



JAPAN RETAIL FUND

CLSA JAPAN FORUM 2015

Feb. 24-27, 2015

8953



Japan Retail Fund Investment Corporation

US ADR(OTC): JNRFY

Security Code **8953**

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

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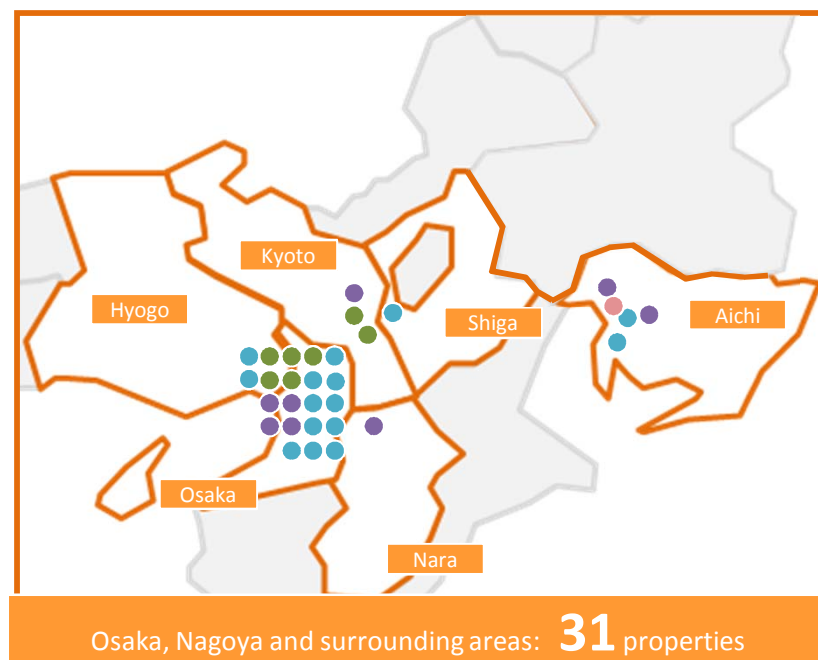
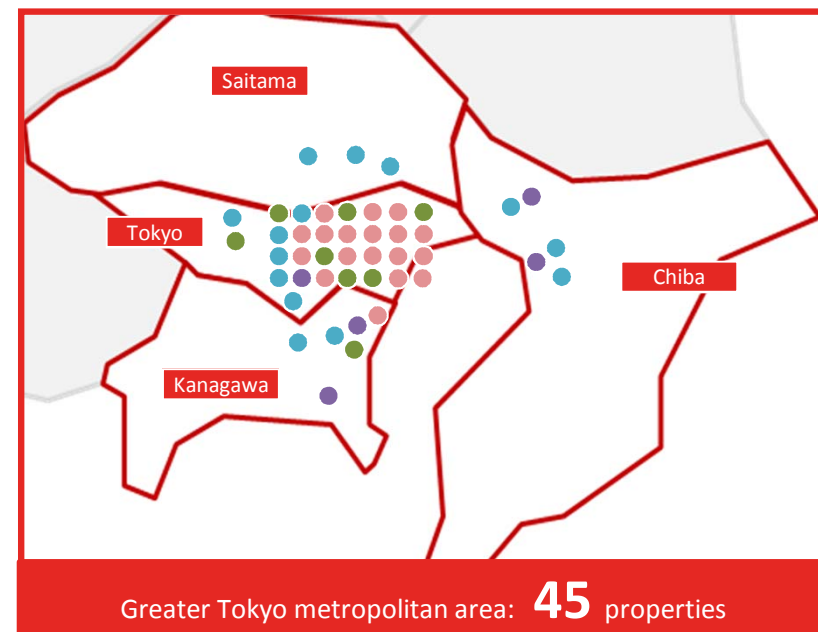
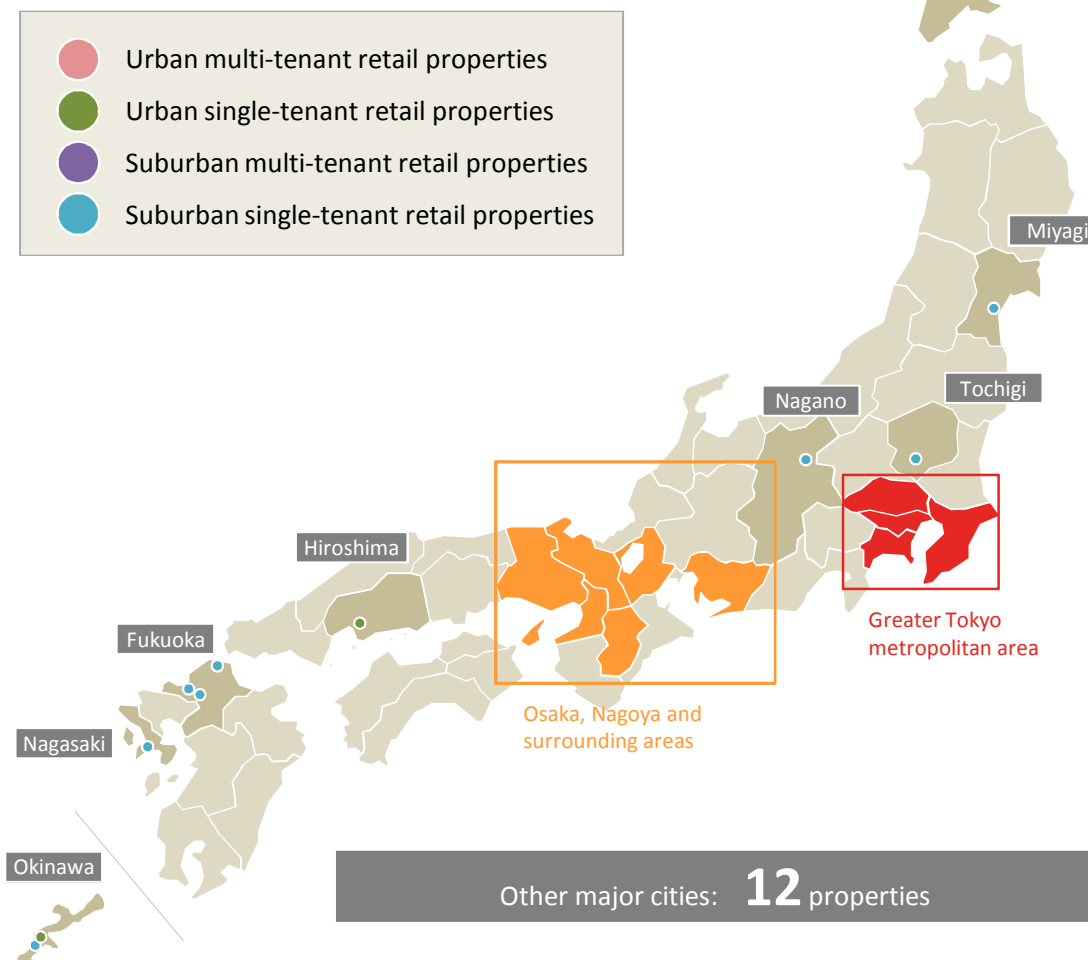
1. Features of JRF



CUTE CUBE HARAJUKU

Portfolio Map (based on 88 properties as of Jan. 31, 2015)

We consider the regional diversification of our portfolio and own a wide variety of retail properties across Japan



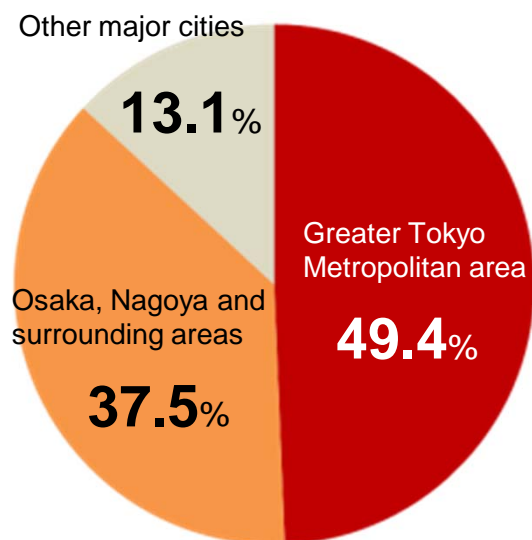
Stable rent income by diversified portfolio

By region

(based on appraisal value)

Greater Tokyo Metropolitan area

Approx. 50%

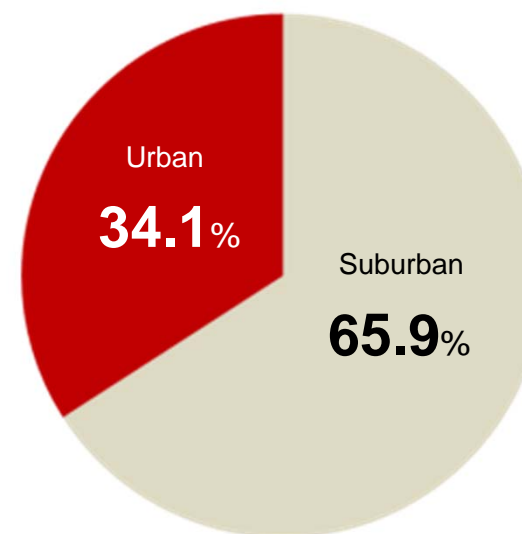


By asset type

(based on appraisal value)

Urban / Suburban

1 : 2



Stable Portfolio and Enhancing Operational Flexibility

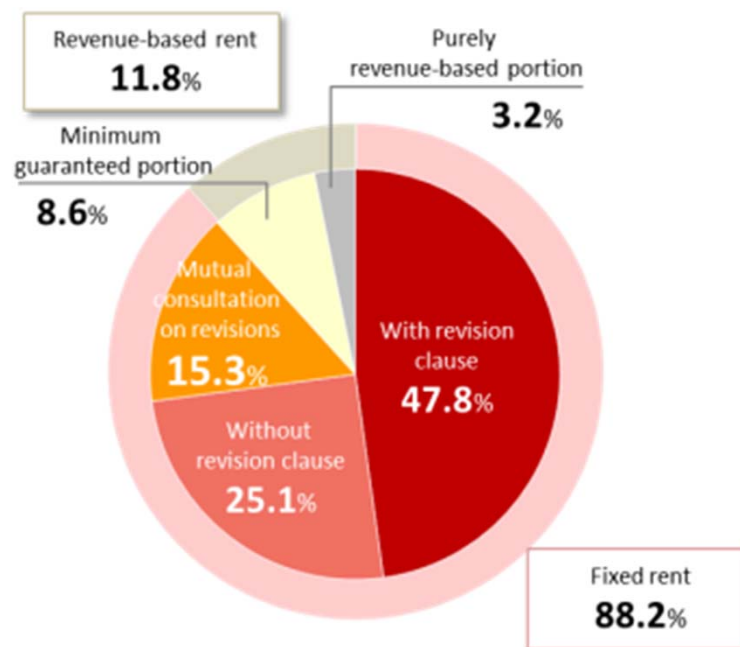
Stable portfolio based on fixed rents, long-term lease contracts and active operation

Lease structure

(based on annual rent)

Fixed rent
over **80%**

Average remaining term of lease
6.6 years



Expansion of growth type properties (Based on annual rent)

Feb. 2011 Period (19th)

As of Oct. 14, 2014

27.9%

+ 5.7pt.

33.6%

Expansion of direct lease properties (Based on annual rent)

Feb. 2011 Period (19th)

As of Oct. 14, 2014

19.5%

+ 20.3pt.

39.8%

Increase in new style (fixed-term) lease contract (Based on annual rent)

Feb. 2011 Period (19th)

As of Oct. 14, 2014

47.1%

+ 8.5pt.

55.6%

(Note) Based on the assets owned as of Oct. 14, 2014.

Based on effective lease contracts as of the end of Aug. 2014 for the properties owned as of the end of Aug. 2014 and as of the acquisition date for the properties newly acquired on Oct. 1, 2014 (excluding G-Bldg. Omotesando 02 and mozo wonder city).

Solid Financial Base

Solid financial base by long-term liability, fixed interest and diversified debt maturity

Financial indicators (Feb. 2015 period (Forecast))

Long-term debt rating

AA—(Stable)

Rating and Investment Information, Inc. (R&I)

LTV ratio

51.9%

LTV ratio

(excl. tenant leasehold and security deposits)

44.6%

Long-term liability ratio

100.0%

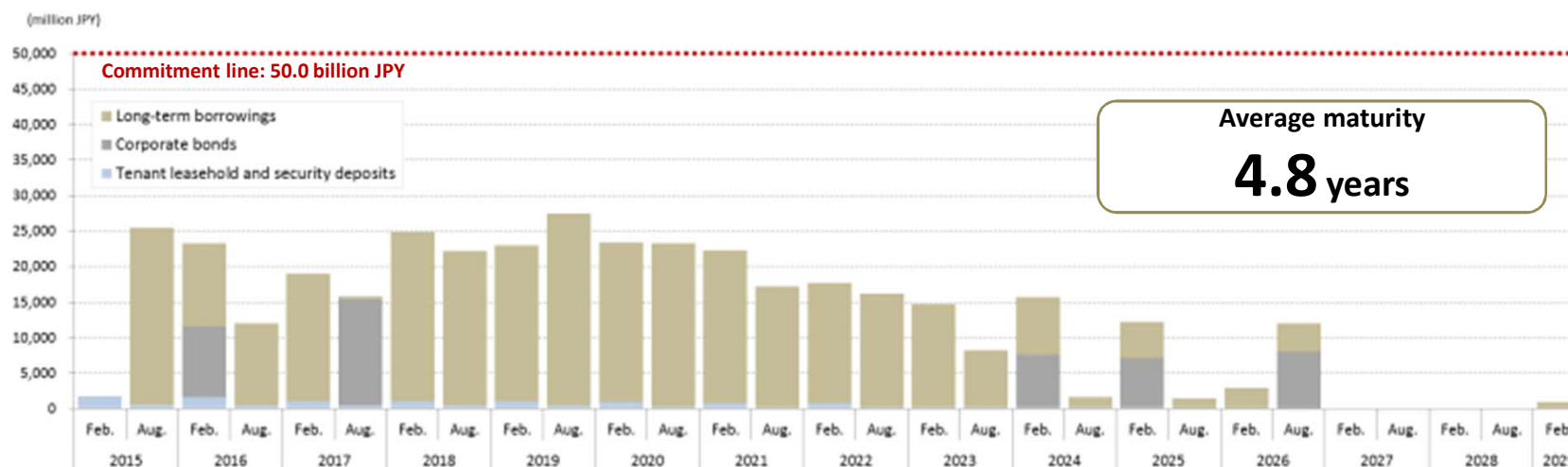
Fixed interest ratio

92.8%

Average debt cost

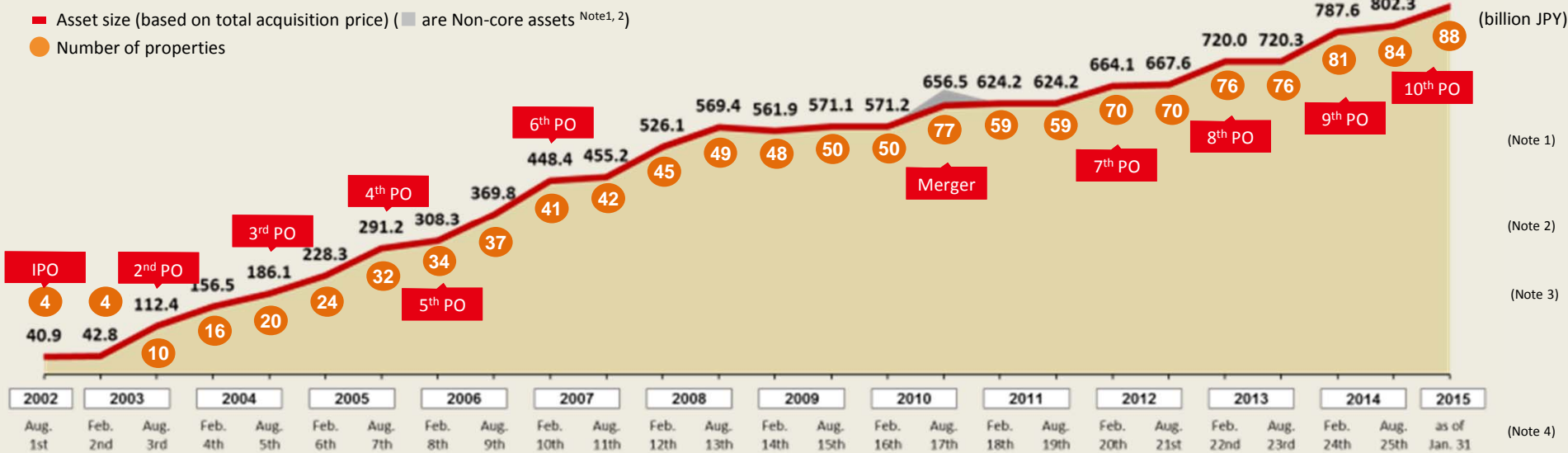
1.35%

Maturity ladder (as of Feb. 9, 2015)

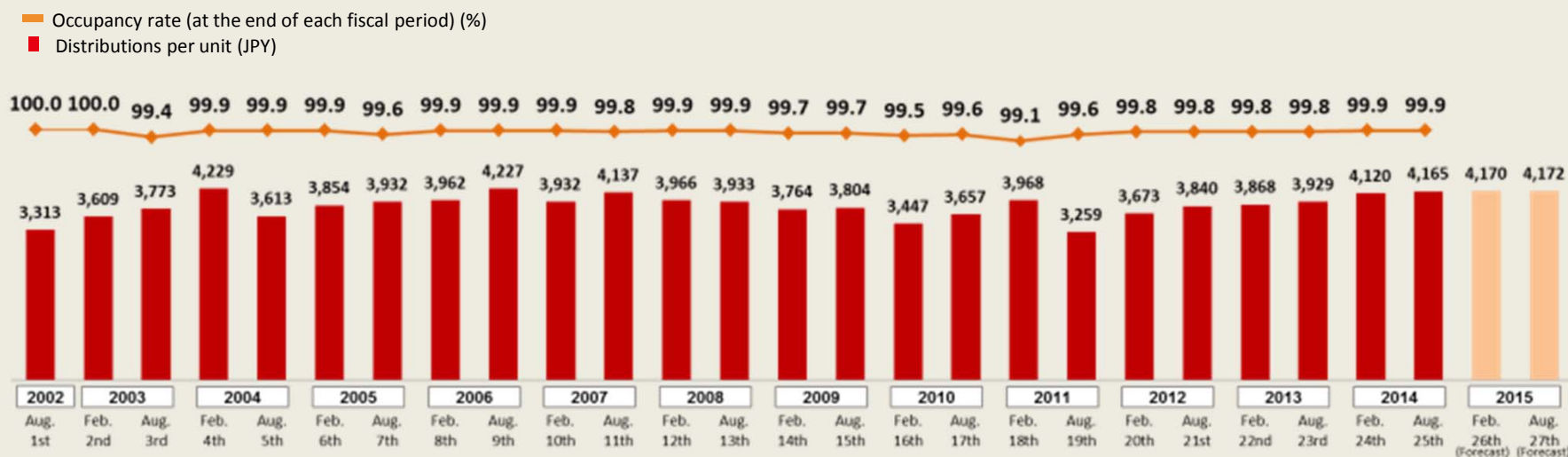


A 12-year Track Record since Listing

Continuous expansion of asset size since our listing



Distributions per unit and occupancy rate



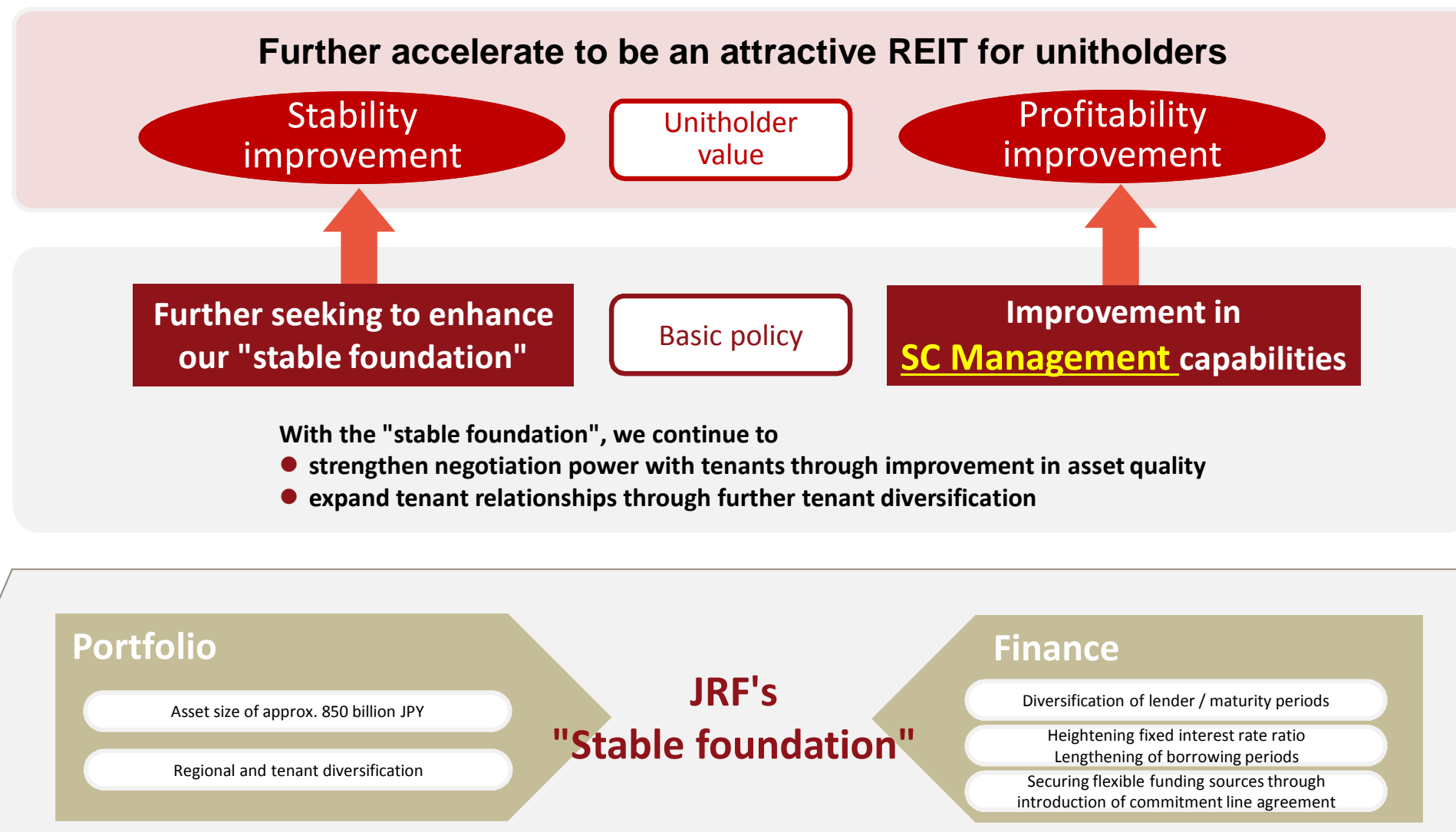
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2. JRF's Growth Strategy



DFS T GALLERIA OKINAWA

Basic policy that effectively leverages JRF's "stable foundation" for persistent growth in unitholder value



External Growth Strategy (1)

- Diversified retail portfolio with a wide variety of property type
- Traditional retail + New categories of retail and service



(Note) Based on acquisition price .

Potential investment pipelines leveraging our extensive deal sources

Extensive deal sources

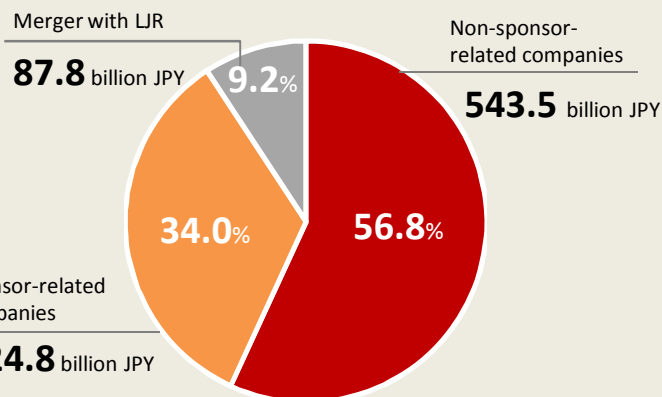
Independent network

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

- A 12-year proven track record of property acquisitions

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

Aggregate acquisition price since listing
approx. **956.2** billion JPY



CRE approach to property owners and tenants

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

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

- Examples of acquisition through CRE approach

Seller: Round1
Needs: Strengthening financial base
Solutions: Sale and lease-back transaction of their high ranked properties



Round1 Stadium Takatsuki

Seller: TAKE and GIVE NEEDS
Needs: Funding
Solutions: Sale and lease-back transaction of the land of their flagship wedding hall



Arkangel Daikanyama
(land with leasehold interest)

Mitsubishi Corporation group



Collaboration with Mitsubishi Corporation group

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

- Examples of the collaboration with Mitsubishi Corp. group

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



Cute Cube HARAJUKU

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



G-Bldg. Omotesando 02

Strengthening stable foundation through asset size expansion

■ Acquisition of prime assets and expansion of tenant relationships

Property acquisitions in 2014 and 2015 (9 properties, **67.3** billion JPY)



DFS T GALLERIA OKINAWA (Note)



G-Bldg. Omotesando 02
(50% co-ownership interest)



CUTE CUBE HARAJUKU



G-bldg. Kichijoji 01



G-bldg. Shibuya 01



mozo wonder City
(20% co-ownership interest)



m-city Toyonaka



Round 1 Stadium Takatsuki

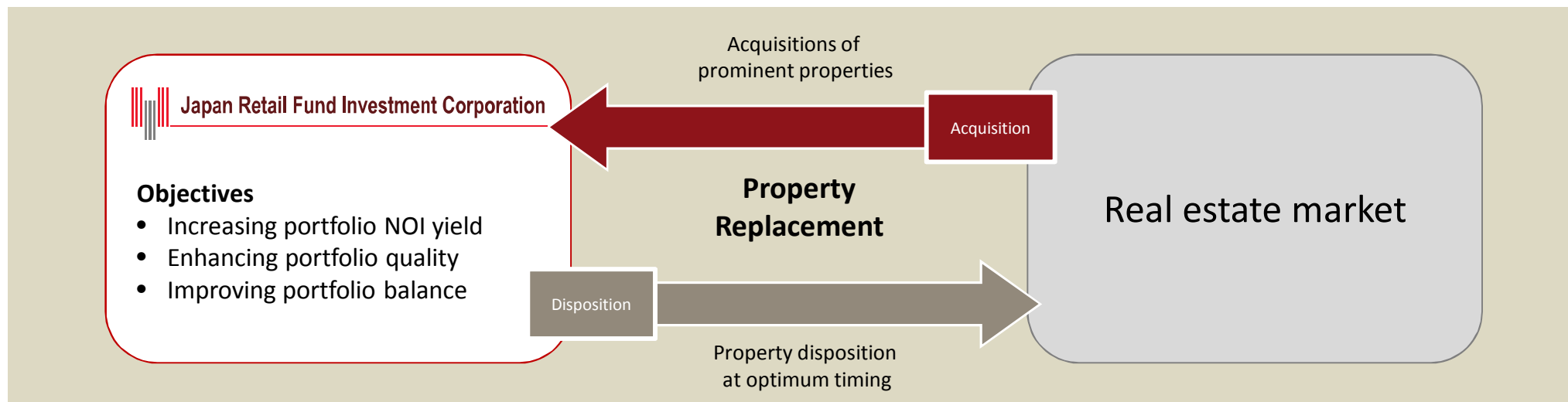


G-Bldg. Nagoya Sakae 01

(Note) We intend to acquire a certain portion of the underlying land on Jan. 15, 2016 (anticipated acquisition price of 2,470 million JPY).

External Growth Strategy (4)

Improvement in portfolio profitability and stability through property replacement



Example of property replacement

		Disposition	Acquisition
Jan. – Apr. 2014	<ul style="list-style-type: none"> AEON TOWN Ogaki G DINING SAPPORO G-Bldg. Jingumae 04 G-Bldg. Jingumae 05 	Approx. 10 billion JPY Average NOI yield (after depreciation) 3.4%	Approx. 20 billion JPY Average NOI yield (after depreciation) 3.9% <ul style="list-style-type: none"> G-bldg. Omotesando 02 (35% co-ownership interest) G-bldg. Shibuya G-bldg. Kichijoji (50% co-ownership interest) Round1 Stadium Takatsuki
Dec. 2014– Jan. 2015	<ul style="list-style-type: none"> AEON MALL Kobe Kita (30% co-ownership interest) 	Approx. 4.9 billion JPY Average NOI yield (after depreciation) 3.2%	Approx. 3.6 billion JPY Average NOI yield (after depreciation) 4.0% <ul style="list-style-type: none"> G-bldg. Nagoya Sakae 01 G-bldg. Kichijoji (50% co-ownership interest)



AEON MALL Kobe Kita



G-Bldg. Nagoya Sakae 01

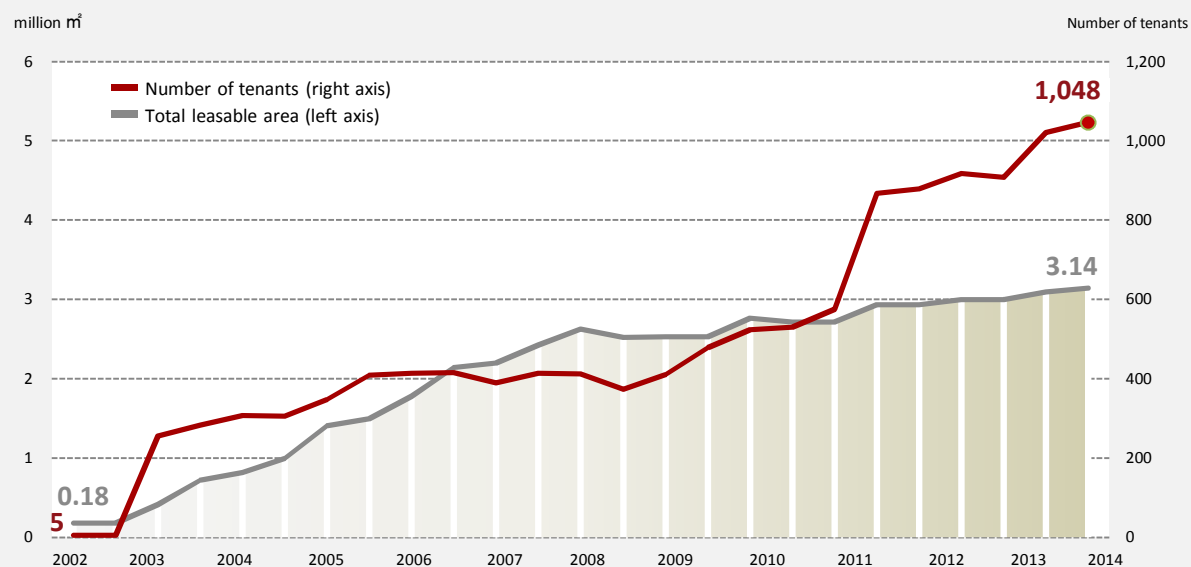
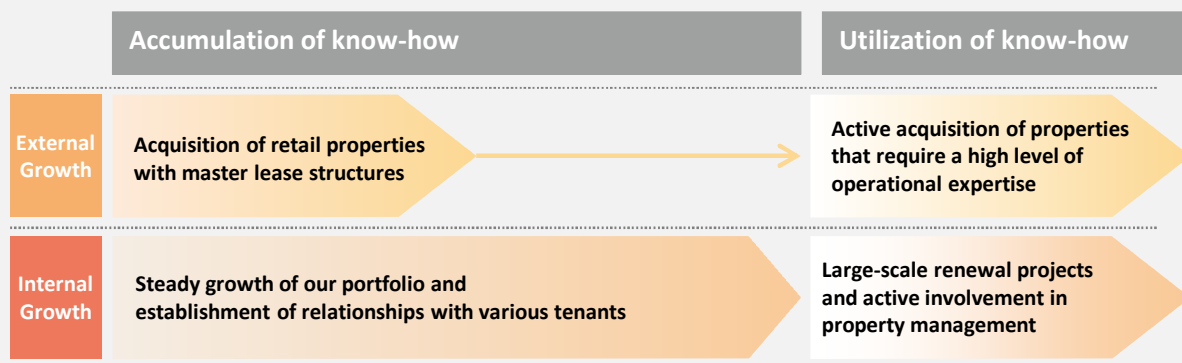


G-Bldg. Kichijoji 01

Internal Growth Strategy (1)

Expanding our SC Management Platform and relationships with competitive tenants

Expansion of SC Management platform



Relationships with competitive tenants

Example of tenants in our portfolio

Fashion

WORLD Group
ONWARD Group
TSI Holdings
Adastria Holdings

Fashion (SPA)

ZARA (Inditex Group)
OLD NAVY, Banana Republic (GAP Group)
UNIQLO, GU (First retailing)

Food/Dining

BENOIT
Ukai-Tei
Dayledford Organic
Starbucks Coffee

Entertainments

Round1
Sega World
United Cinemas

Services

TIPNESS
TAKE AND GIVE NEEDS
TSUTAYA

Electronics & Phones

Yamada Denki
Bic Camera
Docomo
SoftBank

Department Stores

Seibu Department Store
Kintetsu Department Store
Marui

Goods

MoMA DESIGN STORE
KIDDY LAND
Muji
JINS

Sports

adidas
Super Sports XEBIO
ABC-Mart

Luxury

CHANEL
DELVAUX
Brioni

Daily

AEON
Ito-Yokado
Summit store
Matsumotokiyoshi

Accelerating internal growth by leveraging our SC Management capabilities

Future internal growth plans



(Note) The future plans above have not been decided as of Oct.2014. Please be sure that these plans described here may change or cease without any notice.

Reduction of future potential risks

by securing property competitiveness of aged properties and introducing stable leasing contracts

AEON Yagoto (Nagoya-shi, Aichi): Improvement in property competitiveness through introduction of stable leasing contracts

- Revision of economic conditions and lease term renewal/extension in exchange for revitalization of the sales floor
- Full renewal of an aged store, 21-year-old at the tenant's expense
- Opening in September 2014

Revitalization of the store at the tenant's expense

- ✓ Introduction of "Grand Generation's Mall", the third case for AEON Retail
- ✓ Improvement in property competitiveness through introduction of competitive specialty stores including UNIQLO, MUJI, Seria etc.

Before



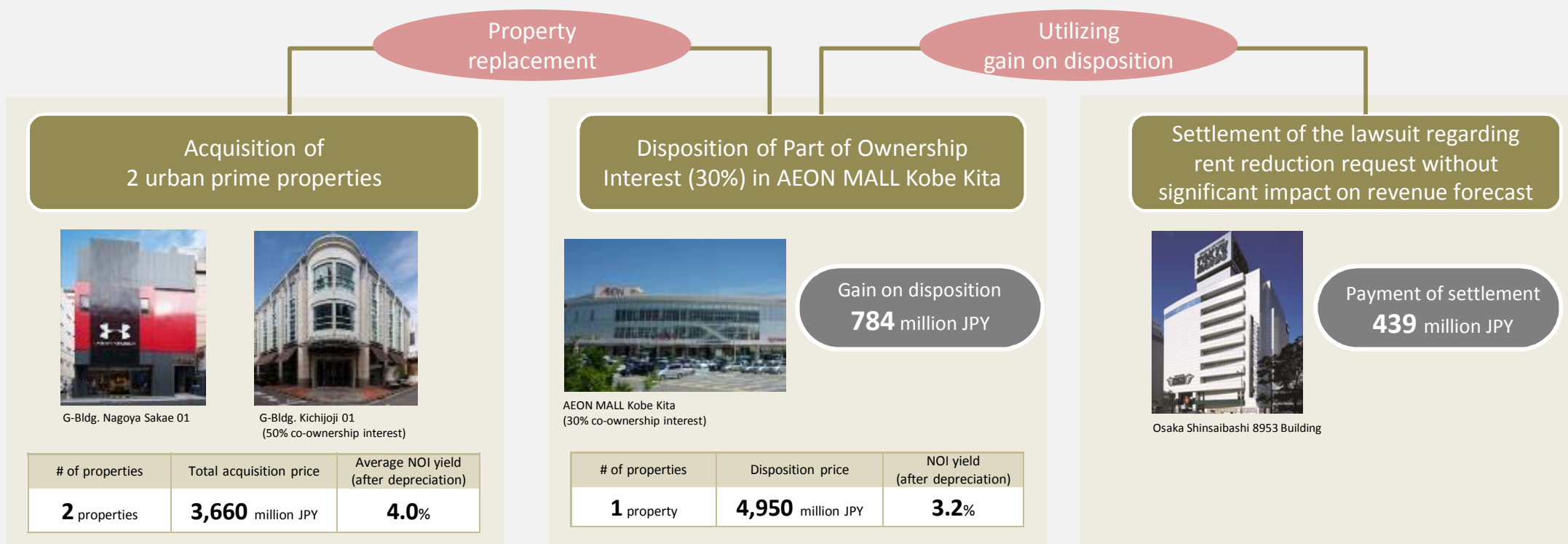
After



The Recent Actions

Implementation of suitable portfolio management for persistent growth in unitholder value

- Property replacement for further diversification and improvement of portfolio profitability
- The settlement of the lawsuit for stabilizing lease contract and securing flexibility on property management
- Stabilizing DPU level by utilizing gain on disposition



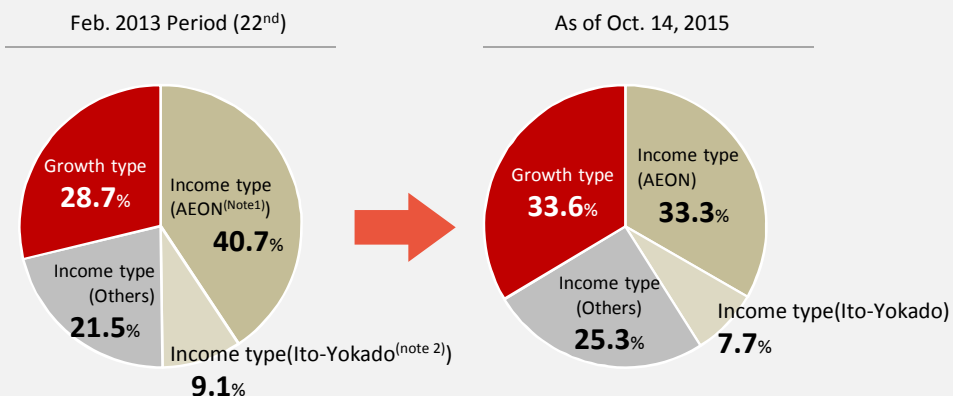
Improving portfolio quality while maintaining profitability

1 Achieving improvement in portfolio quality

Improvement in portfolio quality

	Feb. 2013 Period (22 nd)	As of Oct. 14, 2015
Urban type (based on appraisal value)	23.9%	33.6%
Direct lease (based on annual rent)	28.1%	39.8%
New style (fixed-term) lease contract (based on annual rent)	49.0%	55.6%

Increasing growth type and diversifying tenant category (based on annual rent)



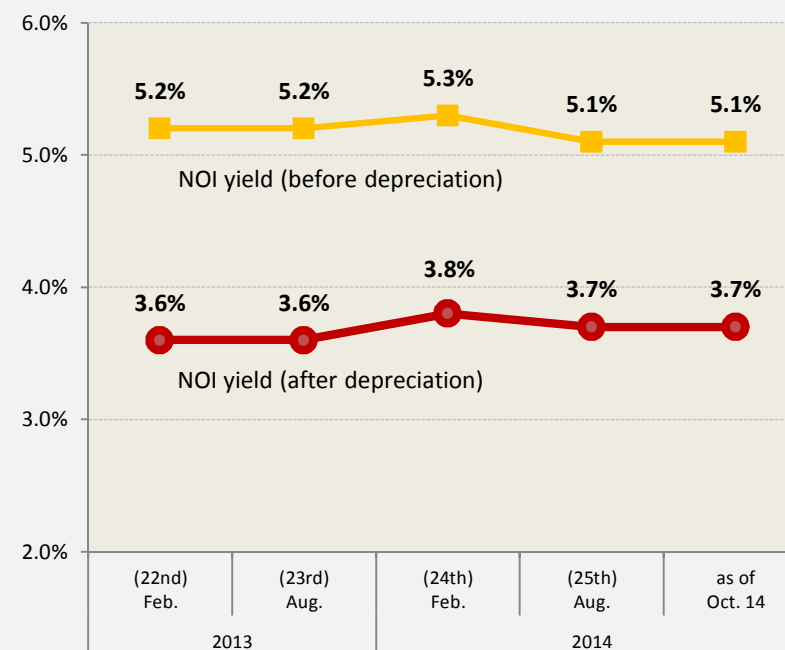
(Note 1) "AEON" refers to the total annual rent of AEON Retail, AEON MALL, AEON Kyushu, AEON Ryukyu and AEON TOWN which lease our properties as a master lease tenant in Income properties.

(Note 2) "Ito-Yokado" refers to the total annual rent of Ito-Yokado which leases our properties as a master lease tenant in Income properties.

2 Maintaining portfolio profitability

NOI yield trend

Maintained portfolio profitability



Implementation of Financing Strategy (1)

Further strengthening financial base

■ Measures for improving financial stability

1 Diversification of funding sources

Continuous issuance of corporate bonds

Jun. 2014 and Feb. 2015

Series 8 of Unsecured Corporate Bonds	
Issue date	Jun. 26, 2014
Issue amount	8.0 billion JPY
Term	12 years
Interest	1.260%

Series 9 of Unsecured Corporate Bonds	
Issue date	Feb. 5, 2015
Issue amount	7.0 billion JPY
Term	10 years
Interest	0.765%

2 Securing flexible funding sources

Introduction of long-term commitment line

Sep. 2014

Amended a 15.0 billion JPY portion of the previous short-term 50.0 billion JPY commitment line agreement with a long-term commitment line agreement

Commitment line total **50.0** billion JPY

Long-term Commitment line		Short-term Commitment line
15.0 billion JPY		35.0 billion JPY
3 years	Validity of agreement	1 year
up to 5 years	Borrowing period	up to 1 year

3 Improving fixed interest rate ratio

Introduction of fixed interest rate to floating rate debt

Oct. 2014 and Feb. 2015

Introduced fixed interest rate to existing floating rate borrowings with relatively longer remaining period to maturity while carefully observing interest rate trend and controlling overall debt cost level

■ Existing borrowings of which interest rate is newly fixed

Total amount	79.0 billion JPY
Average loan term remaining until maturity	5.5 years

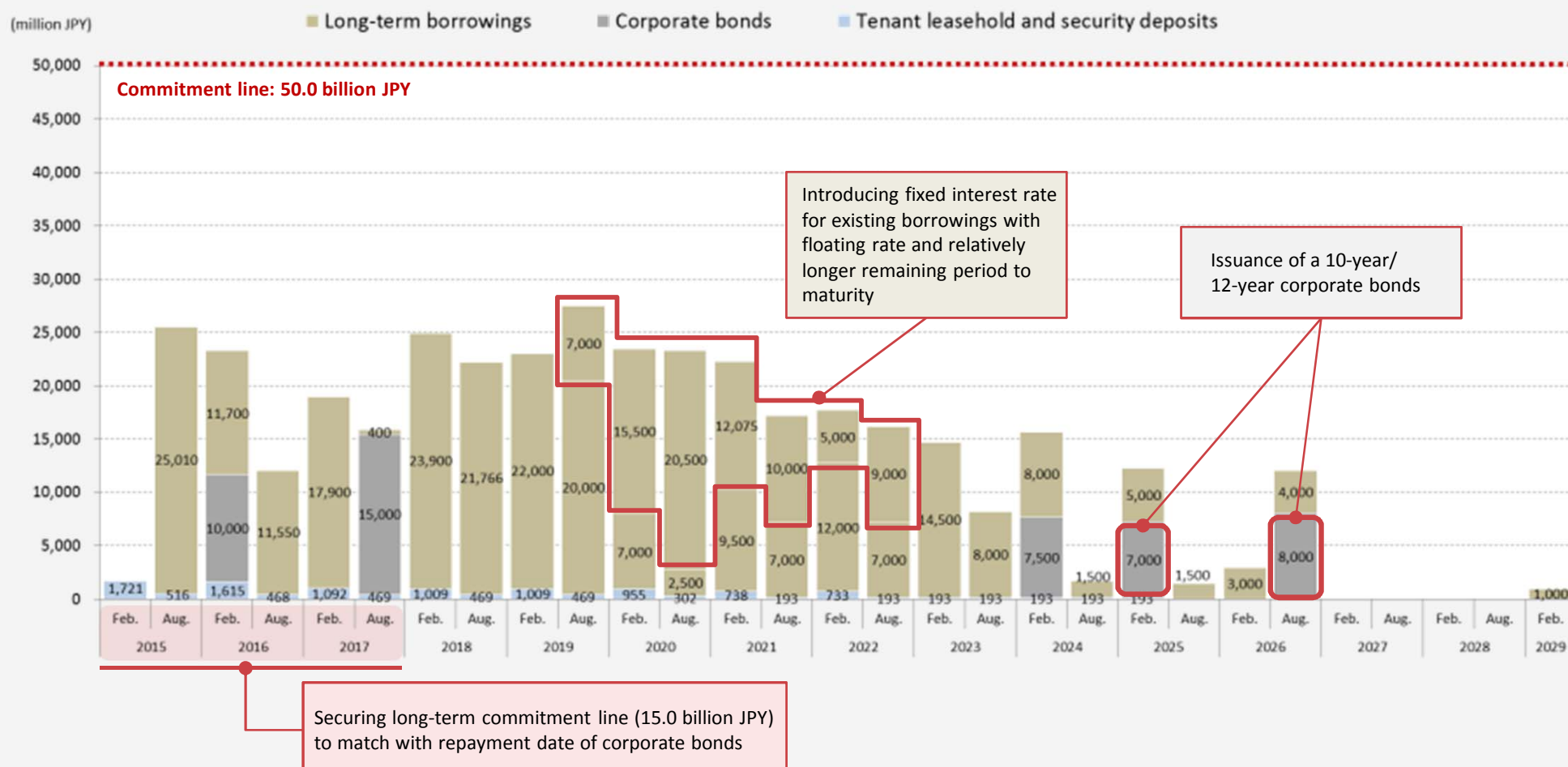
■ Improvement in fixed interest rate ratio

Before (as of Aug. 31, 2014)		After (as of Feb. 9, 2015)
73.7%	+ 19.1pt.	92.8%

Implementation of Financing Strategy (2)

Diversification of maturity dates and leveling of repayment amount

Maturity ladder (as of Feb. 9, 2014)



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3. Financial Results and Forecasts



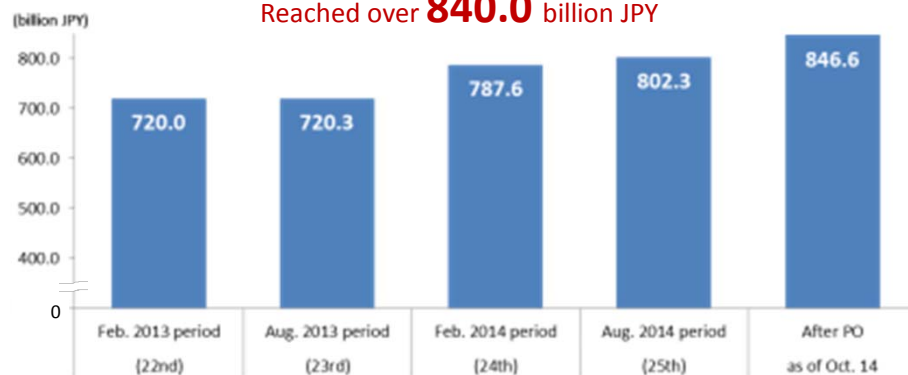
G-Bldg. Omotesando 02

Business Results

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

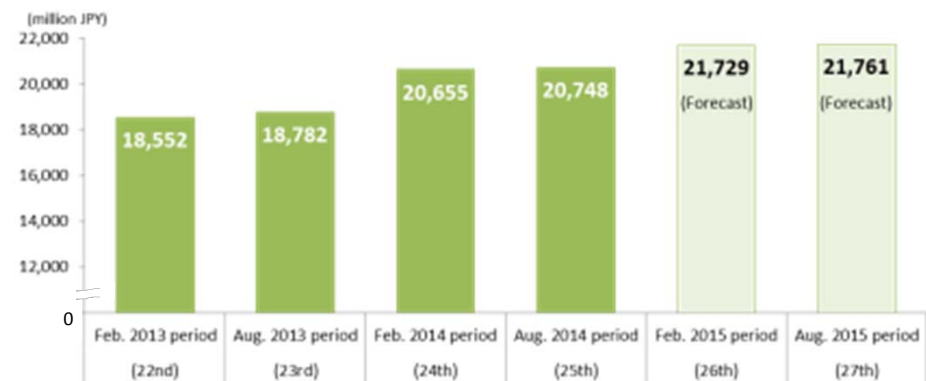
Asset size

18% increase in 2 years
Reached over **840.0** billion JPY



Rent NOI

12% increase in 2 years



Distributions per unit

8% increase in 2 years



NAV per unit

16% increase in 2 years



Unrealized profits and losses (billion JPY)	- 3.9	+6.3	+26.7	+36.7	+38.8
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Period-end NAV: (Net asset value + unrealized profits and losses of the properties in our portfolio, as of the end of each fiscal period) / (the number of units outstanding as of the end of each fiscal period)

NAV after PO: (Net asset value + unrealized profits and losses of the properties in our portfolio, as of the end of Aug. 2014 period—unrealized profits and losses of a sold property + unrealized profits and losses of 5 newly acquired properties) / (the number of units outstanding as of Aug 2014 + new issuance of 122,000 units by PO in 2014, assuming that the over allotment options are exercised in full.)

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4. JRF's Sustainability Management



mozo wonder city

Proactively engages in various measures for maintaining the sustainability of the environment and the society as a whole with the Asset Manager

Basic policy

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

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

Signatory of:



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

Communication with stakeholders



Activities for minimizing environmental load and conserving the environment



AEON MALL
Itami

- Installation of solar panels



mozo
wonder city

- Adding greenery to the exterior



- Adding greenery
- Restoration of rain water to aquifers through such measures as a permeable pavement

Oyama Yuen
Harvest Walk

Creation of public spaces



- Expansion of recreation space

Recognition from third parties

JRF will continue to manage assets while paying careful attention to the environment and social responsibility

GRESB(Global Real Estate Sustainability Benchmark)

JRF participates in GRESB and is designated as a "Green Talk" company.



DBJ Green Building Certification

JRF Becomes the First J-REIT Specializing in Retail Sector to Receive DBJ Green Building Certification from Development Bank of Japan Inc. ("DBJ") on November 11, 2014 for four of its properties

Properties with exceptionally high environmental & social awareness



- **Nara Family**
(Nara-shi, Nara)
- **mozo wonder city**
(Nagoya-shi, Aichi)



Nara Family



mozo wonder city

Properties with excellent environmental & social awareness



- **Oyama Yuen Harvest Walk**
(Oyama-shi, Tochigi)



Properties with high environmental & social awareness



- **GYRE**
(Shibuya-ku, Tokyo)



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