

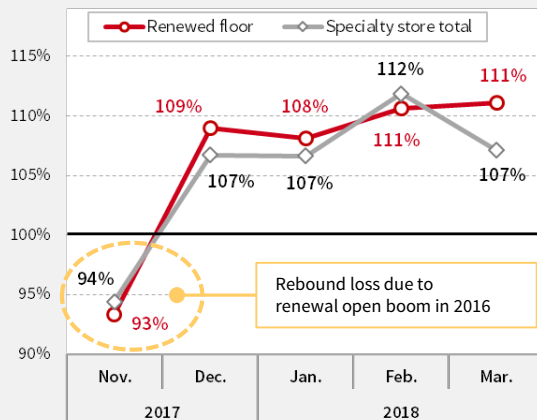
Sales overview after the renewal

Sales improved due to recognition enhancement by reviewing facility promotion

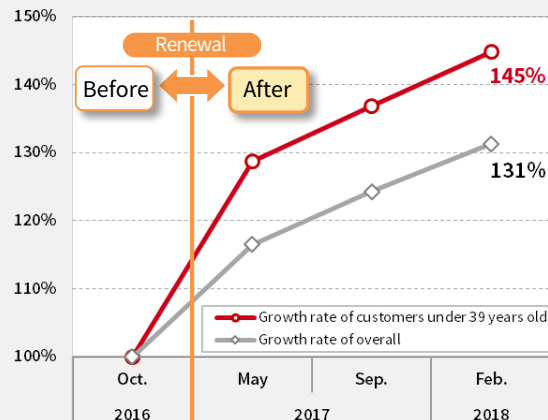
▶ Grand opening after the renewal: November 2016

	Nov. 2016 – Mar. 2017 5 months	Nov. 2017 – Mar. 2018 5 months	Compared to previous year
Specialty stores	3,838 million JPY	4,016 million JPY	105%
Key tenants (Kintetsu Dept., AEON)	13,381 million JPY	13,381 million JPY	102%
Total	17,220 million JPY	17,724 million JPY	103%

Transition of specialty store sales (YoY)



Number of card members



- Measures to promote use of existing customers and expand target customers

Incentives to visit the facility



Customer retention

Aim to improve sales by attracting more visitors

- ▶ For trend-conscious customers under the age of 39



- ▶ For kids and family

Photo event with characters

Photographic event linked with Minions' popup shop



- ▶ Towards enhancing recognition

Venue for early voting

Approx. 11,500 people of mainly family and couples over 40 years old visited for early voting.

- ▶ For inbound tourists

Access for UnionPay card

Strengthen attracting inbound tourists effected from increase in duty-free sales in Kintetsu Department Store (+1,400% from 2016)



Towards a retail facility leading Kawasaki Station East exit by a large-scale renewal

Drastic change in facility's MD to differentiate from neighborhood retail facilities

- Marui, one of the key tenants, vacated in April 2018
- Renewal project focusing on spaces originally occupied by Marui and other specialty stores is underway from July 2018
- Tenant replacement and renewal of facilities environment due to MD revision



(Note) Parco is planning to open "Kawasaki ZERO GATE (tentative name)" after the Saikaya site in early fall 2019.

► Concept of MD

Differentiate KAWASAKI Le FRONT from neighborhood retail facilities by strengthening function as a daily use facility and adding entertainment factors.

- Strengthen collaboration with key tenant, Yodobashi Camera, "Promote customers to shop around"
- Open the grocery store and food court on 1st and 2nd floor, former Marui section, "Increase customers"
- Attract large-scale category killer to upper floors, "Guide customer to upper floors"
- Invite large-size entertainment contents not found in other facilities to the top floor, "Differentiation"

■ MD plan and leasing status

- Confirmed strong intention of tenant opening except for large-size entertainment contents section (approx. 70%)
- Negotiation with several tenants for large-size entertainment contents section is underway
- Leasing activities considering rent forms that prevent rent decrease risk

RF	Futsal facility
10F	Large-size entertainment contents
9F	Tutoring School, Service
8F	Large-size sports store
7F	Fashion, Sports, Hobbies
6F	Kids and Babies
5F	Outdoor store, Fashion
4F	Interior shops
3F	Variety goods
2F	Food court, Convenience store
1F	Super market
B1	
B2	Parking lot

< Image of renewal (Note) >



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

Renewal section
 Former Marui section

■ Schedule and image of negative impact on balance

	Aug. 2018 (33 rd) period	Feb. 2019 (34 th) period	Aug. 2019 (35 th) period	Feb. 2020 (36 th) period	~	Around Mar. 2021
Schedule	July 2018 Construction Start		Spring 2019 Opening of former Marui section + lower floors	Autumn 2019 Opening of upper floors	→	Opening of large-size entertainment contents section
Downtime	¥¥¥¥	¥¥¥¥¥	¥¥¥	¥	¥	
Temporary expense	¥	¥¥¥¥¥	¥¥¥¥¥	¥¥¥¥		

(Note) For Downtime and Temporary expense, ¥ mark indicates the level of negative impact on balance. The image is based on current assumptions and may differ from the actual development.

Establish a secure position as No.1 shopping center in Tokai area

Attract a large-scale tenants and trend-conscious tenants which enables differentiation from neighborhood retail facilities



Location	Nagoya-shi, Aichi
Construction date	Aug. 2007, etc.
Leasable area	86,695.91m ² (as of the end of Feb. 2018)
Occupancy rate	97.4% (as of the end of Feb. 2018)
No. of tenants	200 (as of the end of Feb. 2018)
Major tenant	AEON, FRAXUS

Points of renewal

- Following the first renewal in September 2015, second renewal is scheduled focusing mainly on large sections from spring to winter in 2018, during the expiration of fixed-term building leasing contract.
- As more supply is expected from continuous new openings and expansions of large-scale retail facilities in Tokai Area, mozo WONDER CITY will continue to aim improvement on sales and revenue as the No.1 shopping center in Tokai area.
- Attract “Tokyu Hands” as a large-scale tenant which will enable differentiation from neighborhood retail facilities. To meet the needs of existing tenants for expansion, will be implemented a large-scale expansion relocation and also attraction of many trend-conscious tenants like major multi-brand shops.
- Improve the of west entrance which has the most visitors, to follow the facility environment concept of “mozo park”.

Renewal type (Note1)	Renewal period	Effect	
		Estimated expenditure	ROI (Note 2)
Offensive	Feb. 2018 ~ Dec. 2018 (Sequential renewal opening)	790 million JPY	10.9%

(Note 1) There are three renewal types: Offensive, Stay and Defensive.

(Note 2) ROI = NOI increase(*) / Total expenditures *NOI increase = (Estimated NOI after renewal project) – (NOI before renewal project)

Image of renewal (Note)

< Rezoning by large sections >



< Improvement of west entrance >



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

Strengthen its function as a daily use facility to deeply root in the region

Strengthen function as a local community space and establish a stable facility base



Location	Abiko-shi, Chiba
Construction date	Oct. 1994, etc.
Leasable area	41,293.90m ² (as of the end of Mar. 2018)
Occupancy rate	99.3% (as of the end of Mar. 2018)
No. of tenants	56 (as of the end of Mar. 2018)
Major tenant	Ito-Yokado

Points of renewal

- Along with the renovation of Ito-Yokado Abiko, one of the key tenant, expand the space of specialty stores and newly attract and relocate/expand tenants for daily use.
- Strengthen its function as a local community space by creating a open type lounge and community space in harmony with the natural environment on the 3rd floor and outdoor plaza.

Grand opening after the renewal on April 25, 2018

14 new stores specialized in daily shopping to be opened and 16 stores to be re-opened after relocation/renovation!

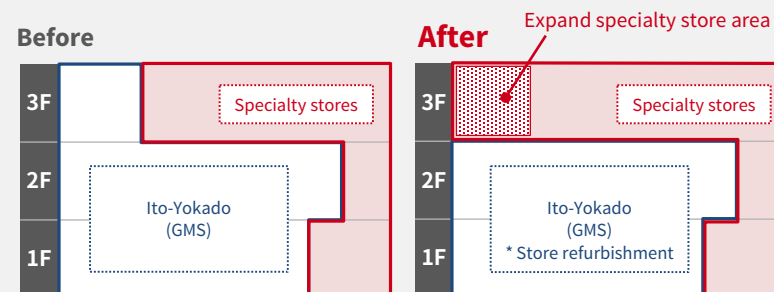
Pursuit of “stores in need of convenience”

Relocation/expansion of high daily-ness stores such as a large book store “Book Marche”, and one of the largest 100 yen shop in the area “Seria”. Also newly attract variety goods store “Bonmaison” and “Docomo shop” to strengthen collaboration and convenience with Ito-Yokado grocery area on the 1st floor.

Expansion of service stores

Opening of kids culture zone near Abiko Community Plaza with tenants such as “AEON gymnastics school” and “Benesse English school BE Studio”. Also expansion of health related service stores.

Sales area by floor (Image)



Construction of new community spaces^(Note)

< Construction of a community space in the outdoor plaza >



< New construction of an open lounge in the 3rd floor shared area >



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

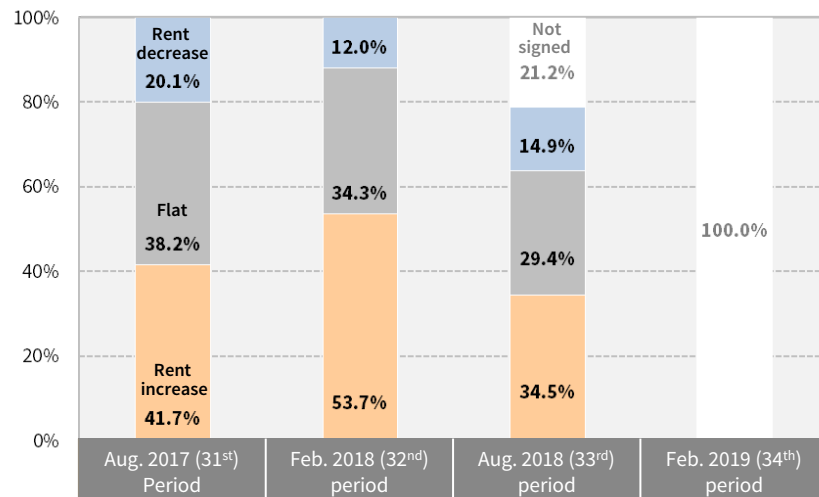
Asset Management Strategy (3) - Examples of Rent Increase

Achieved rent increase in urban type properties by leveraging our SC management capabilities

- Rent gap in the urban type retail properties in the portfolio is approximately 4%^(Note 1)

Summary of rent revisions ^(Note 2) (based on monthly rent)

- The key factor of rent decline is the downward rent revision for tenants that stay in business during the renewal project of KAWASAKI Le FRONT, which is attributed to a probable decrease in the visitors due to the closure of some blocks for renovation



Rent subject to revision ^(Note 3)	33.6 million JPY	110.4 million JPY	84.0 million JPY	40.1 million JPY
Changes in monthly rent after the revision (on net basis)	+0.8 million JPY	+11.2 million JPY	+4.0 million JPY	--
% change ^(Note 4)	+2.5 %	+10.2 %	+6.0 %	--

(Note 1) The gap between the monthly rent of existing tenants and the market rent price specified in the appraisal reports. The monthly rents subjects are fixed-term leasing contracts in urban type retail properties that will be renewed after March 2018.

(Note 2) Represented by the breakdown of monthly rents before revision that increased, remained flat or decreased at the renewal date of which will come during the relevant period (Specified in the fixed-term leasing contracts with regard to urban type retail properties)

(Note 3) Represented by the aggregate rents for blocks in urban type retail properties the fixed-term leasing contracts of which will expire and be subject to renewal

(Note 4) Increase/decrease rate is represented by (monthly rent after revision - monthly rent before revision) / monthly rent before revision (excluding rents specified in unsigned leasing contracts)

(Note 5) A tsubo is about 3.3 square meters.

Example of rent increase



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

- Existing tenants' rent increased based on the trend of the market rent increase

	Floor area	Rent growth ^(Note 4)
1 tenant	Approx. 100 tsubo ^(Note 5)	+ 11.1%



G-Bldg. Jingumae 06

- Upon the expiration of the leasing contract with the existing tenant, attracted a new tenant within the same business type with a rent increase

	Floor area	Rent growth
1 tenant	Approx. 55 tsubo	+ 9.0%



G-Bldg. Minami Ikebukuro 01

- Rent increased by changing from fixed + commission rent to fixed-only rent, upon the expiration of the leasing contract

	Floor area	Rent growth
1 tenant	Approx. 130 tsubo	+ 41.9%

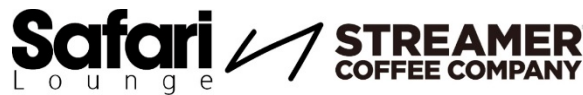
Asset Management Strategy (4) - Attract trend following tenants

Accelerating opening needs from “experience” oriented new tenants

Attract trend-conscious tenants

- City area with abundant customer traffic has strong opening needs from trend-conscious tenants. From the tenants that are able to adapt to the characteristics of evolving era.
- Strong needs to open physical stores to offer companies' brand view and product experience, as well as to deliver trend.

Showrooming Store



Safari Lounge (MARINE & WALK YOKOHAMA)



Safari Lounge's concept is the lifestyle in the west coast of the US, just like the magazine "Safari". A showrooming store will open from April 27, where you can order the displayed products from the online shop while at the store. A café where you can read backnumbers of "Safari" opened on in prior April 5. A popular café, "STREAMER COFFEE" is held adjacent to the lounge.



(Note) This photograph is an image.

Pop-up Store

TOTTI CANDY FACTORY, LONG! LONGER!! LONGEST!!! (CUTE CUBE HARAJUKU)



Offers extraordinary experience with the concept "memorable shopping experience", by photogenic "huge candy floss" and "longest ice cream in Japan" etc.

KENZO celebrates JAPAN (GYRE)



Introduces spring/summer 2018 fashion collection along with KENZO world by displaying art work with latest collection motif.



Lipton good in Tea OMOTESANDO (GYRE)

Sells Lipton's arranged tea "Lipton Good in Tea" and limited original novelties.

New Category

THE Millennials

THE Millennials

(G-Bldg. Kyoto Kawaramachi 01)
(G-Bldg. Shibuya 01)



Futuristic hotel aimed for millennial generation with the concept "accommodation with futuristic experience". Opened THE Millennials 1st store in G-Bldg. Kyoto Kawaramachi 01, and 2nd store in G-Bldg. Shibuya 01.

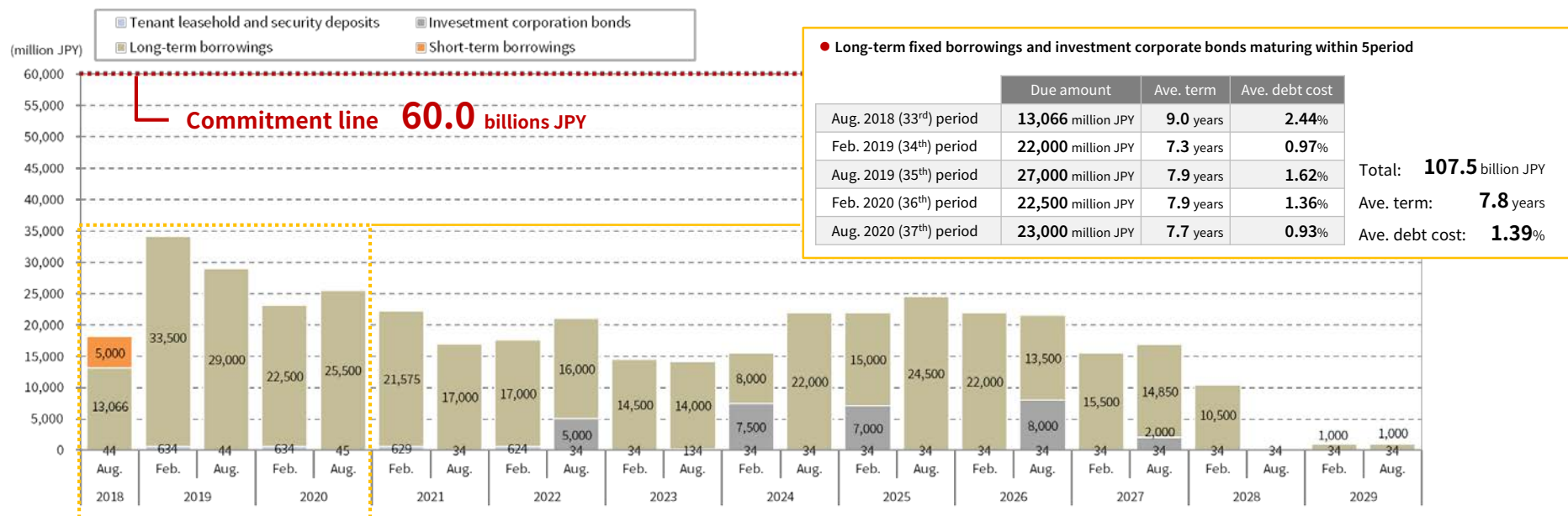


glo™Store Umeda (G-Bldg. Umeda 01)

Flagship store of heat-not-burn tobacco "glo™" in Osaka. Offers "glo™" experience together with product sales and maintenance.

Stable debt management by leveling of repayment amount while reducing debt cost

Maturity ladder (as of Mar. 31, 2018)



Recent refinance activities (Long-term fixed borrowing only)

Achieved longer debt with cheaper interest through recent refinance activities

<Refinancing activities from Nov. 2017 to Mar. 2018 (Long-term fixed borrowing only) >

Debt matured		Refinance debt	
Amount	23,000 million JPY	Amount	23,000 million JPY
Ave. debt cost	0.80 %	Ave. debt cost	0.63 %
Ave. term	5.9 years	Ave. term	8.3 years

Total borrowings and corporate bonds (excluding tenant leasehold and security deposits) (as of Mar. 31, 2018)

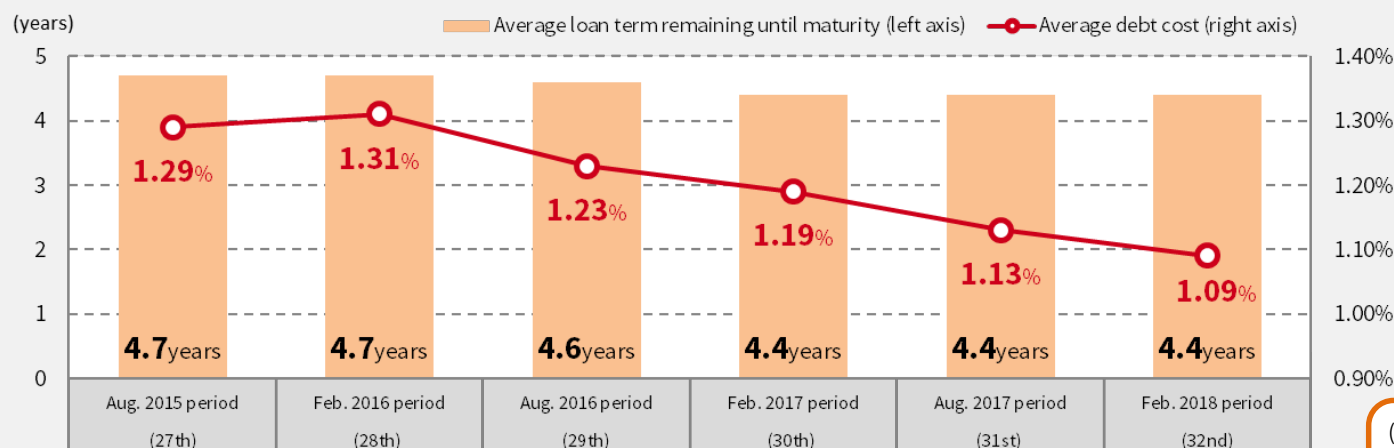
Make some borrowings at a floating rate to secure financial flexibility, in preparation for issuance of investment corporation bonds and future property sales

	Balance	Floating rate borrowings
Short-term borrowings	5,000 million JPY	5,000 million JPY
Long-term borrowings	371,491 million JPY	16,000 million JPY
Corporate bonds	29,500 million JPY	---
Total	405,991 million JPY	21,000 million JPY

LTV management for stable financial base

Trend of financial indices (Note 1)

- LTV (including tenant leasehold and security deposits) benchmark is from 45% to 55%
- Aim to strengthen stable financial base while carefully focusing on debt cost control



LTV ratio (excluding tenant leasehold and security deposits)	45.1%	42.2%	44.3%	44.4%	43.8%	45.0%
LTV ratio (based on book value)	52.2%	48.5%	50.3%	50.3%	49.6%	(Note2) 50.8%
LTV ratio (based on appraisal value)	50.3%	44.8%	47.6%	47.0%	46.4%	46.1%
Long-term borrowing ratio	99.3%	99.8%	99.2%	100.0%	100.0%	98.9%
Fixed-interest ratio	95.5%	99.8%	96.3%	96.3%	96.4%	95.4%

(Reference)

Acquisition capacity
From LTV50.8% to 55.0%

Approx. 85 billion JPY

(Note 1) Calculation including the tenant leasehold and security deposits except LTV ratio (excluding tenant leasehold and security deposits).

(Note 2) The impact on LTV from the repurchase of own investment units during October 17, 2017 to January 23, 2018 (49,181 units, approx. 10billion yen) is +0.5%.

Utilization of reserve for stable distributions

Use of reserve for stable distributions

Policies for the use of reserve

Maintain stable distributions

- Reserve for Temporary difference Adjustments (RTA) **3,075** million JPY (Note1)
- Reserve for dividend **1,537** million JPY (Note1)
- Reserve for reduction entry of property **476** million JPY (Note1)

Total reserve **5,089** million JPY (Note1)

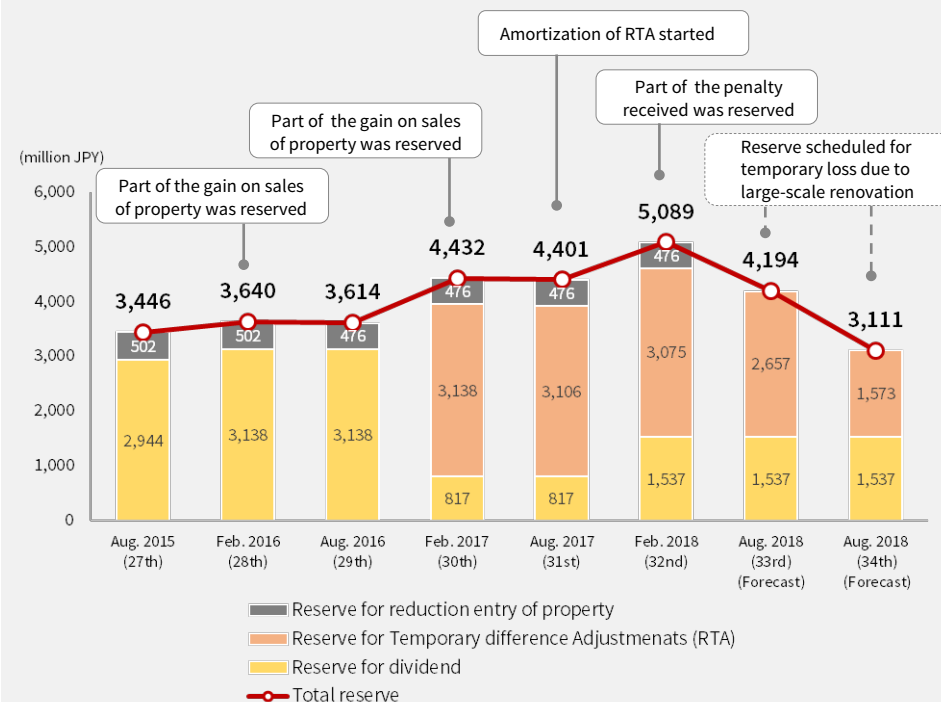
Reserve per unit: **1,944** yen (Note 2)

Specific use of reserve

- Additional tax expense originating from the tax-accounting mismatches
- Temporary loss due to large-scale renovation and reconstruction of existing properties (dismantling cost, loss on disposal fixed assets, downtime, etc.)
- Dilution of distributions from issuance of new investment units
- Other temporary expenses

Transition in Reserve balance (Note 3)

- Reserves are accumulated from negative goodwill due to merger and gain on sales of property through asset replacement, etc.
- Addition and reversal of reserves are implemented according to execution of various measures



(Note 1) As of Apr. 16, 2018 when the distribution statements in the financial statements of fiscal period ended Feb. 2018 was approved by the JRF's Board of Directors meeting.

(Note 2) Based on number of investment units issued (2,618,017 units) as of Apr. 16, 2018.

(Note 3) Balance of reserve after approval of distributions at the JRF's Board of Directors meeting for each period.

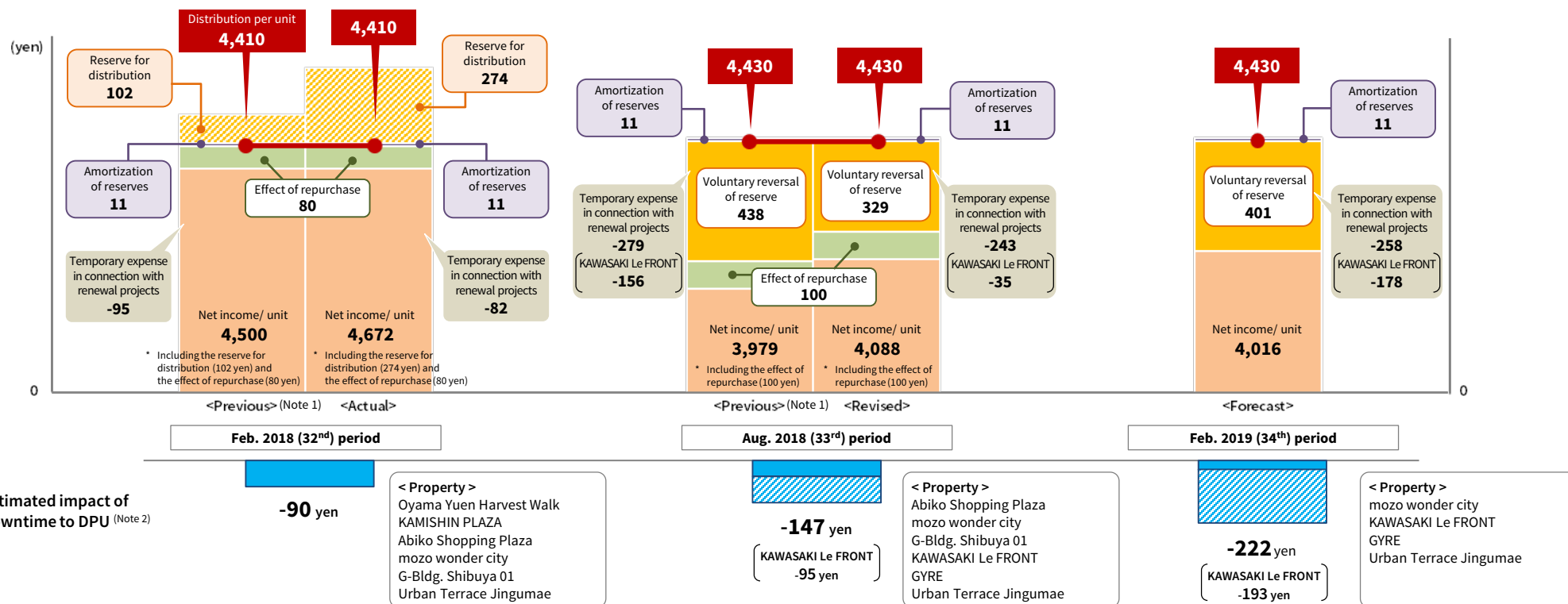
6. Financial Results and Forecasts



DFS T GALLERIA OKINAWA

Summary of Results and Forecasts

Illustration of the actual and forecasts for distribution per unit



Feb. 2018 (32nd) period

Actual **4,410**yen
Compared to announced forecast: **No change**

Key points on actual distributions

- Increase in profit by contribution of newly acquired properties and reduction of repair expenses
- Part of the penalty income was reserved (Amortization of reserves for temporary difference adjustments will be implemented)

Aug. 2018 (33rd) period

Revised forecast **4,430**yen
Compared to announced forecast: **No change**

Key points on distributions forecast

- Revenue contribution of 2 newly acquired properties
- Increase in profit due to postponement of KAWASAKI Le FRONT's repair expenses
- Reversal of reserve to make up for the temporary expenses and rent downtime

Feb. 2019 (34th) period

Revised forecast **4,430**yen
Compared to 33rd forecast: **No change**

Key points on distributions forecast

- Temporary expenses and rent downtime during the renewal project of KAWASAKI Le FRONT
- Reversal of reserve to make up for the temporary expenses and rent downtime

(Note 1) Based on Forecasts for Operating Results announced on October 16, 2017.

(Note 2) Estimated impact of downtime to DPU is calculated based on the Estimated increase in NOI divided by the number of units outstanding as of the end of each fiscal period.

The estimated increase in NOI is calculated by subtracting the sum of the actual NOI from the forecasted NOI after the renewal projects on an annualized basis or actual after depreciation NOI before the renewal projects

February 2018 (32nd) Period P/L Performance

	Aug. 2017 Period (31st) (Actual)	Feb. 2018 Period (32nd) (Actual)	Change	Revised Forecast (Note 2)	Change
Operating revenue	31,011	31,967	+955	31,662	+304
Operating expenses	17,268	17,495	+226		
(Rent NOI) (Note 3)	22,543	23,290	+747	22,859	+430
Operating income	13,743	14,472	+728	14,027	+444
Non-operating revenue	6	3	(3)		
Non-operating expenses	2,323	2,242	(81)		
Ordinary income	11,426	12,232	+806	11,783	+449
Net income	11,425	12,232	+806	11,783	+449
Allocation to reserve	—	719	+719	268	+450
Reversal of reserve	31	31	—	31	—
Total distribution	11,457	11,545	+88	11,545	—
Units outstanding	2,667,198 units	2,618,017 units	(49,181) units	2,618,017 units	—
DPU	4,295 yen	4,410 yen	+115 yen	4,410 yen	—
FFO per unit (Note 4)	6,428 yen	6,875 yen	+447 yen	6,709 yen	+166 yen
FFO pay out ratio	66.8 %	64.1 %	—	65.7 %	—
Capital expenditures	1,305	1,732	+427	2,363	(630)
Repair expenses	204	314	+110	455	(140)
Total	1,509	2,047	+538	2,818	(771)
Depreciation	5,733	5,767	+34	5,781	(13)

(Note 1) Million JPY unless otherwise noted.

(Note 2) Based on Forecasts for Operating Results announced on October 16, 2017.

(Note 3) Excluding gain on sales of property.

(Note 4) (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

Change in DPU forecast for Feb. 2018 (32nd) period



The effect of repurchase of own investment units

- Decrease in asset management fee
- Payment of securities company fee related to repurchase of own investment unit (only for the 32nd period)
- Decrease in number of investment units outstanding

Major factors behind change during Feb. 2018 (32nd) period

(Compared to previous period)

(million JPY)

Operating revenue	+955
✓ Penalty income of MARINE & WALK YOKOHAMA, etc.	+851
✓ Rent revenue of other newly acquired properties, etc.	+387
✓ Decrease in rent revenue due to disposed Ito-Yokado Kamifukuoka Higashi, etc.	(46)
✓ Other properties (rent (35), utility charge received (117), penalty income (78))	(236)
Operating expenses	+226
✓ Expense of newly acquired properties	+120
✓ Decrease in expense due to disposed Ito-Yokado Kamifukuoka Higashi	(27)
✓ Other properties (PM and BM fee +108, repair expense +85, promotion expense +59, others +59)	+161
✓ Decrease in general administration fees	(27)
Operating income	+728
Decrease in interest payments	(81)
Decrease in amortization of investment unit issuance cost	(21)
Expense of repurchase of own investment units	+21
Ordinary income	+806
Net income	+806

Major factors behind change during Feb. 2018 (32nd) period

(Compared to revised forecast)

(million JPY)

Operating revenue	+304
✓ Rent revenue of new 2 properties, etc.	+125
✓ Increase in operating revenue of Nara Family	+50
✓ Decrease in rent revenue related to other properties	(41)
✓ Decrease in penalty income related to other properties	(99)
✓ Increase in other revenue related to other properties (utility charge received (11), card fee income +12, others +267)	+270
Operating expenses	(139)
✓ Expense of new 2 properties, etc.	+18
✓ Decrease in repair expense related to other properties	(140)
✓ Decrease in depreciation related to other properties	(20)
Operating income	+444
Ordinary income	+449
Net income	+449

February 2018 (32nd) Period B/S Performance

	Aug. 2017 Period (31st) (Actual)	Feb. 2018 Period (32nd) (Actual)	Change
Total assets (1)	897,631	902,191	+4,560
Total liabilities	455,664	469,210	+13,546
Interest-bearing liability (2)	393,091	406,191	+13,100
Tenant leasehold and security deposits (3)	52,138	51,894	(243)
Net assets	441,967	432,981	(8,986)
LTV ((2)+(3)) / (1)	49.6 %	50.8 %	+1.2 points
LTV (2) / (1)	43.8 %	45.0 %	+1.2 points
Long-term borrowings ratio	100.0 %	98.9 %	(1.1) points
Fixed interest rate ratio	96.4 %	95.4 %	(1.0) points
Average debt cost	1.13 %	1.09 %	(0.04) points
Number of properties	95 properties	100 properties	+5 properties
Aggregate acquisition price	880,210	910,110	+29,900
Unrealized profits and losses	+ 127,175	+ 135,188	+8,012
Book value	832,354	859,041	+26,687
Appraisal value	959,530	994,230	+34,700

<Reference: Balance of reserve>

Balance of reserve	4,401	5,089	+688
Reserve for dividends	817	1,537	+719
Reserve for reduction entry of property	476	476	—
Reserve for temporary difference adjustments	3,106	3,075	(31)

(Note) Million JPY unless otherwise noted.

Major factor behind change during Feb. 2018 (32nd) period (Compared to previous period)

(million JPY)

Total assets	+4,560
✓ Acquisition of new properties	+31,046
✓ Depreciation, loss on disposal of fixed assets	(5,825)
✓ Decrease in cash and bank deposits	(21,778)
✓ Capital expenditures	+1,732
Total liabilities	+13,546
✓ Increase in interest-bearing liabilities	+13,100
✓ Decrease in tenant leasehold and security deposits	(243)
✓ Consumption tax payable, etc.	+234
Net assets	(8,986)
✓ Deduction of unit holders' capital surplus (repurchase and cancellation of own investment units)	(9,999)
✓ Unappropriated retained earnings	+808
✓ Deferred gains and losses on hedges	+237

Forecasts for the Coming Two Periods

	Feb. 2018 Period (32nd) (Actual)	Aug. 2018 Period (33rd) (Forecast)	Change	Feb. 2019 Period (34th) (Forecast)	Change
Operating revenue	31,967	31,965	(1)	30,797	(1,167)
(Rent NOI)	23,290	21,764	(1,526)	21,430	(333)
Operating income	14,472	12,941	(1,530)	12,573	(367)
Ordinary income	12,232	10,703	(1,529)	10,514	(189)
Net income	12,232	10,703	(1,529)	10,514	(189)
Allocation to reserve	719	—	(719)	—	—
Reversal of reserve	31	894	+863	1,083	+189
Balance of reserve ^(Note 2)	5,089	4,194	(894)	3,111	(1,083)
Total distribution	11,545	11,597	+52	11,597	—
Units outstanding	2,618,017 units	2,618,017 units	—	2,618,017 units	—
DPU	4,410 yen	4,430 yen	+20 yen	4,430 yen	—
FFO per unit ^(Note 3)	6,875 yen	6,273 yen	(602) yen	6,221 yen	(52) yen
FFO pay out ratio	64.1 %	70.6 %	—	71.2 %	—
Capital expenditures	1,732	2,198	+465	4,558	+2,360
Repair expenses	314	1,457	+1,143	817	(639)
Total	2,047	3,655	+1,608	5,376	+1,720
Depreciation	5,767	5,720	(47)	5,773	+53

(Note 1) Million JPY unless otherwise noted.

(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. 2018 (33rd) period

(Compared to actual results of Feb. 2018 (32nd) period)

(million JPY)

Operating revenue	(1)
✓ Contribution, in full, of rent revenue of newly acquired properties	+301
✓ Decrease in penalty income of MARINE & WALK YOKOHAMA	(799)
✓ Occurred renewal downtime and increase in restoration costs received etc. of KAWASAKI Le FRONT	+483
✓ Other properties (rent +40, utility charge received +74, others (101))	+12
Operating expenses	+1,528
✓ Contribution, in full, of expense of newly acquired properties	+49
✓ Restoration costs and expense due to renewal of KAWASAKI Le FRONT	+996
✓ Other properties (property-related tax of newly acquired properties +74, rise in property-related tax of existing properties +64, utility charge +98, loss on disposal of fixed assets +92, depreciation (60))	+430
✓ Increase in general administration fees	+52
Operating income	(1,530)
Ordinary income	(1,529)
Net income	(1,529)

Major factors behind change during Feb. 2019 (34th) period

(Compared to forecast for Aug. 2018 (33rd) period)

(million JPY)

Operating revenue	(1,167)
✓ Renewal downtime of KAWASAKI Le FRONT, etc. (Absence of restoration costs received (905))	(1,131)
✓ Impact of properties subject to renewal (mozo +66, Abiko SP +25, Shibuya01 +14, GYRE +11, UT Jingumae +11)	+130
✓ Change in accounting method for accrued rent receivable in some properties	(72)
✓ Other properties (rent (38), utility charge received (46), others (10))	(94)
Operating expenses	(800)
✓ Impact of renewal of KAWASAKI Le FRONT (Absence of restoration costs (905))	(500)
✓ Impact of properties subject to renewal (mozo (5), Abiko (49), Shibuya 01 (3), GYRE (5), UT Jingumae (68))	(131)
✓ Other properties (PM and BM Fee +27, repair expense +15, utility charge (64), loss on disposal of fixed assets (20), other operating expenses (108))	(148)
✓ Decrease in general administration fees	(19)
Operating income	(367)
Decrease in interest payments	(154)
Decrease in amortization of investment unit issuance cost	(24)
Ordinary income	(189)
Net income	(189)

Think bold today for a brighter tomorrow.



Japan Retail Fund Investment Corporation

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- This material may contain information such as data on future performance, plans, management targets, and strategies. Such descriptions with regard to the future are based on current hypotheses and assumptions about future events and trends in the business environment, but these hypotheses and assumptions are not necessarily correct. As such, actual results may vary significantly due to various factors.
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- This material is to be used for analyzing the financial results of JRF, and is not prepared for the purpose of soliciting the acquisition of JRF's investment securities or the signing of financial instruments contracts. When investing, we ask investors to invest on their own responsibility and their own judgment.
- JRF is a publicly-offered real estate investment corporation (J-REIT) investing in real estate and related assets the prices of which may fluctuate. Unitholders of the Investment Corporation may suffer loss when unit prices decline in the market or an amount of distributions declines, according to economic and interest rate circumstances, a balance of supply and demand for units, real estate market environment, fluctuations of prices of, and rent revenues from real estate properties under management, disasters, aggravation of financial status of JRF and other reasons. For details, please see "Investment Risk" in the Securities Registration Statement (offering circular) and the Securities Report of JRF.

Asset Management Company : Mitsubishi Corp.- UBS Realty Inc.

(Financial Instruments Dealer Director of Kanto Financial Bureau (Financial Instruments Dealer) Number 403, Member of The Investment Trusts Association, Japan)