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JAPAN RETAIL FUND

Japan Retail Fund Investment Corporation

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

August 2018(**33rd**)

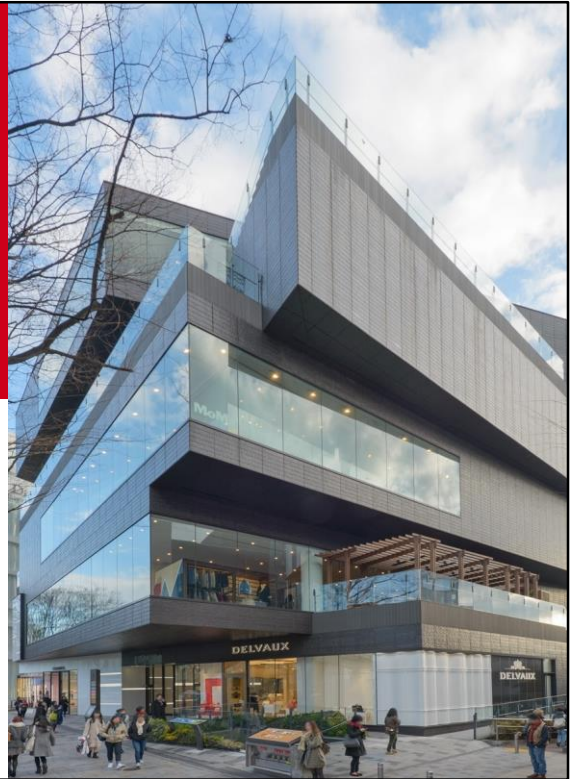
Period Results

33rd period: March 1, 2018 ~ August 31, 2018

Think bold today for a brighter tomorrow.

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Welcome to this presentation of JRF's operating results for the 33rd period, the six months from March 1, 2018 to August 31, 2018.



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1. New Medium-term Strategy



G-Bldg, Ginza01

I will begin this presentation with an overview of the Investment Corporation's new medium-term strategy before passing 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, financial results for the August 2018 period, and forecasts.

The retail REIT sector as a whole is experiencing a period of anxiety. This is largely due to demographic changes and the rapid growth in e-commerce led by a wide range of companies including Amazon. Taking into consideration these prevailing conditions, there is a perception that investment unit prices are stagnating.

Under these circumstances, and against the backdrop of a rapidly changing environment, JRF maintains the strong support of visitors both for the location of its properties and its management capabilities as the leading REIT in the retail sector. Drawing on these strengths, the Investment Corporation continues to build and manage a portfolio that is comprised mainly of so-called winning retail properties that are capable of generating steady profits. In this vein, I would like to comment on the Investment Corporation's new medium-term strategy.

Achievement of medium-term target of 50% urban type ratio in the portfolio

Urban type ratio (on an appraisal value basis)

Aug. 2015 (27th) period

35.8%

Aug. 2018 (33rd) period

50.5%

Sale of non-core assets that are likely to raise risks

Amount of asset sale since the 28th period (ended February 2016) (on an appraisal value basis)

118.8 billion yen

Previous Activities

Basic Policy

To focus on **urban type assets**, which are situated at “locations where people gather” and allow JRF to demonstrate its “ability to attract people” given circumstances surrounding its business

JRF's Viewpoints

Circumstances surrounding retail properties

Demographics

E-commerce

Inbound tourism

Increase in leisure time

Locational advantage

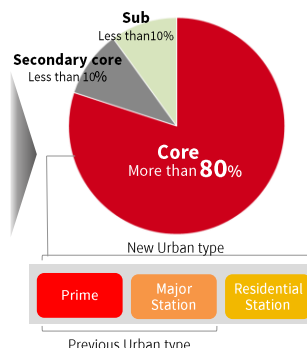
Location where people gather



Capability of managing facilities

Ability to attract people

Target Portfolio Mix



Future Activities

JRF announced details of its medium-term target to increase the ratio of urban type properties to around 50% during its 28th February 2015 period results presentation. This ratio stood at 50.5% as of the end of the 33rd August 2018 period. On this basis, the Investment Corporation has achieved its medium-term target.

Moreover, and amid the shift toward urban-type properties, JRF has disposed of all its non-core assets that are likely to raise risks totaling 118.8 billion yen on the back of proactive efforts to replace assets.

As a result, the Investment Corporation no longer holds properties where there is a high potential for risks to emerge.

Having successfully achieved its previously announced medium-term target and undertaken steps to address changes in its operating environment, JRF is now positioned to provide details of its new medium-term strategy.

Conditions throughout the retail property market are forever changing. For key areas that warrant constant attention are demographics, e-commerce, inbound tourism, and the increase in leisure time.

JRF has taken into consideration each of these four key areas when determining its medium-term strategy and ideal scenario.

Against the backdrop of a dramatically changing environment, we recognize the need to combine locational advantage (locations where people gather) with strong management skills (the ability to attract people) in order to secure a retail property portfolio that exhibits enduring appeal while overcoming competition.

With this in mind, JRF's basic policy is to focus on urban-type assets that are situated in locations where people gather in large numbers, and provide the Investment Corporation with the opportunity to take full advantage of its ability to attract customers.

We have in this instance expanded JRF's existing definition of urban-type "Core" assets to include properties that are located in front of major railway stations that service large residential areas. At the same time, we have adopted a new portfolio composition target, and will work toward a Core asset ratio of more than 80%.

Newly-defined portfolio segments with a focus on urban type assets

New portfolio segmentation

| | Type | Representative Properties | Location and Characteristics |
|----------------|---------------------|---|---|
| Core | Prime | Retail properties located in representative commercial districts in Japan G-Bldg, Ginza 01 GYRE G-Bldg, Omotesando 01 - 02 G-Bldg, Shinsaibashi 01 - 04 | Greater Tokyo area: Ginza, Omotesando, Shinjuku, Shibuya, Ikebukuro, Kichijoji, Jiyugaoka, Daikanyama, Yokohama Osaka / Nagoya areas: Umeda, Shinsaibashi, Namba, Tennoji, Around Nagoya Station, Sakae Others: Sapporo, Sendai, Kanazawa, Kawaramachi, Sannomiya, Hiroshima, Tenjin |
| | Major Station | Retail properties located around stations used by the large number of passengers KAWASAKI Le FRONT Bic Camera Tachikawa G-Bldg, Sangenjaya 01 G-Bldg, Akihabara 01 - 02 | <ul style="list-style-type: none"> • Around major terminal stations including Kawasaki, Ueno, Akihabara, Omiya and Kitasenju • Around major stations located in areas surrounding three major cities • City-centers of regional cities if such a city center is built at another location than that around a station |
| | Residential Station | Retail properties located around stations in highly populated areas <Large-scale> Mozo wonder city <Small and medium-scale> Summit Store Nakano Minamidai | Around stations at residential districts within 30 minutes from major business districts <Large-scale> Properties offering excitement which leads to repeated visits <Small and medium-scale> Properties including or adjacent to facilities by which people drop for the purpose of other than consumption (parks, lesson classes, etc.) |
| Secondary core | Suburban Mall | Large-scale shopping malls located in suburban areas AEON MALL Musashi Murayama Oyama Yuen Harvest Walk Nara Family AEON MALL Kobe Kita | <ul style="list-style-type: none"> • Largest stores in the respective suburban areas that include highly populated areas as their markets |
| | Value-added | High-yield retail properties with room for upside Tecc Land Fukuoka Shime Honten m-city Kashiwa | <ul style="list-style-type: none"> • Although it's not in Core assets, retail properties with high yield after depreciation and upside potential that are likely to be realized |
| Sub | GMS / Roadside | GMS / Roadside shopping facilities AOEN Sendai Nakayama Ito-Yokado Nishikicho Izumisano Shofudai (Land with leasehold interest) MrMax Nagasaki | <ul style="list-style-type: none"> • Shopping facilities not located in front of stations, but positioned at locations easy to reach by car • Properties with tenant composition focusing on daily commodities that is likely to be affected by E-commerce • Other retail properties with low-yield |

While maintaining its focus on urban-type properties, JRF has taken steps to reclassify and newly define its portfolio.

JRF's portfolio is now classified into the three broad “Core,” “Secondary Core,” and “Sub” asset categories.

“Core” assets have in turn been classified into three specific types. In addition to the traditional “Prime” retail properties that are located in representative commercial districts in Japan, “Core” assets now include “Major Station” properties located around stations used by large numbers of passengers, as well as “Residential Station” properties located around stations in highly populated areas.

Residential Station properties located around stations in highly populated areas are limited to those facilities that are situated within a 30-minute radius of such major business terminals as Tokyo, Shinagawa, Yokohama, Nagoya, and Umeda. Even when a property is located in front of another railway station, that property is excluded from this category when it falls outside a 30-minute radius of a major business terminal station.

“Secondary Core” assets comprise “Suburban Malls” and “Value-Added” properties that exhibit high yields. Suburban Malls refer specifically to the largest stores in their respective suburban areas that include highly populated areas as

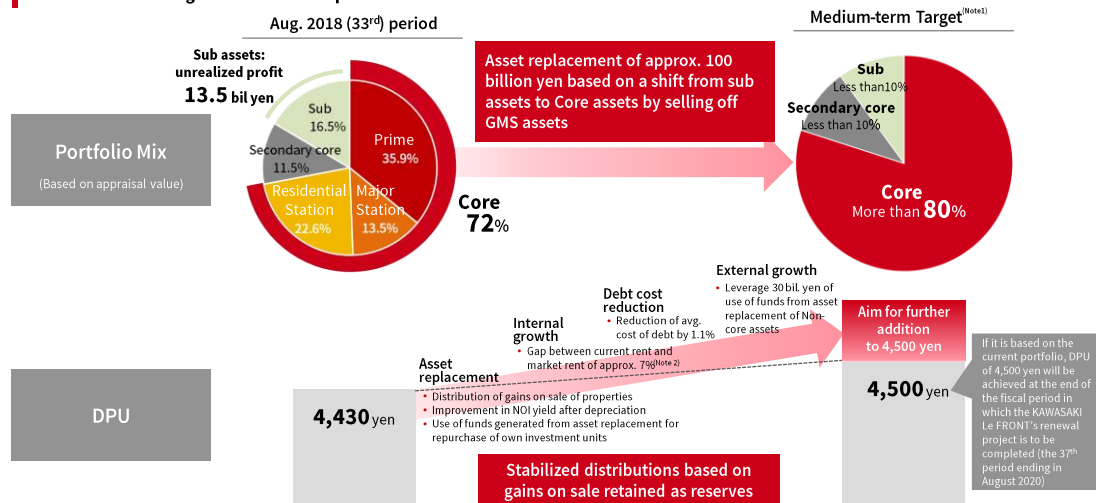
their markets. Value-Added assets are distinguished by their high NOI yield after depreciation and considerable potential for upside.

We define the “Sub” asset category as largely containing general merchandise stores and roadside shopping facilities. While the properties held in this category are all Prime assets following the sale of all non-core assets, and pose no issues regarding their current management and operations, JRF maintains a passive approach toward their long-term ownership. Taking into consideration future changes in the retail sector environment, and trends in the real estate purchase and sale market, we will actively pursue a replacement policy in this category when in a position to increase unitholders’ value.

JRF's Targets

- Building a portfolio with a focus on urban type assets, mainly Core assets
- Continued improvement in unitholders' value

Portfolio mix and target of distributions per Unit



Our principal goals are to build a portfolio that is comprised primarily of urban-type Core assets and to realize continuous improvements in unitholders' value.

As I mentioned earlier in this presentation, our medium-term goal is to lift the ratio of Core assets to more than 80%.

The ratio of Core assets stood at 72% as of the end of the 33rd August 2018 period. Moving forward, we will focus mainly on eliminating our exposure in and holdings of general merchandise stores. In specific terms, we will undertake the disposal and purchase of properties, replacing Sub with Core assets to the tune of approximately 100 billion yen in a bid to achieve our medium-term target.

In overall terms, unrealized gains on Sub assets come in at 13.5 billion yen. As a result, we expect to secure certain gains on the sale of properties through the replacement of assets. These gains on the sale of properties are in turn expected to fund the reserves necessary to stabilize distribution levels and to provide the source for dividend payments aimed at improving unitholders' returns.

While the replacement of properties with Core assets is our first priority, we will also consider using replacement funds to repurchase own investment units when confronting difficulties in acquiring replacement assets that match the high yield levels of assets earmarked for sale. In this instance, the decision to repurchase will also depend on investment unit price levels.

I am sure that many of you will be interested in which Sub assets are being earmarked for replacement. Taking into account relationships with existing tenants, I will refrain from commenting on which of our existing assets are eligible for disposal.

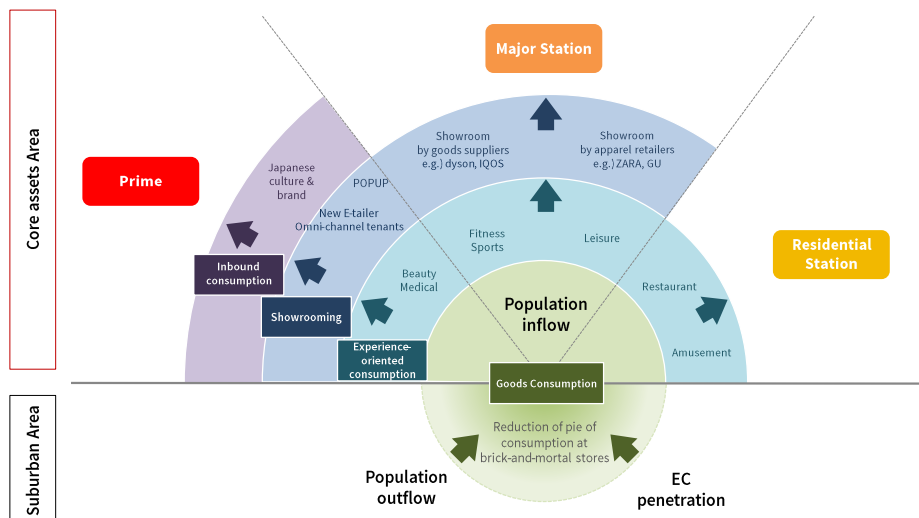
Turning our attention to distributions, we are projecting DPU to come in at 4,500 yen for the 37th August 2020 period. This is in line with the completion of renewal work at KAWASAKI Le FRONT, and based on the status of JRF's current portfolio. However, if we are able to realize a greater than anticipated gain on the sale of properties through the replacement of assets during the interim period, we will consider utilizing these gains to bring forward the payment of this DPU of 4,500 yen.

Meanwhile every effort will be made to lift JRF's DPU above the 4,500 yen level. In addition to increasing the portfolio's NOI yield after depreciation through the ongoing replacement of assets, we will raise rents thereby narrowing the gap of 7% between existing property and market rental income as a part of efforts to promote internal growth, reduce JRF's average cost of debt of 1.06%, and secure external growth by utilizing the balance of replacement funds of roughly 30 billion yen attributable to the disposition of non-core assets to date.

In identifying this new medium-term target, we have intentionally excluded the previous goal of expanding JRF's portfolio size to 1 trillion yen. This reflects our focus on the replacement of assets over the next few years, as opposed to portfolio size growth.

The definition of retail facilities is changing from a place to sell things to a place where people gather and enjoy: only Core assets can offer such places

Future retail facilities required to address diversified needs of consumers



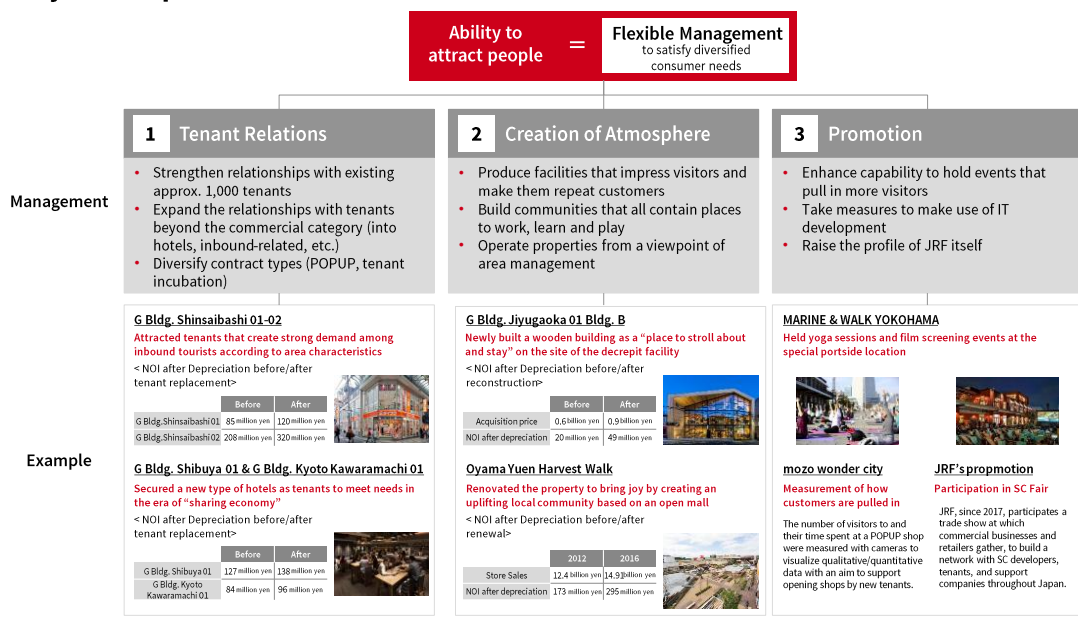
As far as Core assets are concerned, we believe that the traditional scope of consumption will remain essentially unchanged. In addition to the ongoing population growth of areas in which Core assets are located, this largely reflects the considerable convenience that stems from the high degree of retail and commercial integration, and the nature of Core assets that are less susceptible to the effects of e-commerce.

In contrast, the scope of consumption in suburban areas is projected to decrease owing mainly to the decline in population. Recognizing the emphasis on automobile access and the relatively low level of commercial and retail convenience, properties located in suburban areas are also far more susceptible to the impact of online activities.

Moreover, the very definition of retail properties is likely to change in light of evolving conditions throughout areas in which Core assets are located. Taking into consideration the upswing in time-based consumption, which includes a growing focus on such activities as dining, fitness, and entertainment, as a result of the increase in leisure time attributable to work style reform and Japan's aging society, new emerging needs and the emphasis on display rooms to showcase the appeal of actual products given the rise in e-commerce, and the increase in inbound tourism and consumption, retail properties will evolve beyond the simple sale of goods to serve as places for people to gather and spaces for a wide range of enjoyment.

Based on the aforementioned, we believe that areas in which Core assets are located are the only category that can fulfill these types of increasingly diverse consumer needs.

Demonstration of JRF's unique "ability to attract people" fostered based on 16 years' experience



Here on this page, I would like to elaborate on the qualities required to attract people, an integral feature of retail properties going forward.

As consumer needs continue to diversify, the ability to attract people will become an increasingly important attribute in the management of Core assets.

Building on a management track record that spans 16 years, JRF has nurtured a unique sense of appeal through properties where people happily gather. With 23 staff overseeing the operations of JRF's retail properties, the Investment Corporation boasts high levels of retail property management skills and a team that is arguably the largest in the REIT sector.

Put another way, this ability to attract people reflects the flexible management skills necessary to properly grasp diverse consumer needs.

Taking an even closer look, flexible management skills are indicative of strong tenant relations, the ability to fully capitalize on available space and create a unique atmosphere, as well as promotional talent.

The most important of the aforementioned three core attributes is strong tenant relations. JRF currently associates with around 1,000 tenants. In addition to further reinforcing these relationships, we will bolster relations with other industries outside the commercial and retail field. Over and above conventional

lease agreements, we will also consider various lease contract formats that can serve as a conduit for new tenant incubation. This includes popup-type formats that function as strong visual displays. In the past, JRF was quick to identify inbound trends in the Shinsaibashi area. Working swiftly to attract such companies as Laox Co., Ltd., drugstores, and hotels, positive steps have been taken to increase revenue. Moving forward, we will work vigorously to promote similar measures in a bid to boost income.

As far as the ability to fully capitalize on available space and create a unique atmosphere is concerned, we are focusing on producing the facility content necessary to impress visitors and make them repeat customers. Placing equal emphasis on work, personal development, and entertainment needs, our goal is to nurture consumer trends that extend beyond the simple purchase of goods. Past examples include Japan's first timber building on-book redevelopment in Jiyugaoka and the renewal of Oyama Yuen Harvest Walk based on a "shopping in the park" concept. In the case of the latter, every effort was made to leverage the attributes of an open mall and to create a convenient and comfortable space of the regional community to gather. These efforts helped create a positive cycle with the increase in visitors leading to a pickup in sales as well as revenue.

From a promotional perspective, our attention lies in enhancing awareness toward each facility, motivating consumers to visit each property, and ultimately to increase JRF's profile in its own right. Employing every possible form of IT technology, which continues to develop unabated, we understand the importance of rolling out promotional activities in the future.

There is a wealth of opportunities to acquire Core assets and it is possible to maintain or improve revenues with asset replacement

Potential for acquisitions in prime locations

| Prime locations | Number of buildings ^(Note) |
|---|---------------------------------------|
| Greater Tokyo areas Ginza, Omotesando, Shinjuku, Shibuya, Ikebukuro, Jiyugaoka, Kichijoji, Yokohama | 4,087 |
| Osaka / Nagoya areas Umeda, Shinsaibashi, Namba, Tennoji, Kawaramachi, Sannomiya, Around Nagoya Station, Sakae | 4,831 |
| Other areas Sapporo, Sendai, Kanazawa, Hiroshima, Tenjin | 2,636 |
| Total | 11,554 |

(Note) The number of building within and around key commercial districts in prime areas counted by the Asset Manager, based on Zenrin Residential Map

➤ There are ample opportunities for acquisition even if compared with the office sector in which more players are fighting for acquisition of properties, counting approx. 8,600^(Note) in three metropolitan cities and other major cities

Strategy of asset replacement

Sub assets to be replaced

Greater burden of depreciation as many of these properties located in suburban areas and the building ratio to value tends to be higher

NOI yield^(Note) **4.7%**

NOI yield after depreciation^(Note) **3.3%**

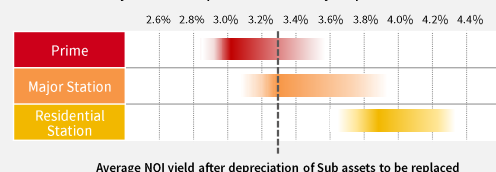


Core assets

Smaller burden of depreciation as the land and building ratios tend to be higher and lower, respectively, because of the locational advantages

➤ Asset replacement is intended to maintain or improve a level of NOI yield after depreciation with a difference in amounts of depreciation burden

■ Levels of NOI yield after depreciation of newly-acquired Core assets



Average NOI yield after depreciation of Sub assets to be replaced

(Note) According to Japan Real Estate Institute

(Note) Calculated by dividing NOI/NOI after depreciation of assets to be replaced for the periods ended February 2018 (32nd period) and August 2018 (33rd period) based on the actual value or appraisal NOI (as of the end of August 2018), by the total acquisition prices

Amid the ongoing shift toward Core assets, there are those who remain concerned about the limited opportunities to acquire urban-type properties and the lack of progress in replacing assets due to low yields compared with expectations. Even if progress is made, there are also fears of a decline in distributions.

Looking first at opportunities to acquire urban-type properties, and the location component of JRF's Core asset definition, there are over 10,000 buildings in prime locations alone that we consider can significantly boost market liquidity. In this sense, we are confident that ample opportunity exists to acquire urban-type properties in the future. Even where the scale of buildings is small, the value of land in prime areas is high fueling expectations of high rent levels. In this case, the acquisition amount per property will to a certain extent come in at a high level.

Turning next to the issue of profitability, asset replacement energies are being channeled toward the use of depreciation burden difference while working to maintain and improve NOI yield after depreciation. Sub assets eligible for replacement are mainly located in suburban areas. While the average NOI yield is slightly high at 4.7% as a result of high building ratios, NOI yield after depreciation, which has a direct impact on distributions, is low at 3.3%.

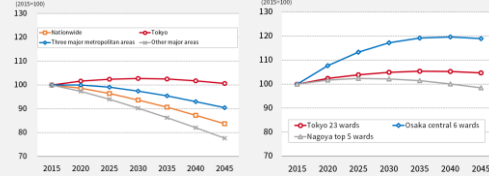
Meanwhile, taking into consideration the competitive location advantage of Core assets, land ratios tend to be high. As a result, Core assets are distinguished by their low depreciation burden.

The graph at the bottom right of the page depicts the NOI yield after depreciation ranges of Core assets by category. While monitoring these NOI yield after depreciation levels, we will take prudent steps to combine properties from each category to build an NOI yield after depreciation of 3.3% or higher for assets eligible for replacement. In this manner, we will endeavor to maintain and increase profitability.

1. Demographics

- Decline in the total population of Japan is forecast from 2015
- The population in Tokyo is expected to increase slightly even as of 2045
- The pace of population decline in the three metropolitan cities is expected to be slower than the national average
- Population increase is expected in urban areas of three metropolitan cities

Population since 2015 (2015 = 100)



(Source) National Institute of Population and Social Security Research

3. E-commerce

- The EC penetration rate in Japan is lower than global levels due to its commercial convenience
- Meanwhile, the penetration rate will grow further
- Commodities, the quality of which are consistent, are likely to be affected by the popularization of EC
- Suburban areas are more likely to be impacted because of inconvenience in shopping
- Needs for making retail facilities showrooms will increase along with the penetration of EC

EC penetration rate by country (2017)

| Country | EC penetration |
|---------|----------------|
| Japan | 5.8% |
| US | 9.1% |
| UK | 15.7% |
| China | 20.4% |

EC penetration rate forecast in Japan

| Year | EC penetration forecast |
|-------|-------------------------|
| 2025E | 9.2% |
| 2035E | 13.4% |

(Source) NLI Research Institute

(Source) Ministry of Economy, Trade and Industry, United States Department of Commerce, Euromonitor International

2. Inbound tourism

- The number of Japan-bound tourists has been ever-increasing
- Japan shows greater increase in inbound tourists than those of other major countries
- Inbound tourism consumption amounts to 4.4 trillion yen in 2017, while the EC market in Japan is 8.6 trillion yen in size
- Most of the markets of inbound tourism consumption concentrate on urban areas

Number of Japan-bound tourists and their consumption

| Year | Tourists | Consumption |
|------|--------------|------------------|
| 2011 | 6.2 million | 1.0 trillion yen |
| 2017 | 28.7 million | 4.4 trillion yen |

(Source) JNTO

Number of inbound tourists (2017)

| No | Country | Tourists |
|----|----------|--------------|
| 1 | France | 86.9 million |
| 2 | Spain | 81.8 million |
| 3 | US | 75.9 million |
| 4 | China | 60.7 million |
| 5 | Italy | 58.3 million |
| 10 | Thailand | 35.4 million |
| 12 | Japan | 28.7 million |

4. Increase in leisure time

Declining birthrate and aging society

- In 2045, people aged 65 or older will account for about 37% of the total population of Japan
- There are growing needs from retired workers to spare time to engage in hobbies, etc.
- Needs for healthcare and gym facilities are also increasing based on the growing health-consciousness

Ratio of age 65 or older since 2015



(Source) National Institute of Population and Social Security Research

Reforms of working practices

- Businesspersons now have longer leisure time because of regulated overtime work hours and rising usage rates of paid leave
- More people want to spare time at places near business districts, around terminal stations and surrounding residential areas

Here on this page, we provide an overview of the four key areas of focus when considering conditions throughout the retail property market environment: demographics, e-commerce, inbound tourism, and the increase in leisure time. I ask that you review this page when time permits.

This then concludes my portion of the presentation. I would now like to hand the microphone of Mr. Araki, Head of the Asset Management Company's Retail Division.

2. Implementation of Business Strategy



Bic Camera Tachikawa

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 its financial results and forecasts.

Highlights of Aug. 2018 (33rd) period

1 Acquisition strategy

- Sale of two GMS properties to complete the disposal of non-core assets
- Acquisition of two properties with locational advantages as Core/Secondary core assets

2 Asset management strategy

- Rent revision with 8.1% increase in Core assets (Prime/Major Station)
- Renewal of KAWASAKI Le FRONT with more than 95% tenants determined including an aquarium as main attraction
- Completion of the renewal of Abiko Shopping Plaza
- Ongoing renewal projects at mozo wonder city and GYRE

3 ESG management

- Issuance of the Green Bond, first among J-REITs
- Selection as "Sector Leader" of retail sector in Asia at GRESB Real Estate Assessment
- Largest share in the FY 2017 GPIF portfolio among J-REITs

4 Financial strategy

- Reduction of debt cost (average interest rates: 1.55% → 0.42%) by refinancing of the entire borrowings totaled at 33.3billion yen

Financial highlights

| | | |
|--------|--|---|
| Asset | Asset size (based on total acquisition price) | 98 properties 888.6 billion yen |
| | Gain on sale | 149.1 billion yen |
| | Core asset ratio (based on appraisal value) | 72.0 % |
| Debt | LTV ratio (based on book value, including the tenant leasehold and security deposits) | 49.9 % |
| | Average debt cost | 1.06 % |
| | Average loan term remaining maturity | 4.6 years |
| Equity | NAV per unit | 222,400 yen (Compared to 32 nd actual +5,400 yen) |
| | Distribution per unit | <div>Aug. 2018 (33rd) period 4,430 yen Actual</div> <div>Feb. 2019 (34th) period 4,430 yen Forecast</div> <div>Aug. 2019 (35th) period 4,430 yen Forecast</div> |

As you can see from these highlights of the 33rd August 2018 period, JRF has continued to draw on its strengths and in particular its fund management skills. In line with its acquisition strategy, the Investment Corporation has undertaken the sale and replacement of non-core assets through the acquisition of Core and Secondary Core assets. From an asset management strategy perspective, JRF has worked diligently to increase rents. A key highlight of the period under review was the completion of renewal work and reopening of Abiko Shopping Plaza on April 25. Moreover, and in addition to a variety of ESG measures, energies have been directed toward implementing a multifaceted financial strategy. As a result, and as shown by each key indicator for the 33rd August 2018 period listed at the right of the page, NAV per unit climbed 5,400 yen compared with the previous February 2018 period, to 222,400 yen. JRF was also successful in maintaining a stable DPU.

Completion of sale of Non-core assets with disposal of 2 GMS properties, to replace them with Core/Secondary core assets

Asset replacement during the end of period ended August 2018 (33rd period)


Disposition

Non-core assets

| Number of property | Disposition price | Gain on sale of property | NOI yield (after depreciation) |
|--------------------|--------------------|--------------------------|--------------------------------|
| 2 | 19,570 million yen | 602 million yen | 4.3% |

Ito-Yokado Kawasaki


Non-core



- GMS-type asset with risks of deterioration in the competitive climate
- Lower NOI yield after depreciation than the portfolio average, with limited upside
- Potential impacts of the renewal of KAWASAKI Le FRONT

AEON Tobata Shopping Center

Non-core



- GMS-type asset that will certainly be involved in fiercer competition because of the defined plan of new opening of a large-scale retail facilities in the neighborhood
- Location within an area of aging population, facing risks of acceleration of falling population


Acquisition

Core/Secondary core assets

| Number of property | Acquisition price | NOI yield (after depreciation) |
|--------------------|-------------------|--------------------------------|
| 2 | 5,705 million yen | 5.1% |

G-Bldg. Abeno 01 (Annex building)

Core




- Land with leasehold interest adjacent to the land held by JRF, near Tennoji Station
- Potential for a unified redevelopment project in the future

| Acquisition price | NOI yield (after depreciation) |
|-------------------|--------------------------------|
| 185 million yen | 5.1% |

m-city Kashiwa

Secondary core



- Location in a highly-populated area which more people are flowing in
- Retail facilities that cater to day-to-day needs with highly appealing tenants
- Room for upside after the end of the master lease agreement

| Acquisition price | NOI yield (after depreciation) |
|-------------------|--------------------------------|
| 5,520 million yen | 5.0% |

Effects of asset replacement

Rise in NOI yield after depreciation

Disposition 2 properties 4.3%

Acquisition 2 properties 5.1%

+0.8%

Lowered share of GMS type assets

Feb. 28, 2018 (end of 32nd FP) 12.4%

After acquisition of m-city Kashiwa 10.3%

-2.1%

Increase in unrealized gains

Disposition 2 properties 305 million yen

Acquisition 2 properties 476 million yen

+171 million yen

As has been previously mentioned, JRF has continued to pursue external growth through the sale of non-core assets since 2016. In promoting an asset replacement strategy, the Investment Corporation has mainly acquired Core assets in urban locations.

The August 2018 period also marked the sale of Ito-Yokado Kawasaki and AEON Tobata Shopping Center, two general merchandise stores recognized as JRF's last non-core assets, at a net gain on the sale of assets totaling 602 million yen. Despite completing steps to eliminate all non-core assets that are likely to raise risks from its portfolio, JRF will accelerate its transition away from general merchandise stores and efforts to proactively replace Sub with Core assets as a J-REIT that focuses mainly on urban-type properties while taking into consideration changes in its operating environment as outlined earlier by Mr. Sakai in this presentation.

Utilizing a portion of the proceeds from the aforementioned sale of two properties, JRF has acquired Core and Secondary Core assets totaling 5 billion 705 million yen. With an NOI yield after depreciation of 5.1% that compares favorably with the 4.3% of the two general merchandise stores sold, positive steps have been taken to improve the quality and profitability of the portfolio in the current period. Moreover, detailed negotiations with sellers of multiple Prime type properties are underway as a part of efforts to apply unused proceeds from the replacement of assets at an early stage.

Continue to achieve rent increase by leveraging our locational advantage

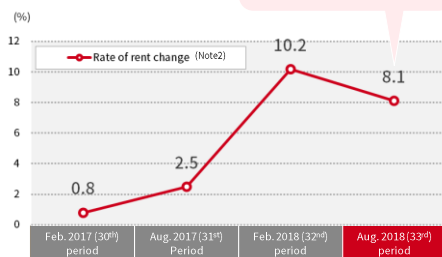
Summary of rent revisions

Rent gap of Core assets
(Prime/Major Station) (Note1)

7.0%

Example of rent increase

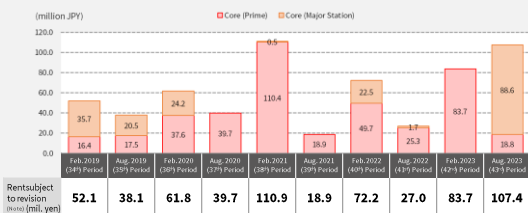
G-Bldg. Ginza 01 24.1%
G-Bldg. Jingumae02 20.0%
G-Bldg. Takadanobaba01 4.5%



| | Feb. 2017 (30 th) period | Aug. 2017 (31 st) Period | Feb. 2018 (32 nd) period | Aug. 2018 (33 rd) period |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
| Monthly rent subject to revision (Note3) | 103.8 million yen | 33.6 million yen | 110.4 million yen | 76.3 million yen |
| Changes in monthly rent after the revision (on net basis) | +0.8 million yen | +0.8 million yen | +11.2 million yen | +6.2 million yen |
| Effect on the distribution/unit in each period (Note4) | +2yen | +2yen | +26yen | +14yen |

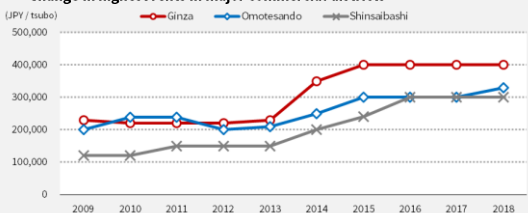
(Note1) The gap between the monthly rent of existing tenants and the market rent price specified in the appraisal reports. The monthly rents subjects are fixed-term leasing contracts in Core assets (Prime / Major station) that will be renewed after September 2018.
(Note2) Increase/decrease rate is represented by (monthly rent after revision - monthly rent before revision) / monthly rent before revision (excluding rents specified in unsigned leasing contracts)
(Note3) Represented by the aggregated rents for blocks of the fixed-term leasing contracts, which will expire and renew in Core assets.
(Note4) Calculated by the difference of monthly rent before revision and monthly rent after revision converted to semi-annualized basis and divided it by the issued investment units as of Aug. 2018 (33rd) period

Contract expirations in the next 5 years



(Note) Represented by the aggregated rents for blocks of the fixed-term leasing contracts, which will expire and renew in Core assets (Prime/Major Station)

Change in highest rents in major commercial districts



(Note) A tsuho is about 3.3 square meters

(Source) CBRE "Retail Market Information"

Even within the Core asset category, there are Prime and Major Station type retail properties where the rent gap comes in at 7%. Accordingly, we will continue to engage in asset management with a view to increasing rents at Core assets.

The red line graph at the left of the page tracks trends in the percentage of rent increase for Core asset contracts at the time of review by period. As you can see, rents rose substantially in each of the February 2018 and August 2018 periods, climbing 10.2% and 8.1%, respectively. These rent increases over the two periods helped boost DPU by 40 yen.

The graph at the top right of the page plots contracts that are scheduled to expire over the next five years for Prime and Major Station type Core assets. Again, as you can see from the graph at the bottom right of the page, there is ample opportunity to increase rents at the time of contract renewal or the replacement of tenants given the current upward market trend.

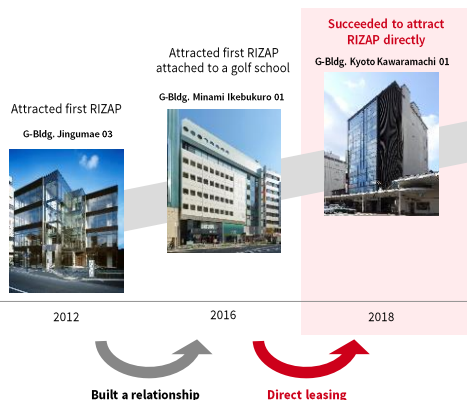
Flexible measures according to types of assets and area characteristics

Leasing activities based on relationships with tenants

■ Relationship with RIZAP



RIZAP is a workout gym chain that is famous for its slogan, "Fully committed to meet goals," operating 124 fitness centers throughout Japan as of September 30, 2018, and recently launched management of golf schools and English conversation schools

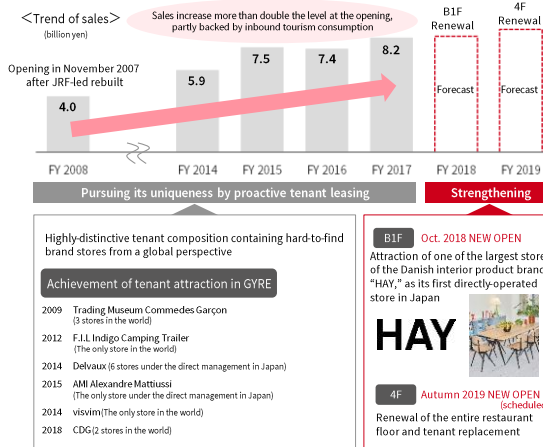


Creation of spaces with unique atmosphere

■ Facility branding at GYRE



GYRE is a landmark retail property located at Omotesando, characterized by high-impact appearance and unique tenants



Looking at other aspects of JRF's asset management strategy here on page 14, and as Mr. Sakai explained earlier in this presentation, the Investment Corporation's daily efforts to build and maintain a portfolio of core assets where people can gather are steadily bearing fruit.

As one example of JRF's focus on building strong tenant relationships, we showcase the nationwide rollout of stores by RIZAP Group, Inc. at the left of the page.

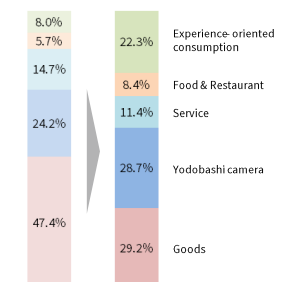
Our relationship with the RIZAP Group began in 2012 with the opening of an inaugural store in G-Bldg. Jingumae 03. This relationship has continued to mature as RIZAP has expanded its health and fitness operations with the opening of the Group's first store with an adjoining golf school in G-Bldg. Minami Ikebukuro 01 in 2016 and another store in G-Bldg. Kyoto Kawaramachi 01 in 2018. In this manner, we are actively building robust relations with attractive tenants and promoting the rollout of stores in properties held by JRF.

Directing your attention to the right of the page, we provide details of GYRE Bldg., a flagship property in Omotesando, as a case study in the way assets are managed. In specific terms, we have successfully attracted a succession of blue-chip tenants. In addition to the world-renowned Comme des Garçons fashion brand, this property is home to the world's inaugural VISVIM store, as well as the first directly operated Delvaux store in Japan. Looking ahead, the popular interior brand HAY

based in Denmark will open its first directly operated store in the basement first floor in October 2018. Plans are also in place to refurbish the entire fourth floor as a restaurant zone in the fall of 2019. As you can see from this case study, JRF works diligently to attract the highest caliber tenants. Every effort is made to capture large numbers of hard-to-find brand stores from a global perspective. Through the cumulative effects of efforts to create and produce spaces that provide consumers with a unique experience, the Investment Corporation places the utmost importance on enhancing the competitiveness of properties with each passing year. Through these and other means, total sales have exhibited steady growth at GYRE Bldg., more than doubling since the property's opening.

Confirmed more than 95% tenant opening intention and decided on aquarium as the main attraction

MD after renewal



Before renewal After renewal (Note) Based on contract area

| | |
|---------------------------------|--|
| Experience-oriented consumption | <ul style="list-style-type: none"> Attract experience-oriented tenant such as aquarium and amusement facility on upper floor Open new play zone on kids/baby floor Aim to promote customers to shop around by increasing visitors and shower effect |
| Food & Restaurant | <ul style="list-style-type: none"> Attract "LIFE", one of the largest supermarket in Kawasaki Station east exit Attract food courts, cafés, and restaurants |
| Service | <ul style="list-style-type: none"> As it is located right in front of the station, attract healthcare facilities and tutoring schools |
| Yodobashicamera | <ul style="list-style-type: none"> As it has good customer attraction, extend floor space as the flagship store and increase product line |
| Goods | <ul style="list-style-type: none"> Mainly attract large-size stores of Furniture, Outdoor, and Sports, which can attract more customers |

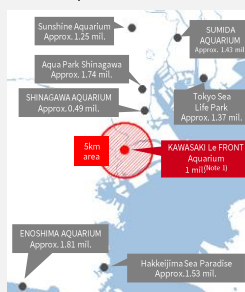
| | |
|-----|-------------------------------------|
| RF | Futsal facility |
| 10F | Aquarium |
| 9F | Amusement |
| 8F | Healthcare, Tutoring school |
| 7F | Sports |
| 6F | Service |
| 5F | Fashion, Sports, Hobbies and others |
| 4F | Kids and Babies |
| 3F | Fashion |
| 2F | Interior / Variety goods |
| 1F | Variety goods |
| B1 | Food court, Café, Convenience store |
| B2 | Super market, Café |
| B3 | Parking lot |

Attraction of aquarium

Aim for significant visitor expansion

- Expect 1 million annual visitors (more than 10% of entire visitors)^(Note 1)
- Excellent attractiveness compared to other entertainment contents (Reference) Movie theatre 0.6million, planetarium 0.1 million^(Note 2)
- Expect customers from south and west since Kawasaki area will be the only area with an aquarium

<MAP of aquarium and visitors^(Note 3)>



<Image of aquarium^(Note 4)>



(Note 1) Estimated figure of annual average visitors calculated by tenant.
 (Note 2) Based on an estimate formulated from properties held by JRF for movie theater, based on hearing survey by asset management company for planetarium.
 (Note 3) Figures under each aquarium is the actual annual visitors for 2016 (surveyed by asset management company).
 (Note 4) These are indicative renderings and may differ from the actual development.
 (Note 5) Already concluded a (suspensive conditional) fixed-term lease agreement between the aquarium as of today, and is to be effective upon conclusion of the suspensive condition.

As indicated at the bottom right of page 16, KAWASAKI Le FRONT is ideally located in front of Kawasaki Station. In addition to servicing large numbers of passengers, Kawasaki Station is at the center of a rich and abundant retail zone with a population of roughly one million within a five-kilometer radius. Leasing activities are progressing extremely well. We have confirmed the intention of tenants to take up space in 63 out of the 69 sections subject to renewal. This is more than 95% on a rental revenue basis.

Details of tenants by sector before and after renewal are provided at the left of page 15. As you can see, the share of goods-based consumption tenants has declined. Meanwhile, experience-oriented tenants have increased substantially. This shift in the composition of tenants reflects changes in the consumption environment.

In concrete terms, the LIFE chain of supermarkets, which has a strong urban presence, has decided to take up space on the first floor. Decisions have also been made to open a food court, café, and convenience store on the second floor. As the centerpiece of this renewal project, successful steps have been taken to attract an aquarium which will take up large sections of the ninth and tenth floors. This is mainly due to the competitive advantage that KAWASAKI Le FRONT provides as a large-scale retail property that is ideally located in front of a major railway station in the Greater Tokyo area that services large numbers of passengers, and the ability for tenants to secure ample space. Another factor that

has attracted positive comments from prospective tenants is the renewal plan which has been designed with the specific purpose of creating an environment where people are likely to gather.

Retail properties that encompass an aquarium are extremely rare in Japan. Cases in point include Tokyo SKYTREE Solamachi and Sunshine City Ikebukuro. Looking at each example, the presence of an adjoining aquarium has helped attract large numbers of visitors while at the same time providing a platform for robust retail sales.

As a retail facility, KAWASAKI Le FRONT attracts around 7.2 million visitors each year. The construction of an aquarium is projected to boost annual visitor numbers by an additional 1 million. Based on these projections, we will endeavor to link this growth in visitors to an increase in sales across the entire facility.

Impact of renewal

- Executed renewal after Marui vacation as planned at acquisition timing, and maintained a high NOI yield
- Total expenditure is within the unrealized gain as of acquisition (5.2 billion yen)
- Prevent rent downside risk by keeping fixed rent ratio at more than 90%

| Total expenditure | NOI yield | Fixed rent ratio ^(Note) |
|---|--|---|
| 5.1 bil. yen (Unrealized gain of 5.2 bil. yen at acquisition) | 6.2% (Stable period after renewal) | 92.0% (Stable period after renewal) |

(Note) Ratio of total of fixed rent, minimum guaranteed rent and common maintenance fee, accounted for the entire tenant total rent

- Introduced sales-based rents in more than 60% of tenant contracts for upside in rent
- Total sales and NOI after renewal is reasonably calculated without the effects of the aquarium

| | At acquisition | Stable period after renewal | Upside potential by sales increase | | |
|---------------------|----------------------|-------------------------------|---|----------------|---------------|
| Sales | 34.3 bil. yen | 34.4 bil. yen | Est. Sales | Change in NOI | Change in DPU |
| Number of customers | 7,200,000 | 8,730,000 | 105% | + 29 mil. yen | + 6 yen |
| NOI | 1.9 bil. yen | 1.9 bil. yen | 110% | + 59 mil. yen | + 11 yen |
| NOI yield | 6.2% | 6.2% | 120% | + 123 mil. yen | + 23 yen |
| Appraisal CR | 5.0% | 4.5% ^(Note) | (Note) Comparing with stable period after renewal | | |

(Note) Direct capitalization rate indicated on appraisal report as of the end of August 2018

Project schedule

- Open aquarium earlier than initially assumed and expect completion of all renewals in fiscal period ending August 2020 (37th period)

| | Feb. 2019 (34 th FP) | Aug. 2019 (35 th FP) | Feb. 2020 (36 th FP) | Aug. 2020 (37 th FP) |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| Open floors | - | Lower floors | Upper floors | Aquarium |
| Prospective occ. rate ^(Note 1) | 63% | 71% | 90% | 96% |
| Temporary expense ^(Note 2) | 630 mil. yen | 1,420 mil. yen | 400-500 mil. yen | 50-100 mil. yen |

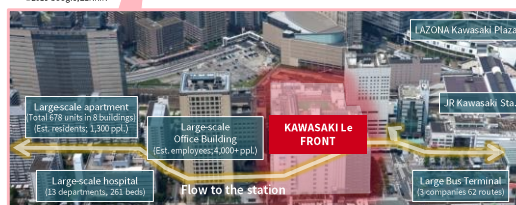
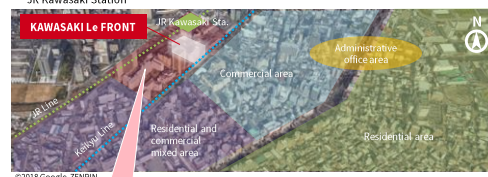
(Note 1) Calculated by estimated rental revenue divided by estimated rental revenue after renewal

(Note 2) Total of repair costs due to renewal, loss on disposal of fixed assets, and relocation compensation costs, etc.

*The figures on this page are represented by the estimates based on the assumptions of renewal as of today

Location

- Market population is 2 times larger than large-size retail facility standards of 0.5 million in 5km area
- JR Kawasaki Station is a large terminal station which serves the 11th largest number of passengers in JR East Japan
- Neighboring office, hospital, and residence is connected on the 2nd floor providing direct access to JR Kawasaki Station



Population of market area

| Market area | Population | Change ^(Note) |
|-------------|------------------|--------------------------|
| 1km area | 63,000 | + 6.1% |
| 3km area | 460,000 | + 4.9% |
| 5km area | 1,006,000 | + 3.9% |

(Note) Population change based on Census in 2010 and 2015

Comparison of passengers

| Stations | Passengers |
|------------------|----------------|
| JR Kawasaki Sta. | 424,000 |
| JR Ueno Sta. | 375,000 |
| JR Nagoya Sta. | 418,000 |
| JR Kyoto Sta. | 401,000 |

(Source) JR East, JR West, JR Central

Turning once again to page 16, we provide an overview of the impact that renewal work will have on the property as a whole.

Taking into consideration work to renew certain sections, including existing space occupied by Marui department store, at the time of acquisition in 2013, KAWASAKI Le FRONT was purchased for 30 billion yen against an appraisal value of 35.2 billion yen.

Employing this unrealized gain as of the time of the property's acquisition, JRF is undertaking renewal work to promote a sustainable return over the medium to long term. Despite its excellent location, KAWASAKI Le FRONT boasts the high yield of 6.2%.

In addition, we are taking steps to increase the ratio of fixed rents to ensure that revenues do not decline as a result of trends in specialty store sales after renewal work completion. Plans are in place to lift the ratio of fixed rents to 92% on a revenue basis for the property as a whole.

Directing your attention to the center left of the page, sales-based rents have been applied to the tenants of more than 60% of the 69 stores that make up the entire property. As conditions currently stand, we see considerable DPU upside should sales exceed expectations.

The table that runs along the bottom left of the page provides a timeline for the property’s renewal. Reviewing the entire schedule while also taking into account the results of steady leasing activities, we anticipate completing all renewal work during the 37th August 2020 period, which is earlier than the schedule announced at the time of the previous presentation.

Our continued efforts on ESG are highly appreciated

External party evaluations



1st

Retail sector in Asia

- JRF was selected as "Sector Leader" of Retail sector in Asia by GRESB, receiving five stars in GRESB rating (five-star scale) in 2018
- JRF was also designated as the highest rank "Green Star" for four consecutive years from 2014



1st

Among J-REITs

- JRF acquired A rating in 2018, the highest rating among J-REITs
- JRF was upgraded by one rank from 2017

Topic for fiscal period ended in August 2018 (33rd period)

Balance of
GPIF's Unitholding

1st

Among holding J-REITs

- The market capitalization as of March 31, 2017: 5.07 billion yen
- JRF becomes a J-REIT claiming the largest share in the GPIF portfolio, rising from the 4th as of March 31, 2016
- The total amount of market capitalization in J-REIT as of March 31, 2017: 68.48 billion yen

Green Bond Issuance

1st J-REIT

- JRF has become the first-ever issuer of green bonds in the J-REIT sector, issuing the 5-year bond of 8.0 billion yen
- Its coupon rate 0.210% is at the lowest level for 5-year bond among investment corporation bonds
- Inquiries are received from a variety of the media

Inclusion in ESG indices as constituent



2018 Constituent
MSCI ESG
Leaders Indexes

1st

Constituent among J-REITs

- JRF continues to be included from 2017
- 6 J-REITs are now selected as constituents
- GPIF announced that its passive management would track ESG indices including this index

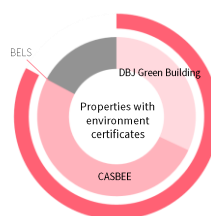
Euronext® Reitsmarket GRESB
Global Sustainable NR Index

2nd

Among all constituents

- It is a new index created on June 6, 2018 at the Euronext, consisted of top 30 global REITs in the GRESB score ranking
- JRF accounts for the second largest composition ratio among all constituents

Environmental certification



Ratio of properties
that acquired
environmental certificates

82.8%

DBJ Green Building



Objectives

Maintain 80% or more properties with
environment Certificates

(Note) Total floor area basis
(excluding land with leasehold interest assets)

As the Asset Management Company, Mitsubishi Corp.-UBS Realty Inc., established the Sustainability Committee in 2013. Over the ensuing period, we have actively engaged in a wide range of ESG activities. Here on this page, we provide details of the various accolades JRF has received for its endeavors.

JRF has, for example, received the highest Global Real Estate Sustainability Benchmark, or GRESB, "Green Star" ranking for a fourth consecutive year. In addition to acquiring GRESB's highest five-star rating, the Investment Corporation was recognized and designated Asia's retail "Sector Leader." Moreover, the Investment Corporation secured the top ranking among J-REITs included in the MSCI Japan ESG Select Leaders Index. As of the end of March 2017, JRF took up the largest share of the Government Pension Investment Fund's holdings among all J-REIT issues.

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

Recent refinance activities

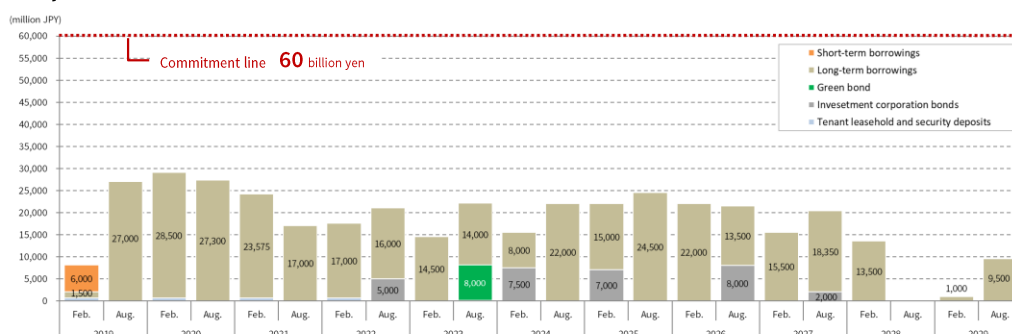
< Refinancing activities from Jul. 2018 to Sep. 2018 >

| Debt matured | | Refinance debt | |
|----------------|--------------------|----------------|--------------------|
| Amount | 33,366 million yen | Amount | 33,300 million yen |
| Avg. term | 8.0 years | Avg. term | 5.2 years |
| Avg. debt cost | 1.55% | Avg. debt cost | 0.42% |

Borrowings maturing within 5 periods (Long-term borrowings only)

| | Feb. 2019 period (34 th) | Aug. 2019 period (35 th) | Feb. 2020 period (36 th) | Aug. 2020 period (37 th) | Feb. 2021 period (38 th) | Total |
|-------------------------|---|---|---|---|---|-----------|
| Amount (million yen) | 1,500 | 27,000 | 28,500 | 27,300 | 23,575 | 107,875 |
| Avg. term | 6.0 years | 7.9 years | 6.6 years | 7.0 years | 7.9 years | 7.3 years |
| Avg. debt cost | 0.74 % | 1.62% | 1.12% | 0.88% | 0.91% | 1.13% |

Maturity ladder (as of the end of Sep. 2018)



A snapshot of refinancing activities undertaken between July and September 2018 is provided at the top left of the page. Over this period, JRF refinanced debt totaling 33.3 billion yen, procuring funds at an average borrowing period of 5.2 years at an average interest rate of 0.42%. While the average borrowing period in this instance has narrowed from 8 to 5.2 years, the decision to procure a portion of refinancing funds on a floating rate basis allows JRF to repay outstanding debt in a swift and flexible manner in tune with its future replacement strategy and at the time of property sale.

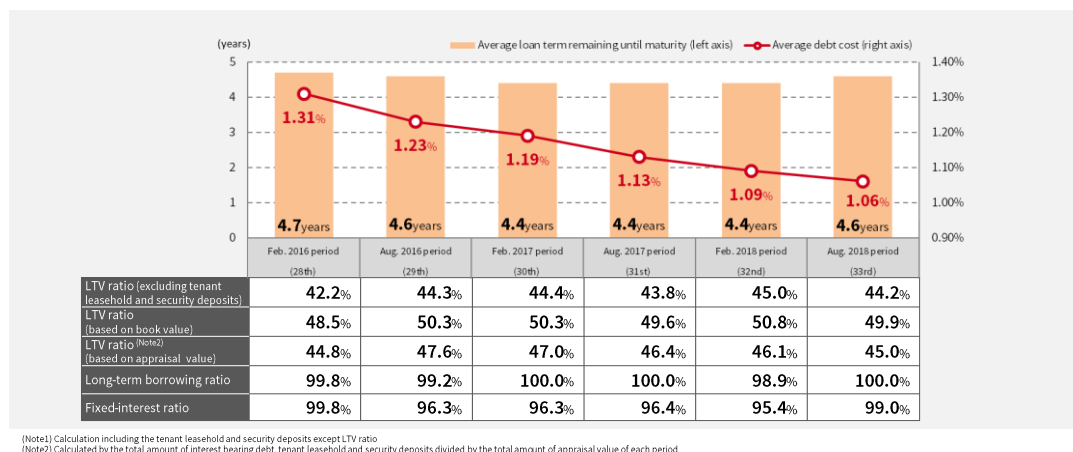
At the top right of the page, we provide details of long-term borrowings scheduled for repayment over the next 5 periods.

A total of 107.8 billion yen is due for refinancing up to the February 2021 period. Taking into consideration the average interest rate of 1.13% on this debt, we expect to continue reducing the cost of JRF's debt by a significant margin.

LTV management for stable financial base

Trend of financial indices ^[Note1]

- 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
- The ratio of fixed interest rate debt needs to be 90% or higher



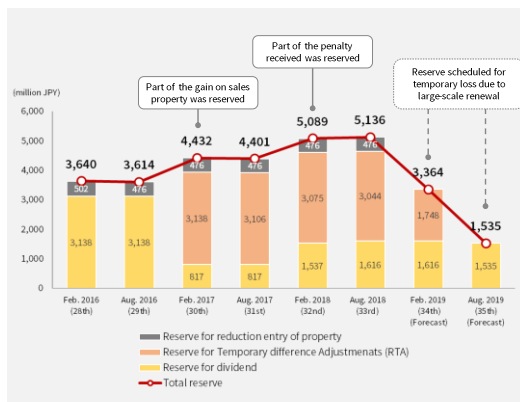
Here on page 19, we touch on trends in key financial indices.

As a result of efforts to address changes in its operating environment going forward, JRF's long-term borrowings and fixed interest ratios come in at 100% and 99%, respectively. The average loan term remaining until maturity is 4.6 years and the average cost of debt 1.06%. JRF maintains an LTV benchmark range of between 45 and 55% on a book value basis. The book value LTV currently stands at 49.9%, which is around the middle of this range. For reference, JRF's LTV on an appraisal value basis is 45%. This reflects the increase in unrealized gains.

Use of reserve for stable distributions

Transition in reserve balance ^(Note)

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



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

Systems that enables JRF to accumulate reserves

- Tax loss carryforwards**
 - Tax losses incurred when assets succeeded from LaSalle Japan Investment Corporation in association with the merger with it in March 2010, have been held as tax loss carryforwards
 - With such tax loss carryforwards, JRF has avoided the burden of income taxes

| Balance of tax loss carryforwards (Note) | Effective period |
|---|------------------|
| 6.6 billion yen | Feb. 28, 2020 |

(Note) As of "Financial Statements pertaining to allotment of funds" approval for fiscal period ended August 2018 (33rd period)

- Reserve for reduction entry of property**

- Based on the "Special Provisions for Taxation in the case of Advanced Acquisition of Land, etc. in 2009 and 2010" stipulated in Article 66, Paragraph 2 of the Act on Special Measures Concerning Taxation, up to 80% of gains on sale of land are accumulated as reserves for reduction for reduction entry

| Possible amount of reserve for reduction entry (Note 1) | Effective period |
|--|------------------|
| 29 billion yen | Dec. 31, 2020 |

(Note1) As of "Financial Statements pertaining to allotment of funds" approval for fiscal period ended August 2018 (33rd period)

(Note2) Limit of each reserve for reduction entry within the range in which corporate tax etc. is not impose, is 90% of the profit available for distribution profit

- JRF will ensure delivery of stable distribution by accumulating reserves with unrealized profit generated through continued asset replacement

The graph at the left of the page plots trends in reserves.

The balance of reserves came in at 5 billion 136 million yen as of the end of the August 2018 period, after accounting for such factors as a portion of the gain on sales of two general merchandise stores. The balance of reserves is then projected to fall to 1 billion 535 million yen as of the end of the August 2019 period as portions of the Investment Corporation's reserves are applied to offset the temporary drop in earnings attributable to renewal projects at such properties as KAWASAKI Le FRONT and mozo wonder city from the February 2019 period.

While the balance of reserves is more than ample to cover any decline in earnings through to the completion of renewal work at KAWASAKI Le FRONT, JRF will take separate steps to reinforce its reserves by utilizing the systems outlined at the right of the page in the normal course of its portfolio replacement activities during periods when there is a gain on the sale of properties. Plans are in place to utilize reserves to stabilize distributions in the future.

Increase in unrealized gains of entire portfolio to approx. 150 billion yen

Breakdown of appraisal value

| | Feb. 2018 (32nd) period | | | Aug. 2018 (33rd) period | | | Change of Unrealized profits and losses |
|---------------------|-------------------------|---------------------|-------------------------------|-------------------------|---------------------|-------------------------------|---|
| | Number of properties | Appraisal value | Unrealized profits and losses | Number of properties | Appraisal value | Unrealized profits and losses | |
| Prime | 43 properties | 344,810 million yen | 51,478 million yen | 43 properties | 353,480 million yen | 60,572 million yen | 9,094 million yen |
| Major Station | 13 properties | 132,380 million yen | 24,139 million yen | 13 properties | 133,170 million yen | 25,288 million yen | 1,149 million yen |
| Residential Station | 20 properties | 220,610 million yen | 31,273 million yen | 20 properties | 222,650 million yen | 34,364 million yen | 3,091 million yen |
| Core | 76 properties | 697,800 million yen | 106,889 million yen | 76 properties | 709,300 million yen | 120,223 million yen | 13,334 million yen |
| Secondary core | 6 properties | 112,940 million yen | 14,164 million yen | 6 properties | 113,000 million yen | 15,373 million yen | 1,208 million yen |
| Sub | 18 properties | 183,490 million yen | 14,135 million yen | 16 properties | 162,930 million yen | 13,568 million yen | - 567 million yen |
| Total | 100 properties | 994,230 million yen | 135,189 million yen | 98 properties | 985,230 million yen | 149,164 million yen | 13,976 million yen |

(Note) Two non-core assets sold during the period ended February 2018 (32nd period) is included in the Sub category

Breakdown of Cap Rates

| | Feb. 2018 (32nd) period | Aug. 2018 (33rd) period | Change |
|---------------------|-------------------------|-------------------------|---------------|
| Prime | 3.42 % | 3.34 % | - 0.08 points |
| Major Station | 4.52 % | 4.47 % | - 0.05 points |
| Residential Station | 5.07 % | 5.01 % | - 0.06 points |
| Core | 4.16 % | 4.09 % | - 0.07 points |
| Secondary core | 5.47 % | 5.43 % | - 0.04 points |
| Sub | 5.05 % | 4.94 % | - 0.10 points |
| Total | 4.48 % | 4.39 % | - 0.09 points |

(Note) Weighted average of direct cap rates at appraisal value (excluding properties to which the direct capitalization method is not applied)

Changes in Cap Rates by property (vs 32nd period)

| | Feb. 2018 (32nd) period | Aug. 2018 (33rd) period |
|------|-------------------------|-------------------------|
| Down | 41 properties | 50 properties |
| Same | 45 properties | 40 properties |
| Up | 2 properties | 1 property |

(Note) Excluding properties to which the direct capitalization method is not applied or those acquired during the respective fiscal periods with no appraisal value for the previous fiscal period obtained

Here on page 21, we provide details of property appraisal values based on JRF's revised portfolio classification compared with the previous period.

As you can see, unrealized gains for the portfolio as a whole have increased around 13.9 billion yen, to just under 150 billion yen. This increase is especially marked for Prime-type properties where unrealized gains have climbed roughly 9.1 billion yen.

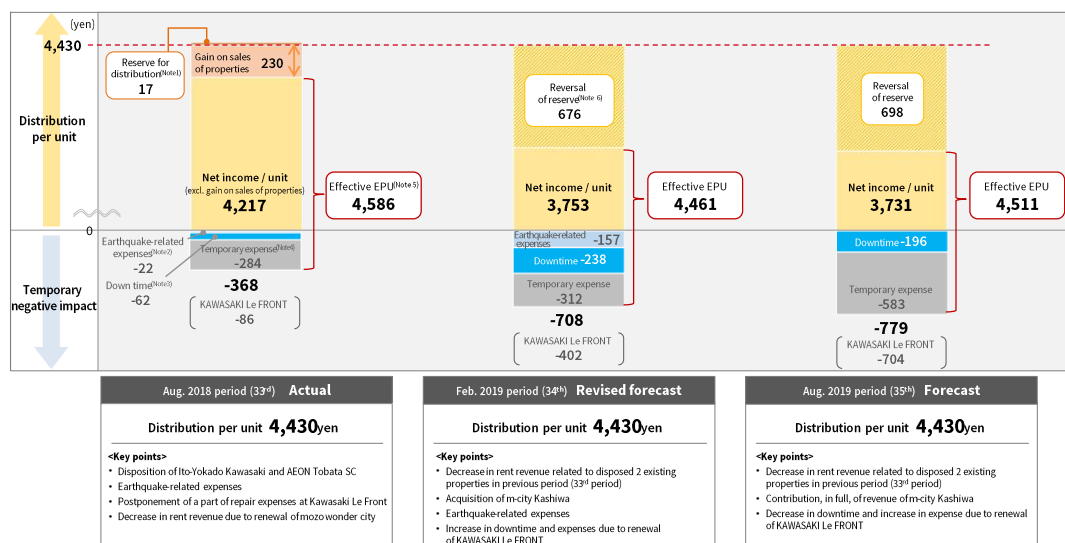
In addition, cap rates have declined across the entire portfolio, as indicated at the bottom of the page.

Moving on, I would now like to comment on JRF's financial results and forecasts. Please turn to page 23, where we provide a summary of actual and forecast DPU data for the August 2018, February 2019, and August 2019 periods.

3. Financial Results and Forecasts



mozo wonder city

Distribution summary for Aug. 2018 period (33rd), Feb. 2019 period (34th) and Aug. 2019 period (35th)

(Note 1) Calculated by deducting the amortization of reserve amount of reserve for temporary difference adjustments from reversal amount of reserve for dividend. The same shall apply hereinafter.
 (Note 2) Northern Osaka earthquake expenses for the fiscal period ending August 2018 (33rd period) and both Northern Osaka earthquake and Hokkaido Earthquake for the fiscal period ending February 2019 (34th period). The same shall apply hereinafter.
 (Note 3) Estimated impact of downtime to DPU is calculated based on the Estimated increase in NOI. 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.
 (Note 4) Total of repair costs due to renewal, loss on disposal of fixed assets, and relocation compensation costs, etc.
 (Note 5) Figures added or deducted profit/loss on real estate to net income by adjusting the effects of renewal and temporary negative effects due to earthquakes etc.
 (Note 6) Includes the amortization of reserve amount of reserve for temporary difference adjustments.

Gains on the sale of Ito-Yokado Kawasaki Store and AEON Tobata Shopping Center contributed 230 yen to DPU in the August 2018 period. In contrast, temporary expenses in connection with renewal work at KAWASAKI Le FRONT as well as expenditures relating to the earthquake in the northern part of Osaka Prefecture negatively impacted DPU to the tune of 284 yen and 24 yen, respectively, in the period under review. From the February 2019 period in order to stabilize distributions, JRF will undertake a distribution of 4,430 yen for the August 2018 period as previously disclosed after transferring an amount equivalent to 17 yen to reserves.

Turning to the February 2019 period, temporary expenses in connection with renewal work and the loss of earnings attributable to downtime at KAWASAKI Le FRONT as well as expenditures relating to the earthquake in the Iburi region of Hokkaido Prefecture that occurred on September 6, 2018 are expected to negatively impact DPU by 312 yen, 157 yen, and 157 yen, respectively. In order to offset these negative effects, JRF plans to apply a portion of its reserves equivalent to 676 yen. In this manner, DPU is forecast to come in at 4,430 yen in line with the amount previously announced.

The negative impact of such factors as temporary expenses in connection with renewal work at KAWASAKI Le FRONT is expected to increase to 583 yen in the August 2019 period. After applying a portion of its reserves equivalent to 698 yen, JRF plans to pay a DPU of 4,430 yen, the same amount as the February 2019

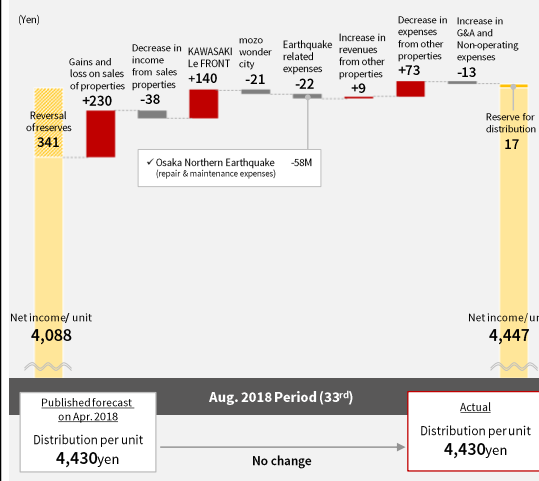
period.

The table on this page also plots trends in the Fund's earnings capabilities under normal operating conditions without implementing renewal work, or effective EPU. For the August 2018 period this comes in at 4,586 yen and around 4,500 yen for February 2019 and August 2019 periods after the sale of Ito-Yokado Kawasaki Store and AEON Tobata Shopping Center. On this basis, we remain confident that JRF is more than capable of attaining a DPU of 4,500 yen in the August 2020 period when renewal work at KAWASAKI le FRONT is scheduled for completion taking into consideration the current status of the portfolio.

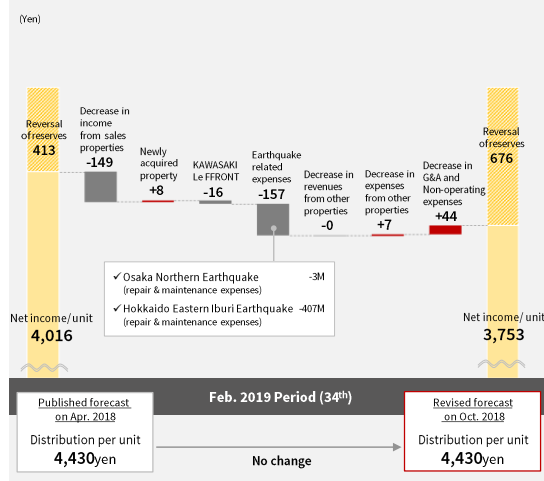
DPU changing factors from previous forecast announcement

■ Aug. 2018 Period (33rd)

Changes from announced forecast DPU to actual DPU

■ Feb. 2019 Period (34th)

Changes from announced forecast DPU to revised forecast DPU



(Note) Indicates increase/decrease amount against profit

The graphs on this page detail the major factors that underpin changes in EPU for the August 2018 and February 2019 periods compared with figures announced in April 2018.

While projecting EPU of 4,088 yen for the August 2018 period in April 2018, this figure was boosted by gains on the sale of two general merchandise stores to the tune of 230 yen, and by 140 yen as a result of a variety of factors including the deferral of expenses relating to renewal work conducted at KAWASAKI Le FRONT into the February 2019 period and thereafter. In contrast, EPU for the August 2018 period disclosed in April 2018 was negatively impacted by 38 yen owing to the drop in revenue for the period following the sale of two general merchandise stores. Other negative factors included expenses incurred as a result of the earthquake in the northern part of Osaka Prefecture, which pushed down EPU by 22 yen. Accounting for each of these factors, EPU for the August 2018 period came in at 4,447 yen.

Looking further ahead, JRF initially announced an EPU of 4,016 yen for the February 2019 period in April 2018. Taking into consideration various subsequent factors including the planned purchase of a trust beneficiary interest in m-city Kashiwa in February 2019, this EPU figure will be boosted by 8 yen. Negative factors, on the other hand, include the drop in revenue for the period following the sale of two general merchandise stores and expenses incurred as a result of the earthquake in the Iburi region of Hokkaido Prefecture. These factors are

projected to push down EPU by 149 yen and 157 yen, respectively. On this basis, EPU for the February 2019 period is anticipated to come in at 3,753 yen.

As we have mentioned earlier throughout this presentation, JRF's medium-term goal is to actively promote the replacement of assets in an effort to build a portfolio that focuses largely on urban-type properties. In similar fashion to the sale of two general merchandise stores during the August 2018 period, the potential exists for performance forecasts announced in this instance to change once again due largely to the incidence of gains on the sale of properties attributable to the replacement of assets. Should substantial gains on the sale of properties emerge, we will consider once again lifting distribution forecasts without waiting for the completion of renewal work at KAWASAKI Le FRONT.

Details of financial as well as balance sheet results for the August 2018 period as well as forecasts for the February 2019 and August 2019 periods are provided on pages 25 to 27 of the presentation materials. We ask that you refer to this information at your leisure.

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

| | Feb. 2018 Period (32nd) (Actual) | Aug. 2018 Period (33rd) (Actual) | Change | Apr. 16, 2018 (Revision of forecast) | Change |
|--------------------------------------|-------------------------------------|-------------------------------------|----------|---|----------|
| Operating revenue | 31,967 | 32,685 | +718 | 31,965 | +720 |
| Operating expenses | 17,495 | 18,813 | +1,318 | 19,023 | -210 |
| (Rent NOI excl. gain on sale) | 23,290 | 22,129 | -1,160 | 21,764 | +365 |
| Operating income | 14,472 | 13,871 | -600 | 12,941 | +930 |
| Non-operating revenue | 3 | 2 | -1 | | |
| Non-operating expenses | 2,242 | 2,228 | -14 | | |
| Ordinary income | 12,232 | 11,645 | -587 | 10,703 | +941 |
| Net income | 12,232 | 11,644 | -587 | 10,703 | +941 |
| Allocation to reserve | 719 | 78 | -641 | — | +78 |
| Reversal of reserve | 31 | 31 | — | 894 | -863 |
| Total distribution | 11,545 | 11,597 | +52 | 11,597 | — |
| Units outstanding | 2,618,017 units | 2,618,017 units | +0 units | 2,618,017 units | — |
| DPU | 4,410 yen | 4,430 yen | +20 yen | 4,430 yen | — |
| FFO per unit ^(Note1) | 6,875 yen | 6,399 yen | -476 yen | 6,273 yen | +126 yen |
| FFO pay out ratio ^(Note2) | 64.1 % | 69.2 % | — | 70.6 % | — |
| Capital expenditures | 1,732 | 1,390 | -342 | 2,198 | -807 |
| Maintenance | 1,103 | 898 | -205 | | |
| Enhancement | 629 | 492 | -136 | | |
| Repair expenses | 314 | 1,099 | +785 | 1,457 | -358 |
| Total | 2,047 | 2,490 | +443 | 3,655 | -1,165 |
| Depreciation | 5,767 | 5,712 | -55 | 5,720 | -7 |

(Note 1) (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

(Note 2) Distribution per unit / FFO per unit

(Note 3) Million yen unless otherwise noted

Major factors behind change during Aug. 2018 (33rd) period (Compared to previous period)

| | (million yen) |
|--|---------------|
| Operating revenues | +718 |
| ✓ Contribution, in full, of rent revenue of new 5 properties | +304 |
| ✓ Gain on sales of property (AEON Tobata SC) | +787 |
| ✓ Rent revenue related to disposed properties (Ito-Yokado Kawasaki, AEON Tobata SC) | -79 |
| ✓ Decrease in penalty income of MARINE & WALK YOKOHAMA | -787 |
| ✓ Occurred renewal downtime and increase in restoration cost received etc. of KAWASAKI Le FRONT | +476 |
| ✓ Other properties (utility charge received +77, card fee income-14, penalty income-17, others-24) | +17 |
| Operating expenses | +1,318 |
| ✓ Contribution, in full, of expense of new 5 properties | +50 |
| ✓ Loss on sales of property (Ito-Yokado Kawasaki) | +184 |
| ✓ Expense related to disposed properties (Ito-Yokado Kawasaki, AEON Tobata SC) | +22 |
| ✓ Increase in expense due to renewal of KAWASAKI Le FRONT | +622 |
| ✓ Other properties (property-related tax of new acquired properties +102, earthquake-related expenses +58, repair expense +124, utility charge +104, PM fee-78, promotion expenses -76, other expense +73, loss on disposal of fixed assets +72, depreciation -40) | +341 |
| ✓ Increase in general administration fees | +97 |
| Operating income | -600 |
| Absence of expense of repurchase of own investment units | -21 |
| Ordinary income | -587 |
| Net income | -587 |

Major factor behind change during Aug. 2018 (33rd) period (Compared to the revised forecast as of Apr. 16, 2018)

| | (million yen) |
|---|---------------|
| Operating revenues | +720 |
| ✓ Gain on sales of property (AEON Tobata SC) | +787 |
| ✓ Rent revenue related to disposed properties (Ito-Yokado Kawasaki, AEON Tobata SC) | -69 |
| ✓ Other properties (rent-34, card fee income-14, penalty income-31, others +80) | +1 |
| Operating expenses | -210 |
| ✓ Loss on sales of property (Ito-Yokado Kawasaki) | +184 |
| ✓ Expense related to disposed properties (Ito-Yokado Kawasaki, AEON Tobata SC) | +32 |
| ✓ Postponement of a part of repair expenses at Kawasaki Le Front, etc. | -374 |
| ✓ Other properties (property-related tax-32, earthquake-related expense +58, repair expense-79, PM fee-10, other expense-22, loss on disposal of fixed assets-20) | -97 |
| ✓ Increase in general administration fees | +45 |
| Operating income | +930 |
| Decrease in interest payments, etc. | -9 |
| Ordinary income | +941 |
| Net income | +941 |

| | Feb. 2018 Period (32nd) (Actual) | Aug. 2018 Period (33rd) (Actual) | Change |
|--|-------------------------------------|-------------------------------------|---------------|
| Total assets (1) | 902,191 | 887,668 | - 14,523 |
| Total liabilities | 469,210 | 454,438 | - 14,771 |
| Interest-bearing liability (2) | 406,191 | 392,725 | - 13,466 |
| Tenant leasehold and security deposits (3) | 51,894 | 50,341 | - 1,552 |
| Net assets | 432,981 | 433,229 | + 248 |
| LTV ((2)+(3)) / (1) | 50.8 % | 49.9 % | -0.9 points |
| LTV (2) / (1) | 45.0 % | 44.2 % | -0.8 points |
| Long-term borrowings ratio | 98.9 % | 100.0 % | +1.1 points |
| Fixed interest rate ratio | 95.4 % | 99.0 % | +3.6 points |
| Average debt cost | 1.09 % | 1.06 % | - 0.03 points |
| Number of properties | 100 properties | 98 properties | -2 properties |
| Aggregate acquisition price | 910,110 | 888,675 | - 21,434 |
| Unrealized profits and losses | + 135,188 | + 149,164 | + 13,975 |
| Book value | 859,041 | 836,065 | - 22,975 |
| Appraisal value | 994,230 | 985,230 | - 9,000 |

<Reference: Balance of reserve> *Balance of reserve after approval of distributions at the JRF board directors meeting for each period

| | | | |
|--|-------|-------|------|
| Balance of reserve | 5,089 | 5,136 | + 47 |
| Reserve for dividends | 1,537 | 1,616 | + 78 |
| Reserve for reduction entry of property | 476 | 476 | — |
| Reserve for temporary difference adjustments | 3,075 | 3,044 | - 31 |

(Note) Million yen unless otherwise noted

Major factor behind change during Aug. 2018 (33rd) period (Compared to previous period)

| | (million yen) |
|---|---------------|
| Total assets | -14,523 |
| ✓ Acquisition of new property, disposition of existing properties | -18,980 |
| ✓ Increase in cash and bank deposits | +8,611 |
| ✓ Depreciation, loss on disposal of fixed assets | -5,877 |
| ✓ Capital expenditures | +1,390 |
| Total liabilities | -14,771 |
| ✓ Decrease in interest-bearing liabilities | -13,466 |
| ✓ Decrease on tenant leasehold and security deposits | -1,552 |
| ✓ Consumption tax payable, etc. | +509 |
| Net assets | +248 |
| ✓ Increase in reserve for dividends | +688 |
| ✓ Decrease of retained earnings | -589 |
| ✓ Deferred gains and losses on hedges | +149 |

Forecasts for the Coming Two Periods

| | Aug. 2018 Period (33rd) (Actual) | Feb. 2019 Period (34th) (Forecast) | Change | Aug. 2019 Period (35th) (Forecast) | Change |
|-----------------------------|-------------------------------------|---------------------------------------|----------|---------------------------------------|---------|
| Operating revenue | 32,685 | 30,221 | -2,463 | 30,296 | +74 |
| Operating expenses | 18,813 | 18,414 | -399 | 18,666 | +252 |
| (Rent NOI) | 22,129 | 20,434 | -1,695 | 20,309 | -124 |
| Operating income | 13,871 | 11,807 | -2,064 | 11,629 | -177 |
| Non-operating revenue | 2 | — | -2 | — | — |
| Non-operating expenses | 2,228 | 1,981 | -247 | 1,859 | -121 |
| Ordinary income | 11,645 | 9,826 | -1,819 | 9,770 | -56 |
| Net income | 11,644 | 9,825 | -1,819 | 9,769 | -56 |
| Allocation to reserve | 78 | — | -78 | — | — |
| Reversal of reserve | 31 | 1,772 | +1,740 | 1,828 | +56 |
| Balance of reserve (Note 1) | 5,136 | 3,364 | -1,772 | 1,535 | -1,828 |
| Total distribution | 11,597 | 11,597 | +0 | 11,597 | — |
| Units outstanding | 2,618,017 units | 2,618,017 units | — | 2,618,017 units | — |
| DPU | 4,430 yen | 4,430 yen | — | 4,430 yen | — |
| FFO per unit (Note 2) | 6,399 yen | 5,884 yen | -515 yen | 5,870 yen | -14 yen |
| FFO pay out ratio (Note 3) | 69.2 % | 75.3 % | — | 75.5 % | — |
| Capital expenditures | 1,390 | 4,158 | +2,767 | 4,208 | +49 |
| Maintenance | 898 | 2,004 | +1,106 | 1,893 | -111 |
| Enhancement | 492 | 2,153 | +1,661 | 2,314 | +160 |
| Repair expenses | 1,099 | 1,473 | +373 | 1,676 | +203 |
| Total | 2,490 | 5,632 | +3,141 | 5,884 | +252 |
| Depreciation | 5,712 | 5,581 | -131 | 5,599 | +17 |

(Note 1) Balance of reserve after approval of distributions at the JRF board directors meeting for each period

(Note 2) [Net income + loss on sales of real estate, etc. - gain on sales of real estate, etc. + depreciation + other real estate related depreciation] / total units outstanding

(Note 3) Distribution per unit / FFO per unit

(Note 4) Million yen unless otherwise noted

Major factors behind change during Feb. 2019 (34th) period
(Compared to actual results of Aug. 2018 (33rd) period)

(million yen)

| | |
|--|--------|
| Operating revenues | -2,463 |
| ✓ Absence of gain on sales of property | -787 |
| ✓ Rent revenue related to disposed 2 existing properties | -693 |
| ✓ Renewal downtime and absence of restoration costs received of KAWASAKI Le FRONT | -983 |
| ✓ Other properties (rent +111, utility charge received -66, penalty income +28, others -79) | +0 |
| Operating expenses | -399 |
| ✓ Absence of loss on sales of property | -184 |
| ✓ Expense related to disposed 2 existing properties | -388 |
| ✓ Increase in expense due to renewal of KAWASAKI Le FRONT | +57 |
| ✓ Increase in Earthquake-related expenses | +353 |
| ✓ Other properties (BM fee +52, utility charge -93, promotion expense +45, other expense -127, loss on disposal of fixed assets -36, depreciation +19) | -134 |
| ✓ Decrease in general administration fees | -102 |
| Operating income | -2,064 |
| Decrease in interest payments, etc. | -222 |
| Ordinary income | -1,819 |
| Net income | -1,819 |

Major factors behind change during Aug. 2019 (35th) period
(Compared to forecast for Feb. 2019 (34th) period)

(million yen)

| | |
|---|------|
| Operating revenues | +74 |
| ✓ Contribution, in full, of rent revenue of m-city Kashiwa | +131 |
| ✓ Increase in rent revenue due to renewal of KAWASAKI Le FRONT | +98 |
| ✓ Renewal downtime of mozo wonder city, etc. | -167 |
| ✓ Other properties (rent +73, utility charge received +25, penalty income -34, others -58) | +11 |
| Operating expenses | +252 |
| ✓ Contribution, in full, of expense of m-city Kashiwa | +25 |
| ✓ Increase in expense associated with renewal of KAWASAKI Le FRONT | +888 |
| ✓ Decrease in PM fee due to renewal of mozo wonder city, etc. | -206 |
| ✓ Absence of earthquake-related expenses | -411 |
| ✓ Other properties (property-related tax of new acquired properties +6, BM fee -21, repair expense -15, utility charge +76, promotion expense -27, other expense -25, loss on disposal of fixed assets -39, depreciation -45) | -78 |
| ✓ Increase in general administration fees | +35 |
| Operating income | -177 |
| Decrease in interest payments, etc. | -121 |
| Ordinary income | -56 |
| Net income | -56 |

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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.
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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)