



Welcome to this presentation of JRF's operating results for the 32nd period, the six months from September 1, 2017 to February 28, 2018.

Having assumed the position of President and CEO of Mitsubishi Corp.-UBS Realty Inc. from April this year, I would first like to extend my appreciation, and ask all stakeholders for their continued support and understanding . Following in the footsteps of my predecessor, Mr. Tsuji, I would also like to confirm the Asset Management Company's commitment to maintaining the highest ethical standards while managing the assets of the Investment Corporation, with the aim of maximizing profits and returns to unitholders.

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Turning to the presentation materials, I direct your attention to the “Table of Contents” on page 1.

I will begin with an overview of JRF’s business strategy before commenting on the repurchase of own investment units. I will then touch briefly on the Investment Corporation’s medium-term targets, its future acquisition strategies, and sustainability management.

Moving on, I will pass the microphone to Mr. Araki, Head of the Asset Management Company’s Retail Division, who will comment on the implementation of JRF’s business strategy. Mr. Araki will then provide an overview of JRF’s financial results for the February 2018 period, together with forecasts for the August 2018 and February 2019 periods.

Let us begin with a look at JRF’s business strategy.  
Please turn to page 3 of the presentation materials.

## 1. JRF's Business Strategy



G-Bldg. Minami Aoyama 01

Continued business strategy for improvement of unitholders value

Business strategy

Acquisition strategy	Asset management strategy	Financial strategy
<p><b>Asset size expansion</b> for the purpose of further expansion of our portfolio</p> <p><b>Asset replacement</b> for the purpose of improving portfolio quality</p> <p><b>Securing future internal growth opportunities</b> through acquisition of properties with high potential in good location utilizing our SC management capabilities</p>	<p><b>Improvement in profitability</b> by leveraging our SC management capability</p> <p><b>Improvement in stability</b> by reducing potential risks through contract stabilization etc.</p>	<p><b>Equity management</b> according to acquisition environment and investment unit price</p> <p><b>Continued financing stability</b> by diversifying maturity periods, lengthening borrowing periods, improving fixed interest rate ratio, and securing emergency funding sources</p> <p><b>Diversification of funding sources</b> through introduction of new lenders and issuance of corporate bonds</p>

Despite the change in President and CEO at the Asset Management Company, JRF will continue to promote its existing acquisition, asset management, and financial strategies.

From an acquisition strategy perspective, we will build on a portfolio size that exceeds 900 billion yen while undertaking the bold replacement of assets. As in the past, we will accelerate the shift toward urban- type properties and aim to build a portfolio that exhibits higher locational advantage and tenant substitutability .

Taking into consideration the ongoing purchase and sale of properties at high prices, we will refrain from rashly expanding our asset size. We will continue to adopt a stringent approach toward the acquisition of new assets while focusing on prime urban- type properties. Looking at opportunities as they arise, we will consider undertaking public offerings in a bid to secure external growth.

Over and above the acquisition of new properties, maintaining and improving competitiveness through the replacement of tenants and renewal of properties is an extremely important strategy for a retail property REIT. Building on the experience gained from the completed large-scale renewal of Nara Family, we will work to further enhance our retail property management skills going forward through renewal work at various properties including KAWASAKI Le FRONT, the second phase project at mozo wonder city, and GYRE, which are planned for the future.

With my predecessor, Mr. Tsuji, assuming a leadership role in the development of domestic real estate at our sponsor company, I am hoping to forge even closer ties with Mitsubishi Corporation and its Group company, Mitsubishi Corporation Urban Development, Inc. while uncovering opportunities to acquire new properties and to cooperate in existing property renewals.

While Mr. Araki will provide details of the Investment Corporation’s financial strategy shortly, I would like to make a few comments.  
First, JRF repurchased its own investment units for a total of approximately 10 billion yen between October 2017 and January this year. Taking into consideration the low interest rate environment and dormant yield curve, we also took steps to lengthen the periods of our existing debt and improve our fixed interest rate ratio, while actively exploring new procurement methods including the issuance of green bonds as reported in this morning’s Nikkei , Japan’s leading economic newspaper.

Looking now at the effect of repurchasing own investment units, please turn to page 5.



## 2. The Effect of Repurchase of Own Investment Units



G-Bldg. Shibuya 01

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

Detail of implementation

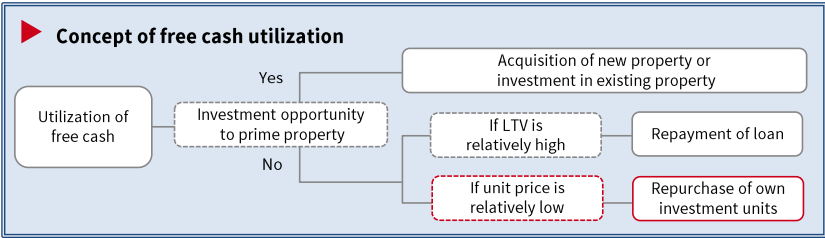
Total number of investment units repurchased	49,181 units <sup>(Note)</sup> (1.88% of the total number of issued investment units (excluding the number of own investment units))
Total amount of investment units repurchased	9,999,980,266 yen
Repurchase period	Oct. 17, 2017 ~ Jan. 23, 2018
Acquisition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

(Note) Total Number of own investment units were cancelled during the fiscal period ended Feb. 2018 (32<sup>nd</sup> 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<sup>(Note 1)</sup> generated from depreciation (approx. 12 billion yen annually)



(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.

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 <sup>(Note 2)</sup>



JRF completed the repurchase of its own investment units, outlined during our presentation of the Investment Corporation’s August 2017 period results, on January 23, 2018.

After completing this repurchase for approximately 10 billion yen, the total number of 49,181 investment units acquired was cancelled on February 9, 2018 during the February 2018 period.

As indicated at the right side of the page, this repurchase of own investment units has contributed to an improvement in each of the investment unit price, DPU, and NAV per unit indicators.

Directing your attention to the bottom left of the page, and our approach going forward, we will continue to position the repurchase of own investment units as one option for increasing unitholders’ value. JRF maintains free cash flows from its annual amount of depreciation of roughly 12 billion yen. We envisage applying these free cash flows across four broad areas: (1) the acquisition of properties; (2) the renewal of existing properties; (3) the repayment of loans, and; (4) repurchase of own investment units. Drawing from each of these options, JRF will undertake the repurchase of its own investment units when there are no opportunities to acquire prime properties and the price of investment units are undervalued in relative terms.

Moving on to JRF’s medium-term targets and future acquisition strategies, I ask that you turn to page 7.

### 3. Medium-term Targets and Future Acquisition Strategies

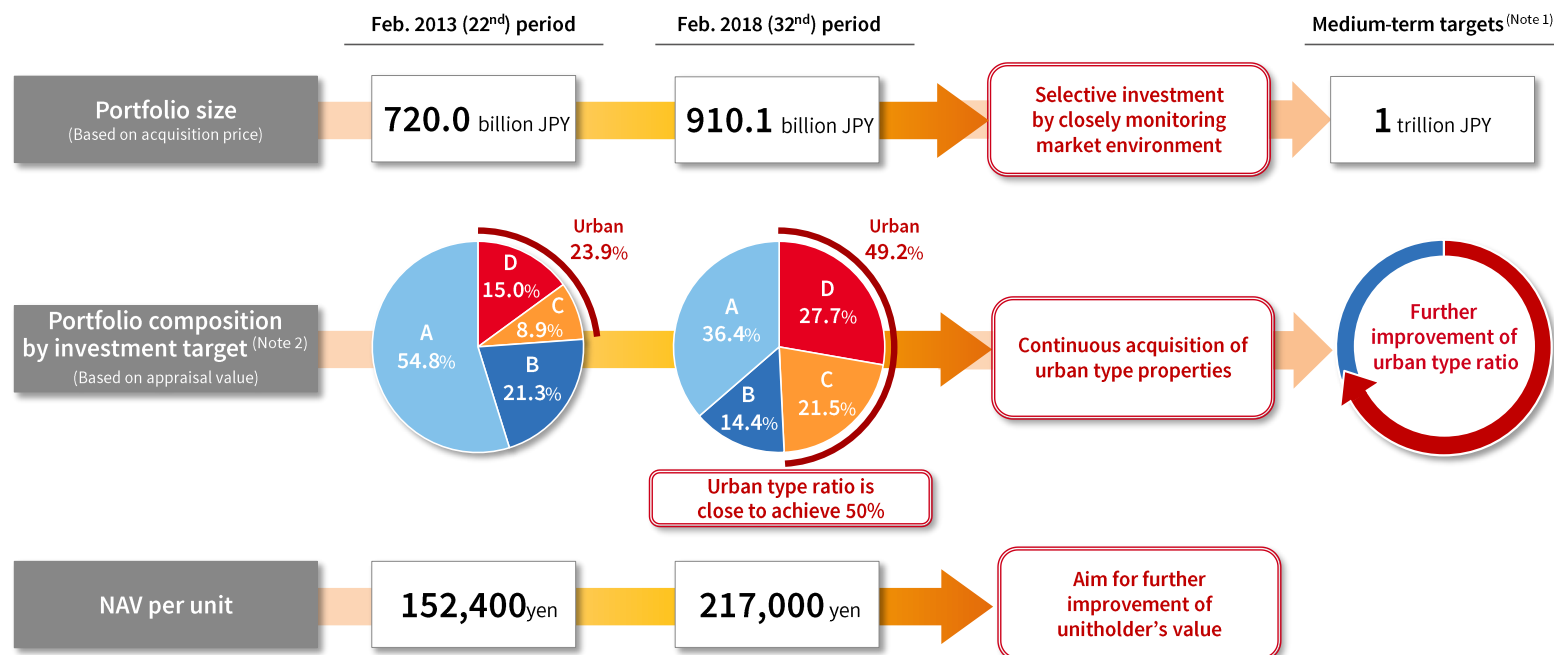


G-Bldg. Midosuji 01

## 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 portfolio size currently stands at 910.1 billion yen. As I mentioned a moment ago, we continue to adopt a cautious approach toward investment focusing closely on market trends. Should conditions remain the same, we will work toward growth and a portfolio size of 1 trillion yen at a slow and measured pace.

From an investment target perspective, we have essentially achieved our medium-term portfolio composition target announced during the Investment Corporation's February 2016 period results presentation, by lifting the ratio of urban-type properties to around 50%. Looking ahead, we will focus on further lifting the ratio of urban-type properties while carefully identifying consumer trends.

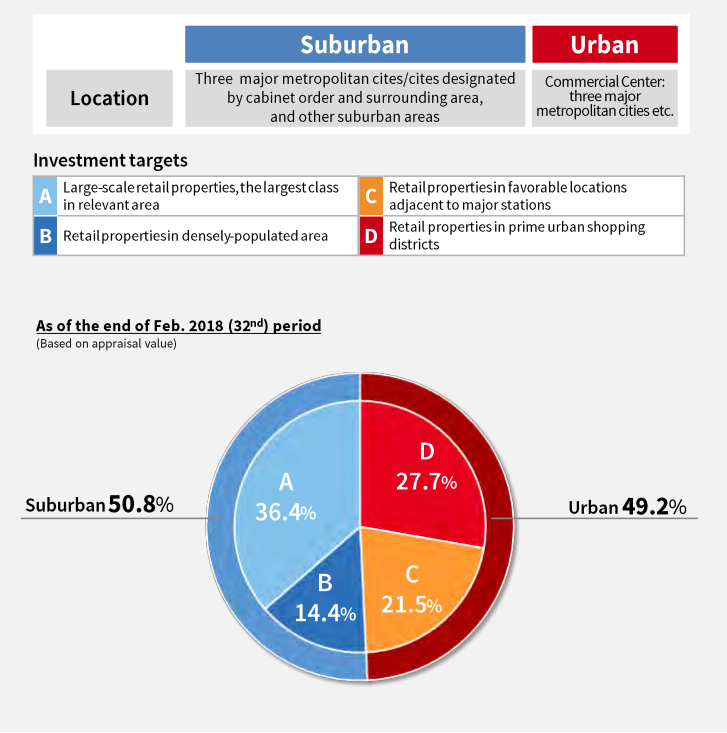
Meanwhile, NAV per unit climbed to 217,000 yen buoyed by the effects of repurchasing own investment units and an increase in appraisal value.

Please turn to page 8.



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

Original definition of portfolio

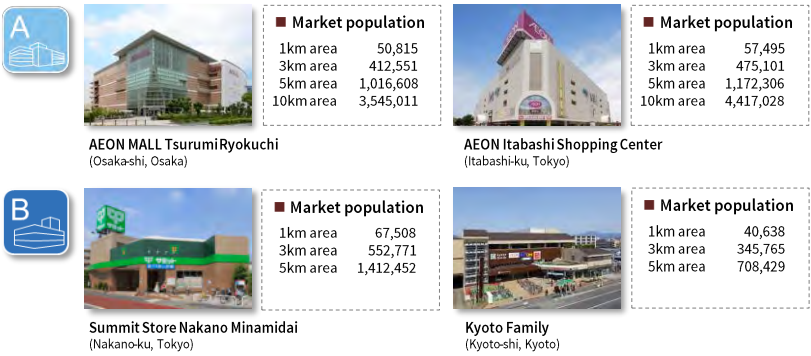


Concern of original definition

Despite the fact that most of JRF's “Suburban type” properties are located in densely-populated area near large cites, 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 >



To date, JRF’s retail properties have been classified into the two broad suburban- and urban- type categories. Suburban-type properties are made up of type “A” large-scale retail properties that are in the largest class in their relevant areas, and type “B” retail properties located in densely populated areas. Urban-type properties are divided into type “C” retail properties in favorable locations adjacent to major stations and type “D” retail properties in prime urban shopping districts .

Having said this, and as indicated by the four property photos at the bottom right of the page, a significant number of JRF’s suburban- type properties is located in Tsurumi Ward, Osaka, the Itabashi and Nakano wards of Tokyo, and Ukyo Ward, Kyoto, areas with fairly large commercial and retail populations.

Many of JRF’s investors reside overseas. Speaking with overseas unitholders, for example, the word “suburban” is associated with countryside areas with small populations. In this sense, we are aware that the traditional meaning of “suburban” does not fully convey the nature of some of the properties in our portfolio.

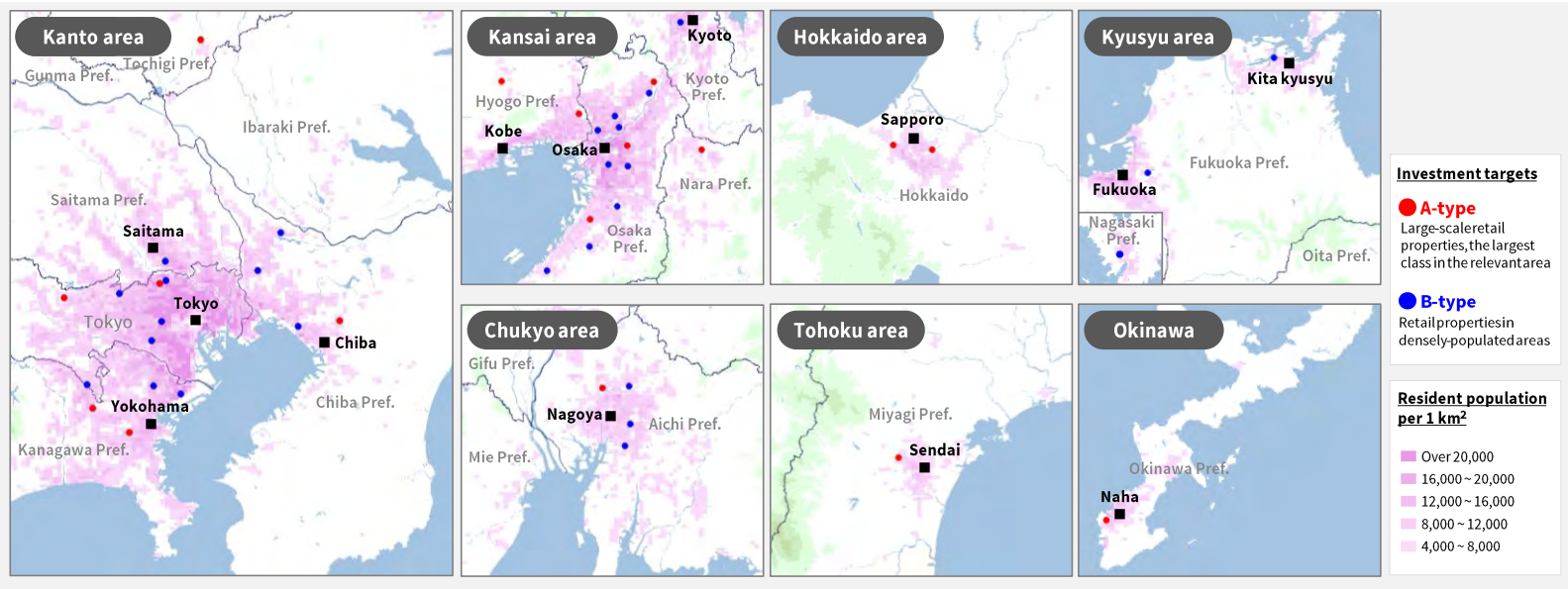
Most of JRF's suburban properties (large-scale retail facilities/neighborhood retail facilities) are located in densely-populated areas

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 <sup>2</sup>
• Chicago	4,582/ km <sup>2</sup>
• London	5,900/ km <sup>2</sup>
• Hong Kong	6,582/ km <sup>2</sup>
• Singapore	7,792/ km <sup>2</sup>
• Tokyo(whole)	6,264/ km <sup>2</sup>
• Osaka(whole)	4,636/ km <sup>2</sup>



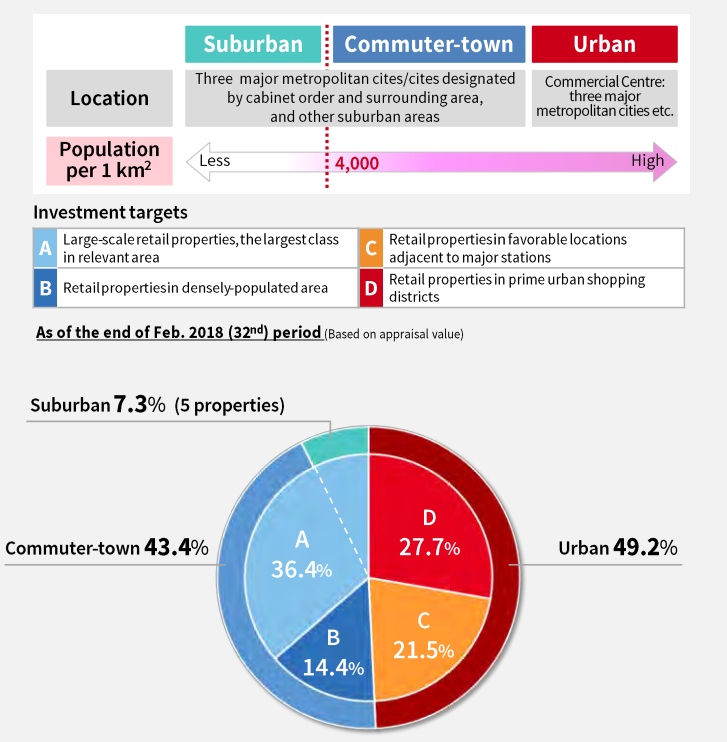
(Source) Created based on "2010 Census Regional Mesh Statistics" Statistics Bureau, Ministry of International Affairs and Communications

Here on page 9, we plot JRF's suburban- type properties on a series of maps. As you can see, the vast majority of JRF's suburban- type properties are located in densely-populated areas near large cities, where the population per square kilometer exceeds 4,000.

Please turn to page 10.

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



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

Taking the aforementioned into consideration, we have redefined and classified JRF's portfolio into the three urban, commuter-town, and suburban categories.

As you can see from the pie chart at the bottom left of the page, over 90% of the portfolio is comprised of urban-type properties and commuter-town type properties located in densely-populated areas near large cities.

As far as our future asset acquisition policy is concerned, we will purchase properties from top-to-bottom, focusing first on urban-type properties, second on commuter-town - type properties, and then suburban- type properties. On this basis, we will continue to focus mainly on acquiring urban-type properties as our first priority.

In the case of the suburban- type category, we will, in principle, refrain from purchasing any assets that are not large-scale retail properties with the robust ability to attract customers from a wide area.

For a comment on JRF's future acquisition strategies, I ask that you turn to page 11.

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

Newly acquired properties in February 2018 period (32<sup>nd</sup>)

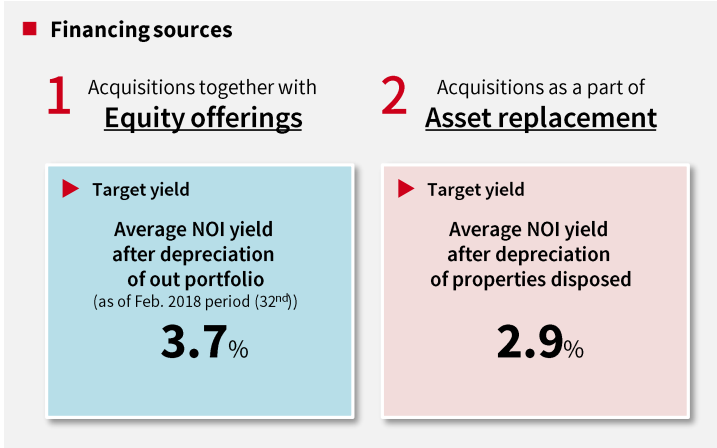
Acquired urban prime properties (4 properties, approx. 23 billion JPY)



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%

Target yield in acquisitions

Acquisition of quality assets leveraging 2 sources of financing



The real estate purchase and sales market is currently experiencing a difficult environment. As far as the acquisition of assets is concerned, there are only a handful of opportunities to purchase retail properties that deliver both the proper yield and quality. Despite these difficult conditions, JRF acquired four prime urban-type properties at an acquisition price of 23 billion yen during the February 2018 period.

G-Bldg. Midosuji 02 was the largest of JRF’s four acquisitions during this period.

The property is located in the Shinsaibashi area of Osaka on Midosuji Street, the largest luxury brand shopping street in western Japan, and houses the flagship store in Asia of the global luxury brand PRADA.

From a target yield perspective, JRF, in principle, undertakes an equity offering for properties where the average NOI yield after depreciation of the portfolio is projected at 3.7% or more as a part of its asset acquisition strategy. For properties where the average NOI yield after depreciation of the portfolio is expected to come in at 2.9% or higher, the tendency is to undertake refinancing attributable to the replacement of assets.

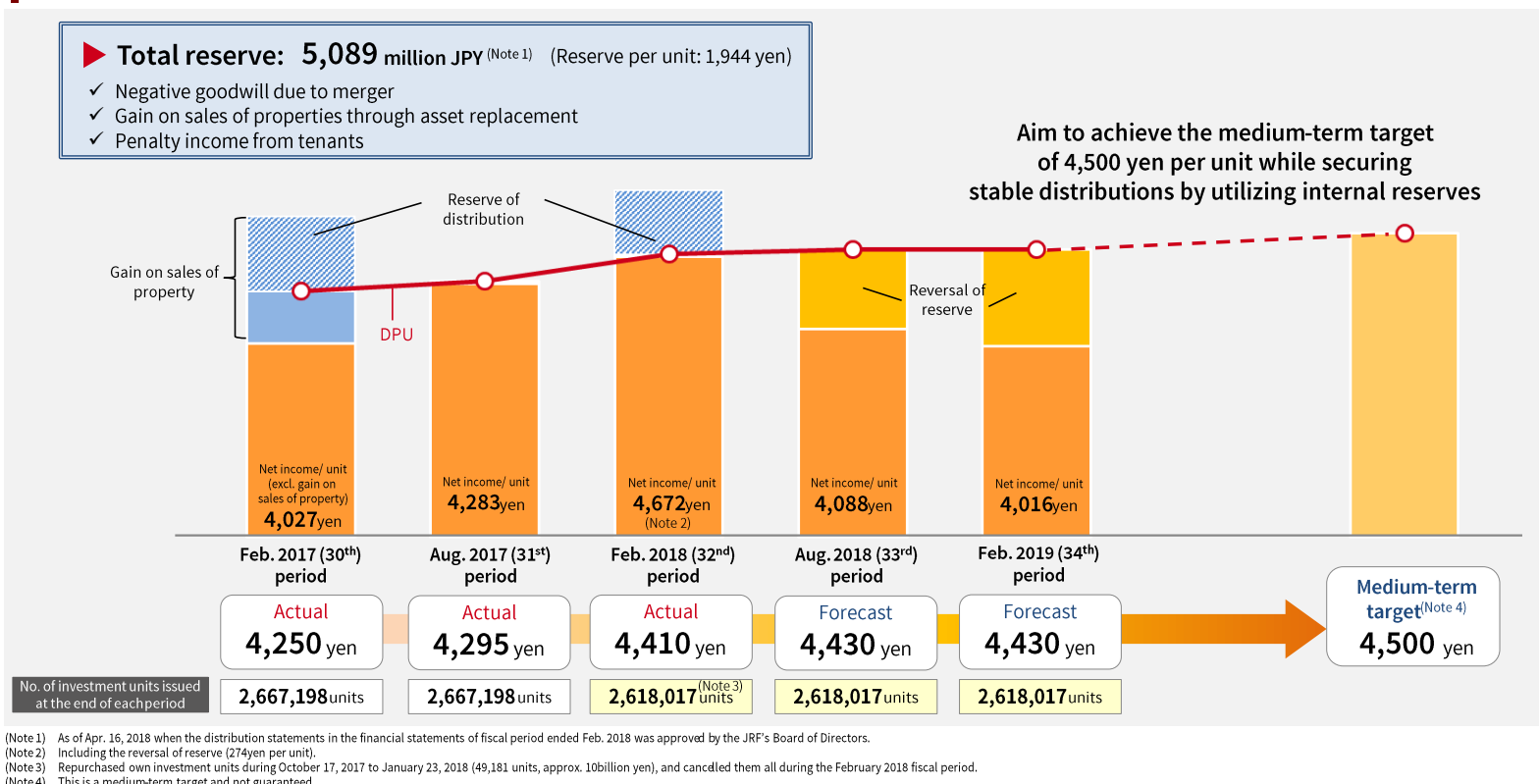
With the exception of those extraordinary circumstances when conditions are conducive to an accretive public offering, even in the case where property yields are extremely high, and the price of investment units falls below NAV, such as the immediate aftermath of a financial crisis, our policy of not undertaking a public offering that would dilute NAV remains unchanged.

Please turn to page 12.

## 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



Taking into consideration movements in EPS attributable to the renewal of properties, JRF continues to target a DPU of 4,500 yen over the medium term while adopting stability measures that utilize reserves.

In the February 2018 period, DPU climbed from our projection of 4,330 yen at the time of the previous period's results presentation to 4,410 yen. This reflects the positive 80 yen impact of the repurchase of own investment units.

Turning to the August 2018 period, JRF is projecting DPU to come in at 4,430 yen. This is again up from our projection of 4,330 yen at the time of the previous period's results presentation and reflects the positive contribution of 100 yen attributable to the repurchase of own investment units.

Looking further ahead, JRF is also anticipating a DPU of 4,430 yen for the February 2019 period.

While EPS is expected to tighten in both the August 2018 and February 2019 periods owing mainly to the negative impact on rents during the period of downtime while renewals are being completed at KAWASAKI Le FRONT, and the incidence of temporary expenses relating to the renewal of properties, JRF plans to stabilize distributions through the reversal of reserves.

I would now like to comment on JRF's sustainability management. Please turn to page 14.



## 4. Sustainability Management



AEON MALL Itami

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

- Enhance profitability of assets by installing environmentally friendly facilities such as solar panels
- Monitor information related to energy consumption
- 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



The Asset Management Company, Mitsubishi Corp.-UBS Realty Inc., has established an “Environmental Charter” and “Responsible Property Investment Policy” and set up a sustainability committee in 2013 to promote Group-wide discussion and awareness while incorporating ESG concerns in the Investment Corporation’s asset investment and management processes.

Please turn to page 15.

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

Rationale behind Green Bond<sup>(Note 1)</sup> 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 >

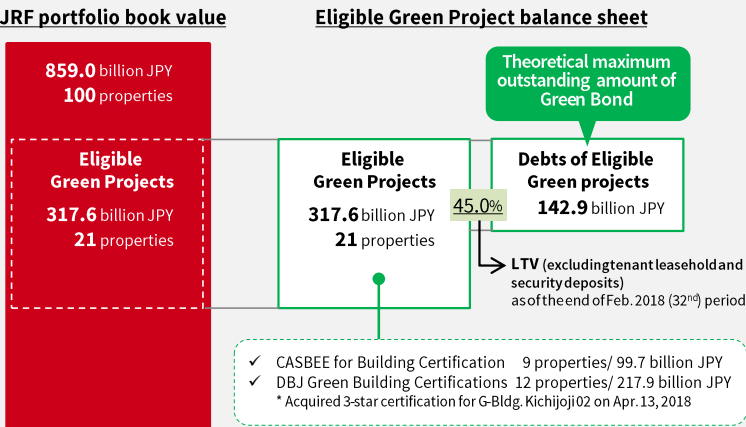
- Green Bond proceeds will be allocated to acquire properties with environmental certifications which satisfy the eligibility criteria<sup>(Note 2)</sup> (Eligible Green Projects) and/or to refinance the existing debts that have already been allocated to Eligible Green Projects
- The total outstanding 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

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<sup>(Note 3)</sup>

(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)

■ Maximum outstanding amount of Green Bond (as of the end of Feb. 2018 (32<sup>nd</sup>) period)



JRF engages vigorously in sustainability management. As a part of these endeavors, the Investment Corporation is taking steps to become the first J-REIT to undertake the issuance of green bonds.

Green bonds are financial instruments issued by operating companies, funds, local governments and related entities for the purpose of funding green projects.

JRF has identified certain properties that fulfill the eligibility selection and evaluation criteria of the Asset Management Company’s sustainability committee as eligible green projects. This eligibility criteria encompasses properties with a rating of three stars or higher under the DBJ Green Building Certification Programme, or B+ or higher CASBEE for Building Certification. The total amount of debts for eligible green projects is calculated by multiplying the total book value of eligible green projects by the LTV ratio excluding tenant leasehold and security deposits. This amount is then recognized as the theoretical upper limit of green bond issuance.

Following today’s presentation, we will consider the propriety as well as terms and conditions of a potential issuance through marketing activities aimed at investors.

The issuance of green bonds will mark a milestone as the first such initiative by a J-REIT.

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. Midouji 02

Here on page 16, I would like to touch briefly on instances where JRF’s various sustainability activities have been recognized by external organizations, beginning with the Investment Corporation’s inclusion in the MSCI Japan ESG Select Leaders Index.

This is especially significant following the decision by the Government Pension Investment Fund to utilize the MSCI Japan ESG Select Leaders Index as one of its ESG indices and commence passive investment tracking the Index. As a result, domestic institutional investors including other pension funds are also expressing their keen interest.

Moreover, three new properties have received CASBEE for Building Certification and two properties DBJ Green Building Certification for a total of five additional properties.

In another bid to contribute to society, the Investment Corporation set up a polling station for early voting at Nara Family. At the same time, JRF is continuing its support for the Used Books Donation Initiative to Support Children's Futures organized by the Secretariat for the National Movement to Support Children’s run by the Cabinet Office of Japan and other shopping centers in Abiko.

Moving forward, JRF will continue to vigorously engage in sustainability management.

With this, I conclude my portion of this presentation, and would like to hand the microphone to Mr. Araki.

## 5. Implementation of Business Strategy



La Porte Aoyama

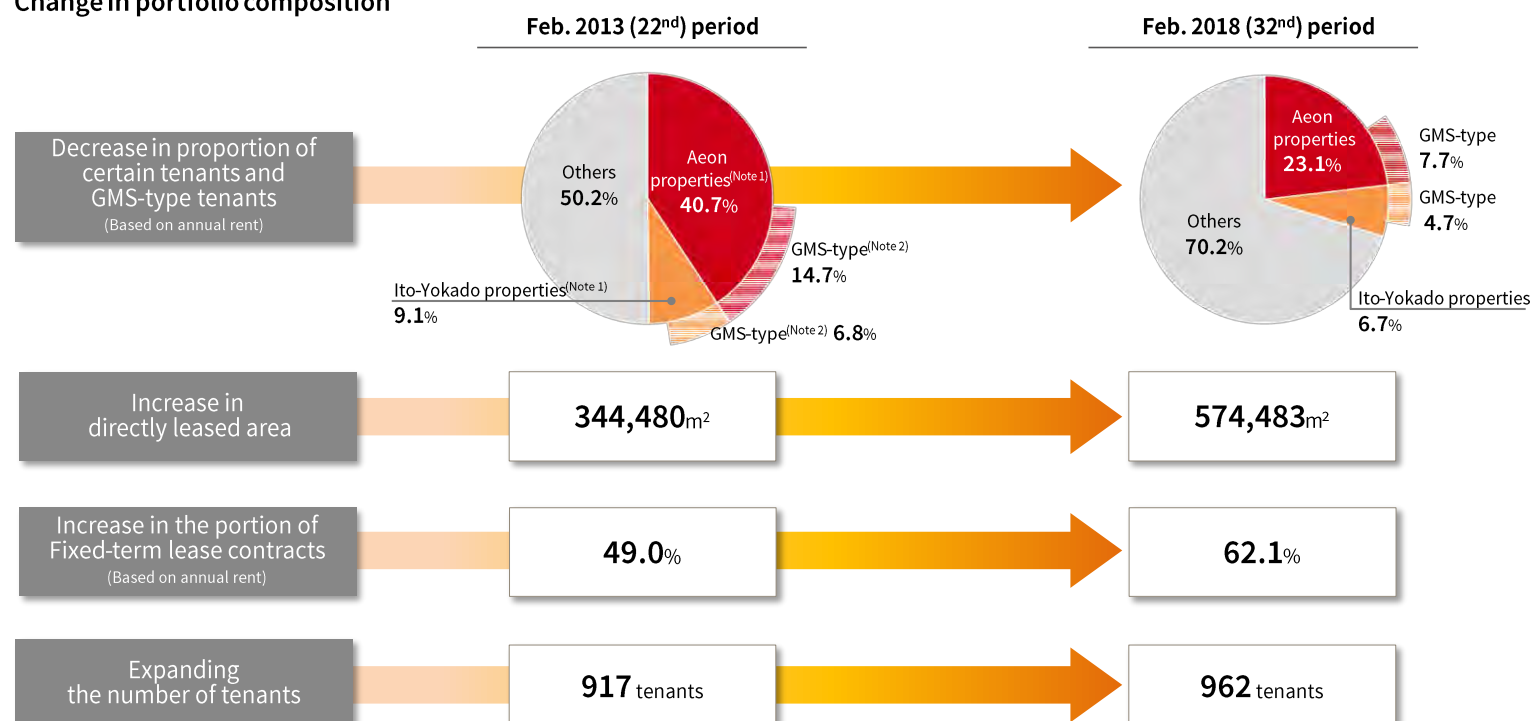
Thank you, Mr. Sakai. In my capacity as Head of the Asset Management Company's Retail Division, I would like to comment on the implementation of JRF's business and financial strategies before elaborating on the Investment Corporation's financial results and forecasts .

Please turn to page 18.



## 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.

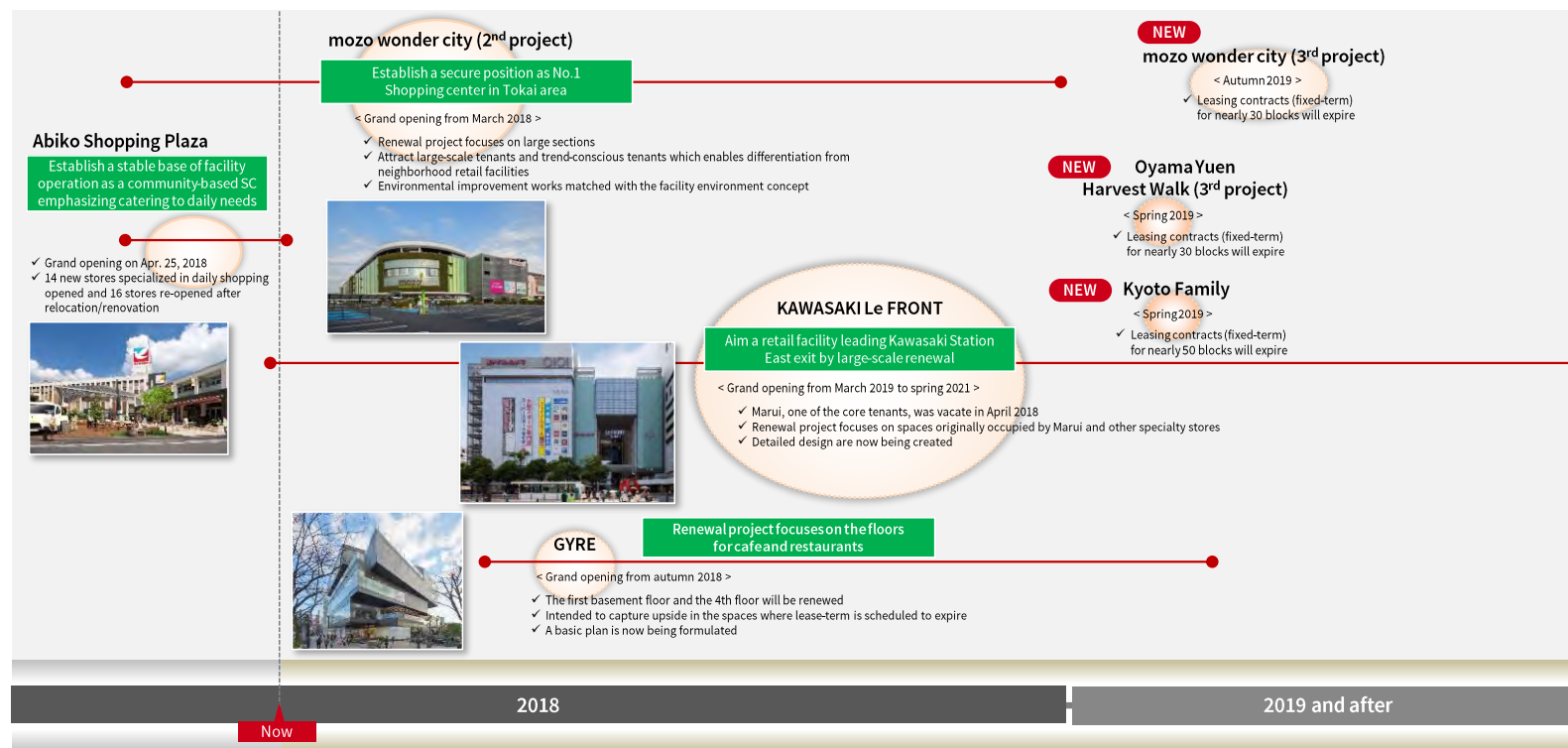
The ratio of AEON Group and Ito-Yokado master lease properties has fallen substantially from around 50% to 29% over the past five years. In addition, steps have been taken to dispose of suburban-type properties that have seen their competitiveness steadily decline, with a particular focus on GMS-type facilities from 2015. As a result, the ratio of GMS-type facilities compared with the portfolio as a whole has declined dramatically to roughly 12%. Looking ahead, JRF will concentrate on the acquisition of mainly urban-type properties. On this basis, we can expect the ratio of AEON Group and Ito-Yokado master lease properties including the portion made up of GMS-type facilities to contract even further. This in turn will minimize the overall impact on the portfolio in relative terms.

Meanwhile, the volume of floor space under direct lease agreements has increased to 570,000 square meters. Coupled with an upswing in the percentage of fixed-term lease contracts to 62.1% and a tenant network that has expanded to 962, we are well placed to boost earnings on the back of our SC management capabilities.

Shifting to the Investment Corporation's internal growth strategy, please turn to page 19.

## Large-scale renewal projects by utilizing our SC management capabilities

### Renewal projects \* Future plan may change without notice.












In similar fashion to the previous presentation, the size of each circle and oval is indicative of the size of JRF's investment in each project, while the length of each red line represents the downtime in rent attributable to the period of construction.

First, and as depicted at the left side of the page, renewal work at Abiko Shopping Plaza continues to progress smoothly. The project is expected to come to an end on April 25, in line with plans. Looking at projects underway in 2018, second phase work at mozo wonder city, the renewal of GYRE, an urban-type flagship store, and a large-scale investment plan at KAWASAKI Le FRONT are scheduled from the August 2018 period. Through these and other means, the Investment Corporation will work to further enhance the competitiveness of its facilities.

Since 2014, JRF has undertaken the renewal of a number of properties including the first phase projects at Oyama Yuen Harvest Walk and mozo wonder city as well as Nara Family. While KAWASAKI Le FRONT is the only large-scale renewal project currently in the works from 2019, plans are in place to undertake several smaller scale projects including the third phase projects at mozo wonder city and Oyama Yuen Harvest Walk as well as Kyoto Family. Taking these factors into account, large-scale renewal projects such as the first phase project at mozo wonder city and Nara Family that have continued for several years since 2014, placing considerable negative pressure on net income as a result of the extended period of downtime, will come to an end on the completion of work at KAWASAKI Le FRONT.

Implement asset management strategy to enhance property competitiveness and profitability

Recent renewal actions

Categories	Property name		Completion date	Action plan	Renewal type (Note 1)	Effect	
						Expenditure	ROI (Note 2)
	Oyama Yuen Harvest Walk	1 <sup>st</sup> 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 <sup>nd</sup> 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 <sup>st</sup> 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 <sup>st</sup> project	Jun. 2016	Renovated the basement floors, following the replacement of key tenants, to attract more customers	Offensive	290 million JPY	15.5%
		2 <sup>nd</sup> project	Sep. 2017	Replaced 1st and 2nd floor tenants to increase customer flow following the first-phase renewal	Offensive	80 million JPY	Estimate (Note 3) 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.

The table on page 20 provides details of renewal projects completed since April 2014 by the type of renewal as well as capital expenditure and the effect of each investment.

Due to the different effects on profitability by each renewal project, we have classified renewal investments into three broad categories. Investments that are made with the aim of increasing profitability are classified as “offensive.” “Stay” investments are those that while profitability is roughly the same are geared toward maintaining the competitiveness of each property, through such means as the updating of a facility’s environment and revising MD structure. “Defensive” investments include those intended to minimize, wherever possible, any decline in profitability at properties that are expected to suffer a downturn in revenue due to a variety of factors including changes in the competitive and surrounding environments. The goal in this instance is to stabilize earnings.

Although JRF will vigorously undertake offensive investments, steps will also be taken to adopt a stay or defensive approach, as and when required, and to continue to hold certain facilities, when properties can be expected to generate stable medium- and long-term earnings while matching efforts to achieve the targeted portfolio.

Please turn to page 21.

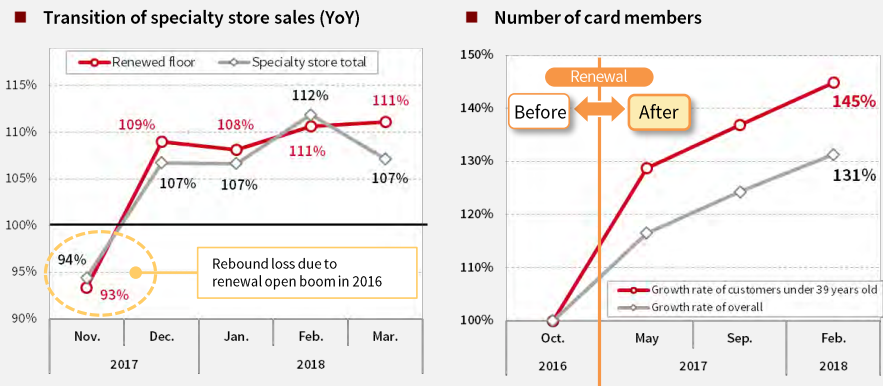
The sales of renewed specialty store sales hit 105% compared to previous year

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%



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

**Fashion talk show**

▶ 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)

Building on our explanation following the completion of renewal work at Nara Family at the time of our last results presentation, I would now like to comment on the status of progress over the ensuing period.

Since our previous discussions, we have ramped up efforts to raise awareness toward the renewal work completed at Nara Family. This has included a review of promotional initiatives, placing greater emphasis on raising the property's profile, and enhancing the ability to attract customers. The goal has been to capture the growing number of customers encouraged to visit Nara Family thereby boosting specialty store sales.

In specific terms, we appointed a sales promotion company with attributes best suited to facilities where the focus is on raising the quality of tenants. We also held several events that hit the sweet spot of targeted customers, some of which are presented at the right side of the page. We increased facility advertising that draws on the unique attributes of the region in collaboration with Nara City in order to attract inbound tourists. Again, in the context of attracting inbound demand, we introduced a UnionPay card settlement system to encourage travelers from China to utilize the facility. Our goal is to strengthen efforts aimed at attracting customers in order to boost purchases.

We also reinforced efforts geared toward increasing card memberships among customers visiting the facility. As a result, the total number of Nara Family card members climbed 31% compared to the level prior to renewal work. Against the backdrop of an aging customer base, we saw the number of memberships jump 45% among customers under the age of 39.

As indicted along the top line of the table at the left of the page, these efforts contributed to steady year-on-year increases in specialty store, key tenant, and total facility-wide sales of 5%, 2%, and 3%, respectively, for the five-month period from November 2017 to March 2018 .

The graph at the bottom left of the page plots year-on-year trends in specialty store sales on a monthly basis since November 2017. As you can see, sales for both floors subject to renewal and total specialty stores have climbed close to 10% year on year since December.

In addition, we took steps to replace the property management company in March. In this manner, we are placing considerable emphasis on frontline-based management that matches the attributes of the facility.

In the future, we will further increase facility-wide sales through a series of ongoing improvement measures. The goals are to maintain the facility's leading position in terms of sales in Nara Prefecture and to strengthen profitability.



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










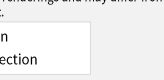
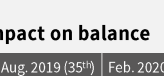
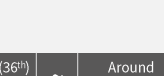
Concept of MD

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 1<sup>st</sup> and 2<sup>nd</sup> 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		< Image of renewal (Note)>		
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	Yodobashi	Food court, Convenience store			
1F	Camera	Super market			
B1					
B2	Parking lot				

(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 <sup>rd</sup> ) period	Feb. 2019 (34 <sup>th</sup> ) period	Aug. 2019 (35 <sup>th</sup> ) period	Feb. 2020 (36 <sup>th</sup> ) 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.

Here on page 22, we provide an overview of KAWASAKI Le FRONT, a property that JRF acquired in 2013. While factoring in weak sales at MARUI CO., LTD., the principal tenant, this urban- type facility in an excellent location maintained NOI yields before and after depreciation of 6.2% and 5.0%, respectively, outstripping the portfolio average. With this in mind, KAWASAKI Le FRONT is a property that contributes significantly to earnings. As expected, MARUI closed its business in the middle of January and is scheduled to vacate the premises toward the end of April. Confident in our ability to maintain a high NOI yield after depreciation as well as the facility’s competitiveness by undertaking certain investments, renewal plans are currently underway in earnest.

The decision to promote renewal plans was based on a variety of factors. First, the property is located in front of Kawasaki Station a major metropolitan terminus. Second, the surrounding area is recognized as a fertile market with a population of one million within a five-kilometer area that is continuing to expand. Third, KAWASAKI Le FRONT is the largest retail facility of its kind at the east exit of Kawasaki Station with a lease area that exceeds 50,000 square meters. Taking these and other factors into consideration, and by improving the facility’s environment while putting in place a tenant profile that is unique compared with surrounding facilities, we are convinced that the property is capable of maintaining its competitive advantage over the medium to long term.

In undertaking renewals, we are looking to position KAWASAKI Le FRONT as the leading retail facility at the east exit of Kawasaki Station. We are working to increase daily foot traffic within the immediate commercial and retail area and to attract customers from a broad trading area in excess of five kilometers that had been lacking until now. To achieve these objectives, we plan to introduce new tenants that can attract customers on a daily basis and also entertain. Moving forward, every effort will be made to differentiate KAWASAKI Le FRONT from surrounding facilities. In specific terms, renewal plans encompass an area of approximately 30,000 square meters. In addition to the sections vacated by MARUI, this also includes specialty store areas. As far as the sections previously occupied by MARUI are concerned, the first floor is being converted to a supermarket. With more than just shoppers in mind, we plan to establish a new food court on the second floor in an effort to attract surrounding office workers. Looking at the aerial shot of the surrounding area pictured at the left of the page, Cube Kawasaki, an office building managed by MCUBS MIDCITY is located adjacent to KAWASAKI Le FRONT. From an operating perspective, we also plan to pursue opportunities for collaboration and to harness the strengths of the Group.

On the ninth and tenth floors, we are working to attract tenants with considerable entertainment appeal. The goal is to cover as broad an area as possible to peak the interest of customers with specific objectives in mind. On the leasing front, our efforts are progressing extremely well. This reflects the facility’s competitive location in front of Kawasaki Station. With the exception of the large entertainment areas on the ninth and tenth floors, we have already received firm interest to open new stores for more than roughly 70% of the total leasable area. As far as the large entertainment areas are concerned, we are engaging in negotiations with several candidates.

In undertaking renewal plans, we will draw on the experience gained through past endeavors including Nara Family. We will pay particular attention to putting in place an earnings structure that is capable of minimizing the downside risks associated with any drop-in rent in the event tenant sales should decline. In specific terms, we will look to fix around 80% of rents for the facility as a whole. Efforts to fix rents will continue after also introducing systems for setting sales-based rents with guaranteed minimums. In the event that any decline in tenant sales exceeds expectations, these initiatives will help secure a certain level of rent. In the event that sales should increase, we will utilize a mechanism that will ensure an increase in sales-based rents. Our goal is to eliminate any business plan downside risk wherever possible.

We provide a business schedule at the bottom right of the page. We plan to open space on a progressive basis in line with the relocation of certain tenants and other factors. The sections previously occupied by MARUI and lower specialty store floors are scheduled to open in spring next year during the August 2019 period, followed by specialty store upper floors in the fall of 2019 during the February 2020 period, and the ninth and tenth entertainment floors around March 2021. Also, in the table at the bottom right of the page, we provide details of downtime as well as temporary expenses including losses on disposal and maintenance while renewals are underway by period. The downtime and temporary expenses associated with renewals will have a negative impact on net income from the August 2018 period. We intend to stabilize distributions by undertaking reversals of reserves as required.

Next, I would like to comment on mozo wonder city. Please turn to page 23.



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



<b>mozo</b> WONDER CITY	
Location	Nagoya-shi, Aichi
Construction date	Aug. 2007, etc.
Leasable area	86,695.91m <sup>2</sup> (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 contact.
- 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 (Note 1)	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 >

After

Before

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

Completed in 2009, mozo wonder city has a total leasable area of around 87,000 square meters and annual sales in excess of 50 billion yen. This property is the leading large-scale shopping mall in the Tokai region , which covers the area between Tokyo and Osaka.

Since the facility opened, we have witnessed an upswing in retail property and other development activities in the surrounding areas including in front of Nagoya Station. Against the backdrop of an increasingly competitive environment, which includes the opening of LaLaport NAGOYA minato within a 10-kilometer area in the fall of this fiscal year, we will undertake renewals on a periodic basis in order to maintain and improve the competitiveness of the property. Following in the footsteps of the first phase project in 2015, I would like to comment briefly on this second phase project. In this instance, the major tenant experiencing a deterioration in sales efficiency was asked to cancel its agreement. Efforts have been channeled toward splitting this space into smaller lots and attracting multiple popular tenants with the ability to appeal to large numbers of customers. In this manner, we are working to increase profitability. By inviting such high-profile companies as Tokyu Hands Inc. to take up space, thereby lifting the facility’s appeal to customers, revitalizing the west side entrance through to Kamiotai Station, and implementing a variety of other measures, we will secure a high NOI yield after depreciation and maintain the competitiveness of the facility through the outlined renewal plan. Details of the second phase project are provided at the bottom left of the page. As you can see, the plan is scheduled to conclude after commencing work on a progressive basis in line with the expiration of existing tenant contracts from February to December this year. Based on an investment amount of 790 million yen, the return on this project is expected to come in at 10.9%.

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 <sup>2</sup> (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 an open type lounge and community space in harmony with the natural environment on the 3<sup>rd</sup> 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!

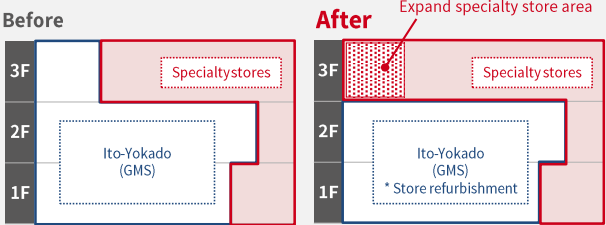
Pursuit of “stores in need of convenience”

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 1<sup>st</sup> 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<sup>(Note)</sup>

< 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.

Here on this page, we touch briefly on another property in JRF’s portfolio.

While Abiko Shopping Plaza contributes to earnings with an NOI yield before and after depreciation of 6.3% and 4.4%, respectively, in fiscal 2016, well above the portfolio average, the anchor tenant Ito-Yokado is experiencing a downward trend in sales following the opening of Ario Kashiwa within a five-kilometer area in 2016. However, the commercial and retail zone within a three-kilometer area is made up of large numbers of high income households and a population of 120,000. Following deliberations with Ito-Yokado, a portion of the third floor GMS sales area was returned and earmarked as part of an expansion of the specialty store zone. Confident that we will also be able to maintain a high NOI yield after depreciation as well as the competitiveness of the facility, we are undertaking renewal with a view to opening on April 25.

The key features of this renewal plan include renovating the sales space of Ito-Yokado and expanding the specialty store zone. Working to attract tenants that match the daily requirements of consumers, we will open 14 new stores while relocating and renovating 16 other stores within the specialty store zone of 56 stores. In order to increase the frequency and duration of visits by consumers, we are taking steps to set up an open lounge area on the third floor and a community space in front of the external entrance. Our aims are to emphasize the ability of the property to address customers’ needs on a daily basis and further entrench the facility as an essential part of the region and community.

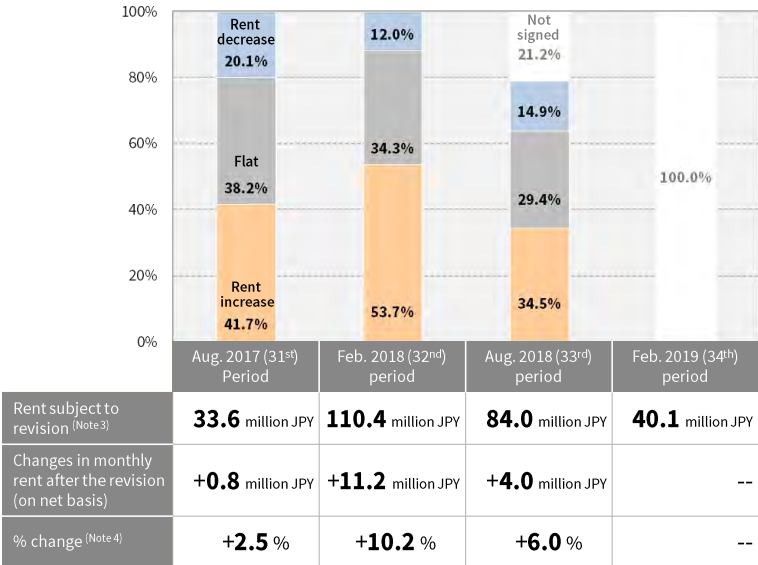
Looking at JRF’s internal growth strategy from another perspective, I would like to touch on certain examples of rent increases at urban-type retail properties. Please turn to page 25.

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



(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%

Currently, the rent gap for all urban properties stands at roughly 4%. This reflects the rate of deviation between contract rents and market rents identified in appraisal reports.

Turning to the graph at the left side of the page, we provide details of the amounts of monthly rents subject to review by period.

For example, in the February 2018 period, contracts with monthly rents totaling 1 billion 104 million yen were subject to review. Rents were increased for 53.7% of this total and decreased for 12%. On a net basis, this came to an increase of 11.2 million yen.

Even though the timing of rent revisions for the August 2018 and February 2019 periods are sometime in the future, steps have been taken to commence the renewal of certain August 2018 period contracts. In each case, we have secured an increase in rents.

The portions of each bar colored in blue in the graph represent a downward revision in contract rents from the August 2017 to the August 2018 periods. This downward revision largely reflects a temporary decrease in the rents of specialty store tenants at KAWASAKI Le FRONT during the period of renewal project work. If we exclude KAWASAKI Le FRONT, we are for the most part seeing the renewal of contracts, on an increase or at least a stay basis, at the time of each rent review, for urban-type properties.

Looking at the examples of the upward revision of rents at the right of the page, I would like to comment in more concrete terms on instances where we are continuing to realize increases in rent with respect to urban-type properties.

First, at G-Bldg. Minami Aoyama 01 Bldg. A, we have secured an 11.1% increase following a revision of the existing tenant's agreement. At G-Bldg. Jingumae 06, we worked actively to attract a replacement tenant as an existing tenant's contract came to an end. Through successful negotiations, we achieved a 9% increase in rent. At G-Bldg. Minami Ikebukuro 01, we undertook negotiations with a view to increase rents in line with the expiration of a fixed + sales-linked format contract. Based on these negotiations, the tenant agreed to the switch to a fixed rent agreement and a 41.9% increase in rent.

Please turn to page 26.




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 cost 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 April5. 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**  
(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 1<sup>st</sup> store in G-Bldg. Kyoto Kawaramachi 01, and 2<sup>nd</sup> store in G-Bldg. Shibuya 01.

**glo™**  
(G-Bldg. Umeda 01)



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

As I am sure you are all well aware, the retail environment is experiencing dramatic change amid the steady advance of e-commerce and rapid expansion toward a network society filled with SNS and other sites.

Despite growing concern toward the impact of this change on the performance of retail facilities, online operators including AMAZON and Rakuten, companies that are enjoying remarkable results, are venturing into the field of brick and mortar stores. In this instance, these operators are working to provide customers with a complete shopping experience, thereby maximizing the strengths inherent in physical stores. Based on this concrete trend, we are seeing an upswing in new types of tenants especially in high-traffic urban areas.

For its part, JRF is working vigorously to attract these new types of tenants by utilizing its SC management capabilities.

As indicated at the left of the page, a concept shop of the leading men’s fashion magazine, Safari, is scheduled to open at MARINE & WALK YOKOHAMA on April 27. Functioning as an e-commerce showroom, customers can try on popular items that are featured in the magazine and then place an online order.

Looking at the center of the page, a number of limited-period popup stores are opening at GYRE and CUTE CUBE HARAJUKU in the Omotesando/Harajuku area. Making the most of this prime location, Long! Longer! Longest!, which boasts Japan’s longest soft-serve ice cream, Lipton, and the luxury brand KENZO are the featured examples. Due to their considerable popularity, we are seeing an increase in magazine and television coverage. In addition to the tenants involved, this phenomenon is contributing to an upswing in sales for these facilities as a whole.

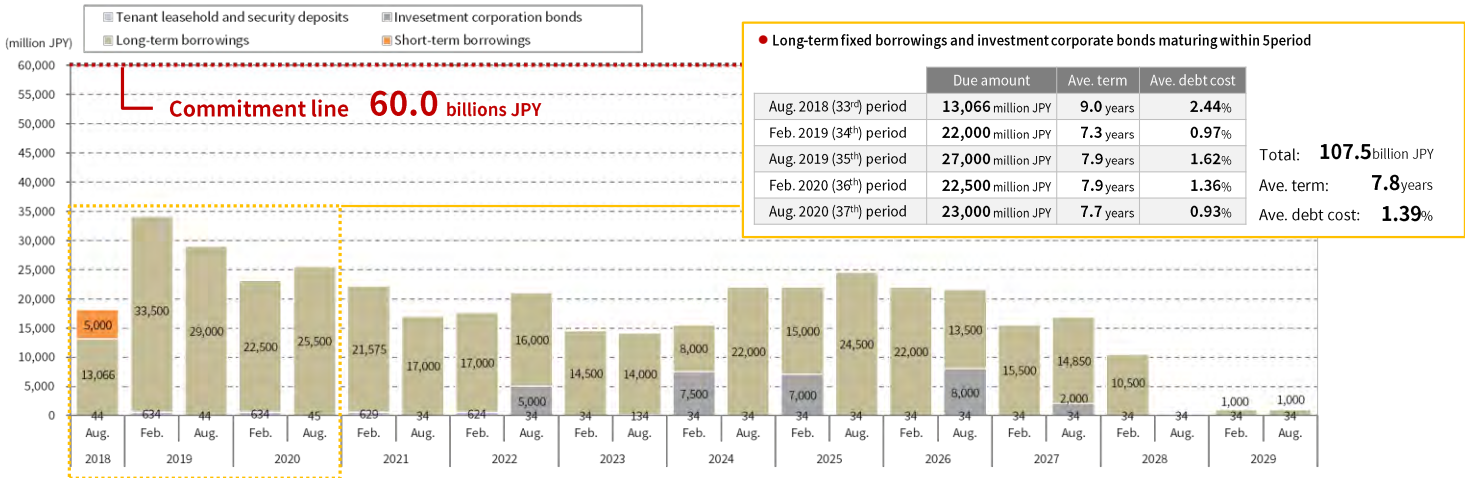
Recognizing the ability to disseminate information and attract customers, properties in prime locations can also help address the need to open stores with uniquely new formats. In specific terms, The Millennials, an innovative accommodation format that is targeting the millennial generation and opening stores in prime urban areas, has successfully attracted customers at an inaugural facility in G-Bldg. Kyoto Kawaramachi 01 and a second facility in G-Bldg. Shibuya 01. In addition, glo, which markets next-generation heated tobacco products, opened an experience-based flagship store in G-Bldg. Umeda 01 in front of Osaka Umeda Station.

Looking ahead, JRF will strengthen its investment in urban properties in prime locations, and work vigorously to attract new types of tenants that place considerable importance on the ability to disseminate information and attract high levels of traffic. By delivering a shopping experience that is unique to brick and mortar retail properties, we will increase the competitiveness and profitability of facilities.

Once again, changing tack, I would like to comment on JRF’s financial strategy. Please turn to page 27.

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

As you can see from the maturity ladder on this page, the amount of repayment each period is roughly 25 billion yen. JRF has also secured a commitment line of credit totaling 60 billion yen, which allows it to address any sudden financial crisis.

A snapshot of refinancing activities undertaken between November 2017 and March this year is provided at the bottom left of the page. Over this period, JRF refinanced debt totaling 23 billion yen, and extended the average borrowing period from 5.9 years to 8.3 years. At the same time, we were successful in substantially reducing the average debt cost from 0.8% to 0.63%.

A total of 107.5 billion yen is scheduled for refinancing up to the August 2020 period. Should conditions throughout Japan’s current financial markets remain unchanged, we anticipate undertaking borrowings at a cost that falls well below the average interest rate of existing debt of 1.39% going forward.

As indicated at the bottom right of the page, JRF maintains floating rate debt totaling 21 billion yen repayable at any time as part of its total interest-bearing debt balance of 405 billion 991 million yen.

While the Investment Corporation engages in diverse strategies that include the replacement of properties and issuance of various investment corporate bonds, it remains committed to funding flexibility that allows the repayment of debt in line with strategy implementation.

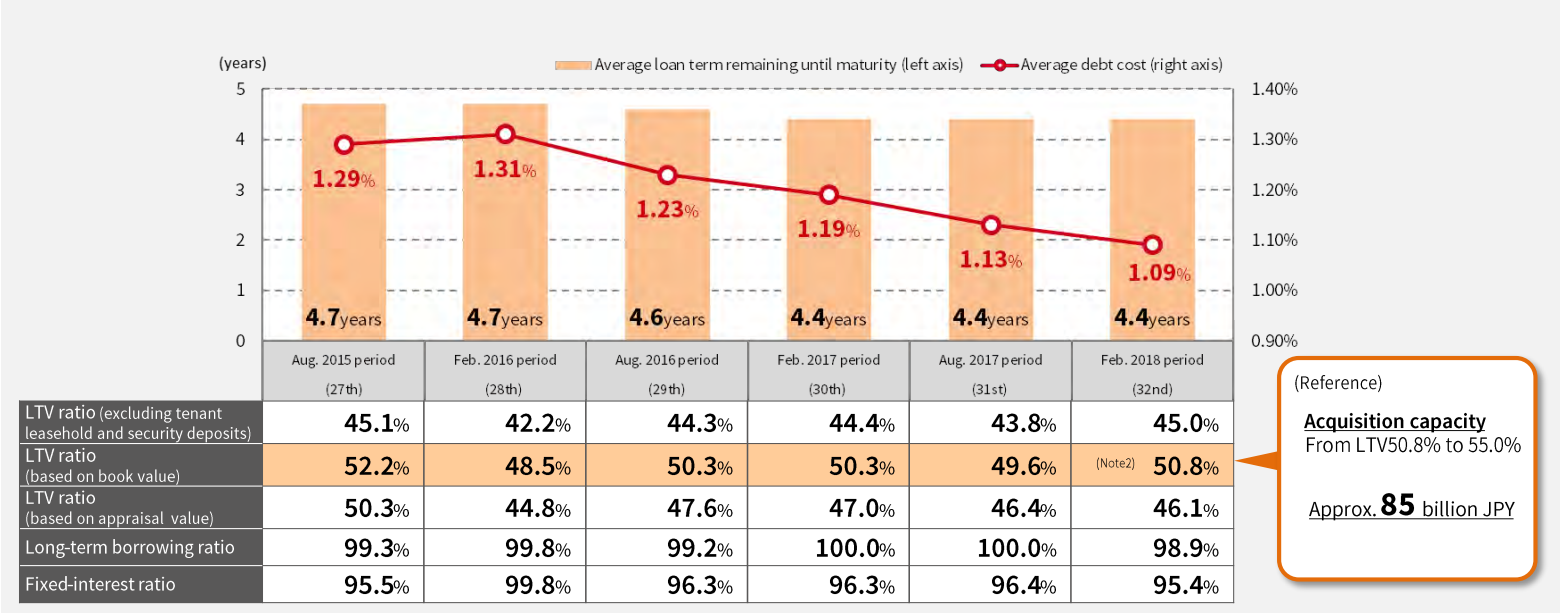
Please turn to page 28.



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



(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%.

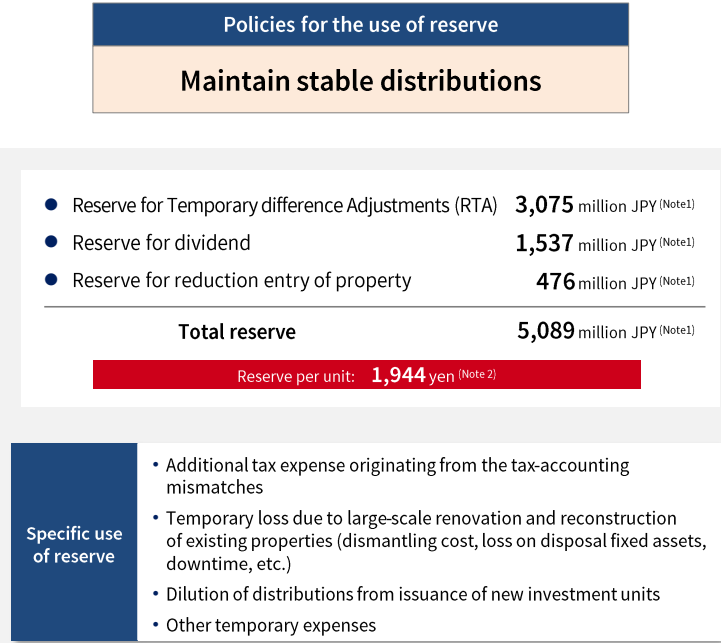
Looking at trends in key financial indices, JRF’s long-term borrowing and fixed interest ratios come in at 98.9% and 95.4%, respectively. The average loan term remaining until maturity comes in at 4.4 years and the average cost of debt at 1.09%. Our book value LTV is 50.8% and our LTV ratio (excluding tenant leasehold and security deposits) is 45.0%. For reference, JRF’s LTV on a market value basis is 46.1%. This reflects the substantial balance of unrealized gains.

JRF maintains an LTV benchmark range of between 45 and 55% on a book value basis. Our acquisition capacity comes in at approximately 85 billion yen at the upper limit of 55%.

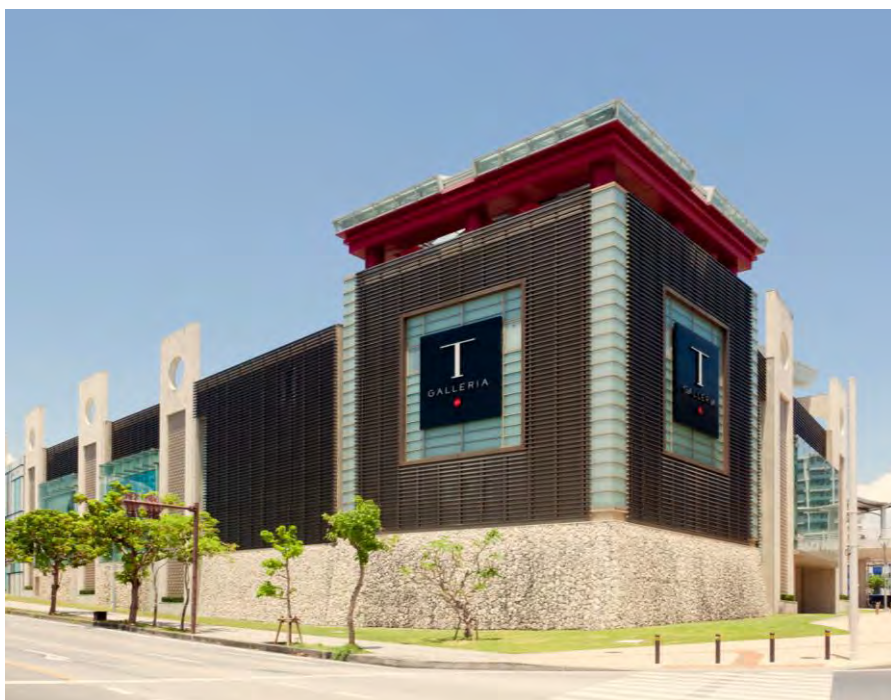
Taking a quick look at the Investment Corporation’s reserves, I direct your attention to page 29.

Utilization of reserve for stable distributions

Use of reserve for stable distributions

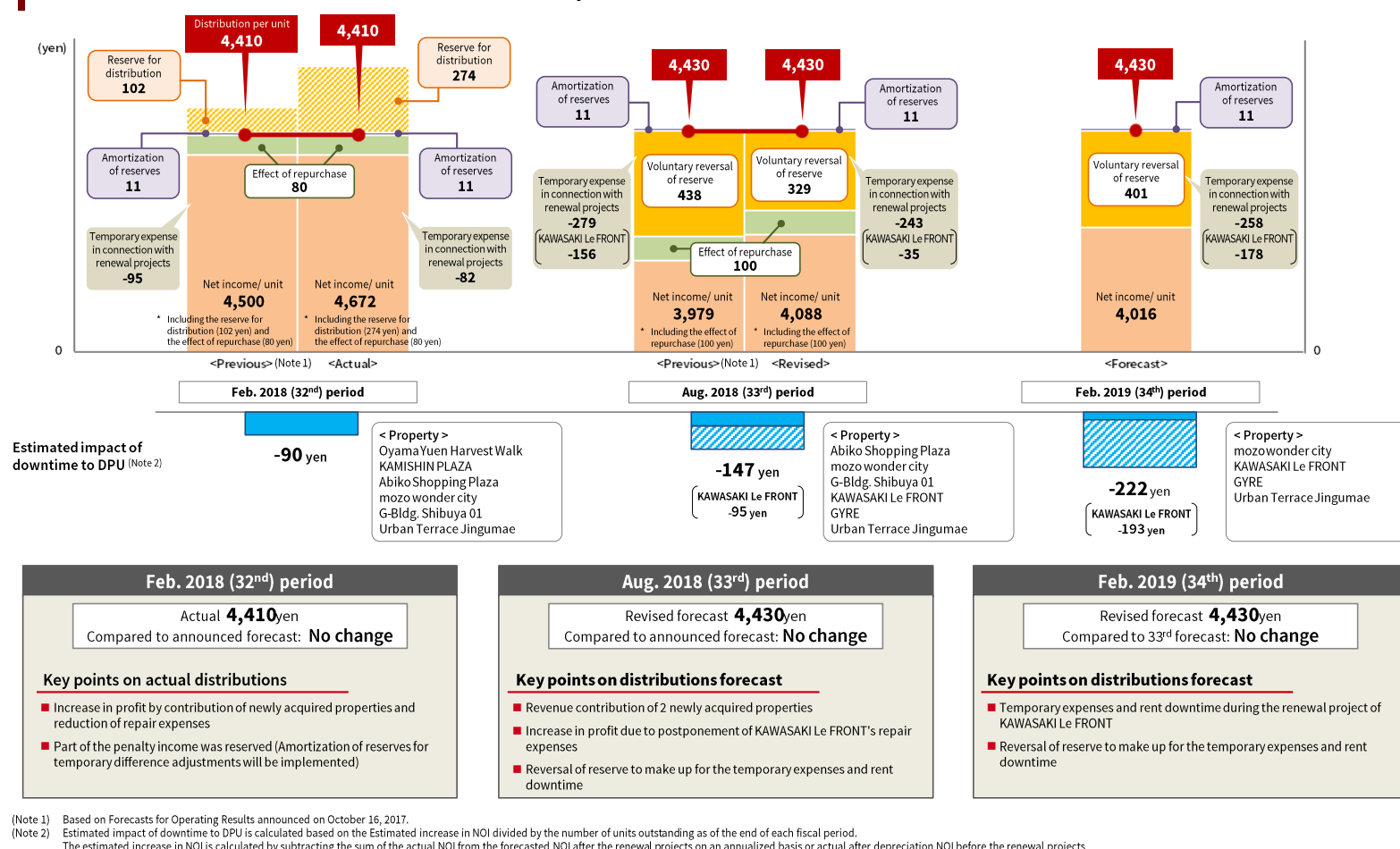


## 6. Financial Results and Forecasts



DFS T GALLERIA OKINAWA

## Illustration of the actual and forecasts for distribution per unit



Here, we provide a summary of JRF's financial results. The Investment Corporation's performance for the February 2018 period and forecasts for the year to follow are presented from the next page. To begin, I would first like to comment on certain key points.

Turning to the February 2018 and August 2018 periods, previously announced forecasts are presented on the left side of the bar format data for each period. In each case, the effect of repurchasing own investment units has been added to forecasts announced on October 16, 2017. In summary, net income increased compared with forecasts due mainly to the acquisition of properties and reductions in maintenance expenses in the February 2018 period. As a result, the allocation to reserves increased from the initial forecast to 7,190,000 yen, up 2,720,000 yen, bringing DPU to 4,410 yen.

Looking ahead, we recognize that JRF will encounter an irregular environment with the temporary expenses and downtime associated with overlapping renewal projects mainly at KAWASAKI Le FRONT, and including the second phase project at mozo wonder city, and GYRE, placing considerable downward pressure on earnings. As a result, net income is projected to decline substantially in the August 2018 and February 2019 periods. To offset the effects of the temporary expenses associated with large-scale renewal projects indicated by each text box, and the downtime indicated by the blue bar graph, JRF will draw on a portion of its reserves. Turning then to distributions, DPU is expected to come in at 4,430 yen for each period.

After excluding properties undergoing temporary renewal, the Fund as a whole is exhibiting an upswing in earnings power. As each renewal project is completed, JRF is expected to draw one step closer to its medium-term DPU target of 4,500 yen.

On pages 32, 33, and 34, we outline financial results and forecasts in more detail. Looking first at JRF's profit and loss performance in the February 2018 period, I direct your attention to page 32.



February 2018 (32<sup>nd</sup>) 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 (32<sup>nd</sup>) 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 32<sup>nd</sup> period)
- Decrease in number of investment units outstanding

Major factors behind change during Feb. 2018 (32<sup>nd</sup>) 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 (32<sup>nd</sup>) 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

At the top right of the page, we provide details of the major factors behind changes in JRF's financial results in the February 2018 period compared with the August 2017 period. As you can see, operating revenue grew 955 million yen. This included increases of 851 million yen attributable to such factors as penalty income in connection with MARINE & WALK YOKOHAMA, and 387 million yen from increased rent following the acquisition of new properties including G-Bldg. Kobe Sannomiya 01 and G-Bldg. Midosuji 02.

Meanwhile, operating expenses climbed 226 million yen owing mainly to the upswing in expenses related to newly acquired properties of 120 million yen and an increase in repairs and maintenance costs at existing properties of 161 million yen.

There were no major changes in non-operating revenue and expenses. As a result, net income came in at 12 billion 232 million yen, up 806 million yen compared with the previous period. Accounting for the increase in reserves of 719 million yen as well as the straight-line amount of reserve depreciation of 31 million yen, the total amount of distributions came to 11 billion 545 million yen. Taking into consideration the cancellation of investment units following the Investment Corporation's repurchase activities, DPU was 4,410 yen for the February 2018 period.

Turning to the bottom right of the page, we provide details of the major factors behind changes in JRF's financial results in the February 2018 period compared with revised forecasts announced in October last year. Net income for the period under review was 449 million yen higher than the revised forecast announced in October 2017. This was mainly due to the increase in rent following the acquisition of G-Bldg. Kobe Sannomiya 01 and G-Bldg. Midosuji 02, an increase in other revenue attributable to revenues associated with the restoration of existing properties to their original condition, and reductions in repairs and maintenance costs at each property. Accounting for these factors, the allocation to reserves climbed 450 million yen compared with the revised forecast. As a result, DPU came in at 4,410 yen.

Turning to the next page, I would like to touch briefly on JRF's balance sheet as of the end of the February 2018 period.

	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 (32 <sup>nd</sup> ) 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

As of February 28, 2018, total assets stood at 902 billion 191 million yen, up 4.5 billion yen compared with the balance as of August 31, 2017. Looking at the characteristics of major changes in balance sheet items, the acquisition of new properties boosted assets by 31 billion and 46 million yen. Cash and bank deposits declined 21 billion 778 million yen owing to such factors as the repurchase of own investment units.

Total liabilities came to 469 billion 210 million yen, up 13 billion 546 million yen. Major movements included an increase in interest-bearing liabilities of 13.1 billion yen.

Unrealized profit climbed 8 billion and 12 million yen to 135 billion 188 million yen.

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 <sup>(Note 2)</sup>	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 <sup>(Note 3)</sup>	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 (33 <sup>rd</sup> ) period (Compared to actual results of Feb. 2018 (32 <sup>nd</sup> ) 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 (34 <sup>th</sup> ) period (Compared to forecast for Aug. 2018 (33 <sup>rd</sup> ) 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, Shibuya 01 +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)

Here on page 34, I would like to comment on profit and loss in the August 2018 and February 2019 periods as well as the major factors that are expected to underpin changes between periods.

At the top right of the page, we provide details of major factors behind changes during the August 2018 period compared with the February 2018 period. Operating revenue is projected to decline 1 million yen. In specific terms, rent contributions for the full period from properties newly acquired are estimated to come in at 301 million yen. Revenue will also increase 483 million yen after deducting the decline in rent associated with downtime from revenues relating to the restoration of KAWASAKI Le FRONT to its original condition. In contrast, operating revenue will be negatively impacted to the tune of 799 million yen due to such factors as the absence of penalty income in connection with MARINE & WALK YOKOHAMA posted during the February 2018 period.

Operating expenses are anticipated to grow 1 billion 528 million yen. In addition to expenses relating to the restoration of KAWASAKI Le FRONT to its original condition as well as repairs and maintenance expenses of 996 million yen, we expect an increase in repair and maintenance expenses of 430 million yen at other properties.

Accounting for these factors, operating income is forecast to come in at 12 billion 941 million yen, down 1 billion 530 million yen. Net income is then projected to total 10 billion 703 million yen.

JRF plans to undertake a reversal of reserves of 894 million yen to partly offset the temporary expenses and downtime as a result of renewal projects at KAWASAKI Le FRONT and other properties. On this basis, total distribution is estimated to come in at 11 billion 597 million yen for a forecast DPU of 4,430 yen.

Finally, I would like to touch briefly on forecasts for the February 2019 period. Again, at the bottom right of the page, we provide details of major factors behind changes compared with the August 2018 period.

Operating revenue is projected to fall 1 billion 167 million yen. This is largely due to the absence of revenues relating to the restoration of the sections previously occupied by MARUI CO., LTD. to their original condition at KAWASAKI Le FRONT.

We estimate that operating expenses will decrease 800 million yen. While on the one hand, construction costs relating to renewal work at KAWASAKI Le FRONT are anticipated to climb, this will be more than offset by the absence of expenses relating to the restoration of KAWASAKI Le FRONT to its original condition of 905 million yen. As a result, net income is forecast to total 10 billion 514 million yen, down 189 million yen.

Based on these forecasts, we intend to reverse and drawdown reserves by an amount totaling 1 billion and 83 million yen bringing the amount of total distribution to 11 billion 597 million yen. This will allow us to declare a DPU of 4,430 yen, unchanged from the forecast DPU for the August 2018 period.

This then concludes the presentation. We thank you for your interest and attention.

Think bold today for a brighter tomorrow.



## Japan Retail Fund Investment Corporation

### **Disclaimer**

- 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.
- This material is prepared based on Japanese accounting principles unless otherwise noted.
- 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)