Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation
(Tokyo Stock Exchange Company Code: 8953)
News Release – February 24, 2016

Supplemental Material on a Series of Press Releases

September 30, 2015	Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Shinsaibashi 04
October 14, 2015	Notice Concerning Disposition of Five Properties and Termination of Lease Accompanying Disposition
December 24, 2015	Notice Concerning Acquisition of a property in Sendai, Miyagi
January 25, 2016	Notice Concerning Acquisition of G-Bldg. Kyoto Kawaramachi 01
February 24, 2016	Notice Concerning Acquisition of G-Bldg. Ginza Chuo-dori 01 and G-Bldg.Kichijoji 02

Disposition



"G-Bldg. Kyoto Kawaramachi 01"
Acquisition on Mar. 18, 2016 (Scheduled)

Acquisition



"G-Bldg. Ginza Chuo-Dori 01"
Acquisition on Mar. 1, 2016 (Scheduled)

Acquisition



"G-Bldg. Kichijoji 02"
Acquisition on Feb. 29, 2016 (Scheduled)

Asset replacement for the purpose of improving portfolio quality

Summary

- Further improvement of portfolio balance
- Acquisition of retail properties located in urban prime location in major commercial areas
- Stabilizing DPU level by our portfolio management utilizing gain on disposition

Asset replacement
utilized disposition proceeds

Stabilized DPU level
utilized gain on property disposition

Strategic asset acquisitions





Left side
"G-Bldg. Ginza Chuo-Dori 01"
(50% co-ownership interest)

Right side
"G-Bldg. Kyoto Kawaramachi 01"

Acquisition of 5 urban properties

# of properties	Total acquisition price	NOI yield (after depreciation)(Note 3)
5 properties	**37,150** million JPY	**3.3**%

Points of acquisition

- ✓ Retail properties located in urban prime location in major commercial areas
- ✓ Strengthen the relationship with tenants
- ✓ Expansion of floor space wherein SC management strength can be utilized, such as the conducting of aggressive tenant replacement in order to increase the competiveness of retail facilities

Property disposition at optimal timing

Disposition proceeds (Note 1)
approx. **62.8** billion JPY

Estimated gain on property dispositions (Note 2)
approx. **2.9** billion JPY

"AEON Omiya"



Disposition of 5 suburban GMS properties

# of properties	Total disposition price	NOI yield (after depreciation)(Note 3)
5 properties	**68,567** million JPY	**3.3**%

Points of disposition

- ✓ Realization of gain on disposition against a backdrop of favorable real estate market
- ✓ Improved NAV through disposition of property with unrealized loss
- ✓ Mitigation of concentration on specific tenant

Stabilizing DPU level by our portfolio management

Profit management through splitting the timing of disposition

- ✓ Disperse the recording of gain on property disposition to multiple periods by splitting the timing of disposition
- ✓ Appropriation of profit from disposition to decreased operating profits accompanying property disposition

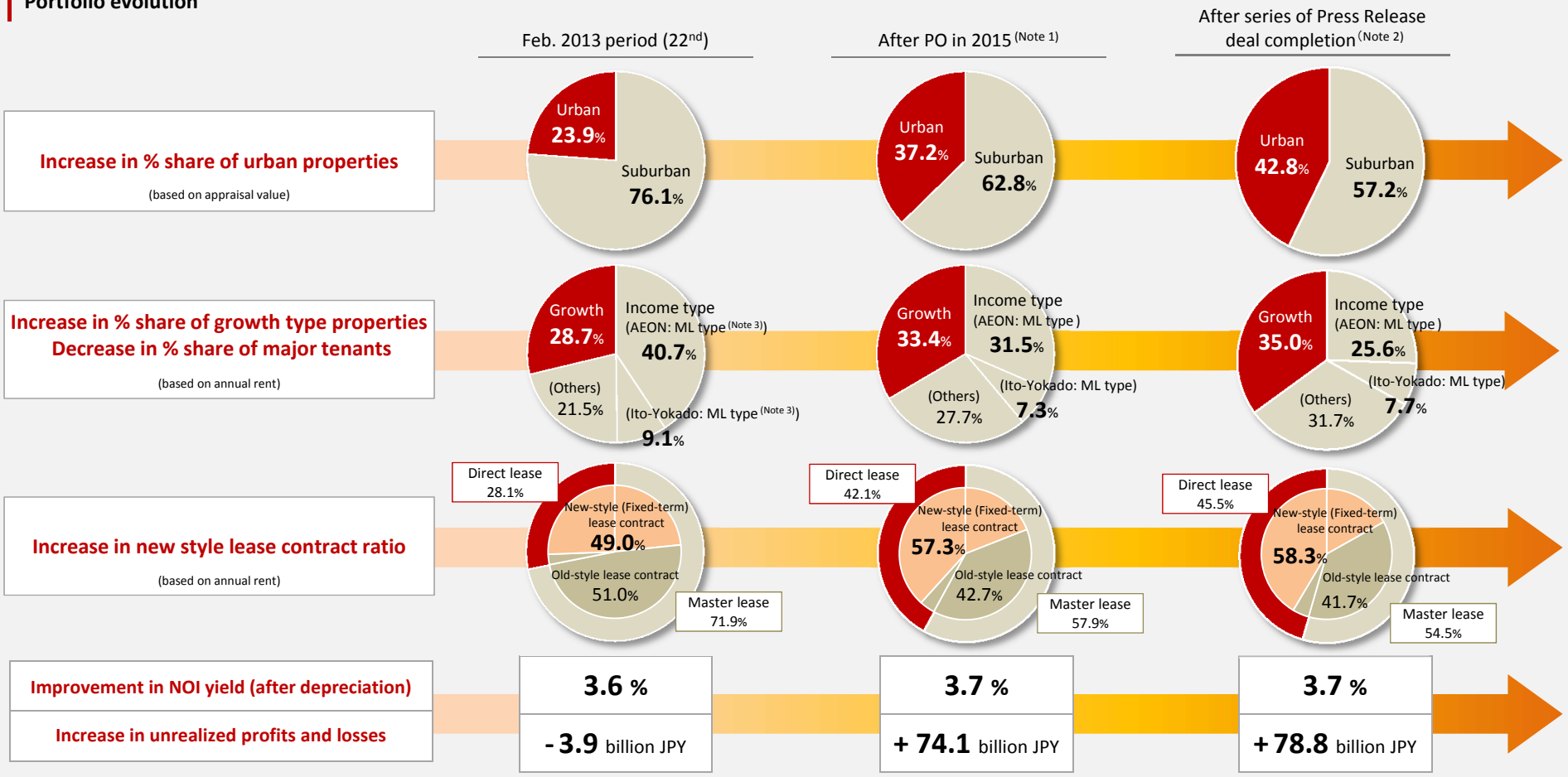
Accelerated internal growth

- ✓ The remaining amount of gain on property disposition retained as reserves
- ✓ Reserves appropriated to temporary expenses accompanying large-renewals etc. for existing properties based on internal growth strategies

(Note) Please refer to page 5.

Portfolio metrics constantly improving through our persistent efforts

Portfolio evolution



(Note) Please refer to page 5.

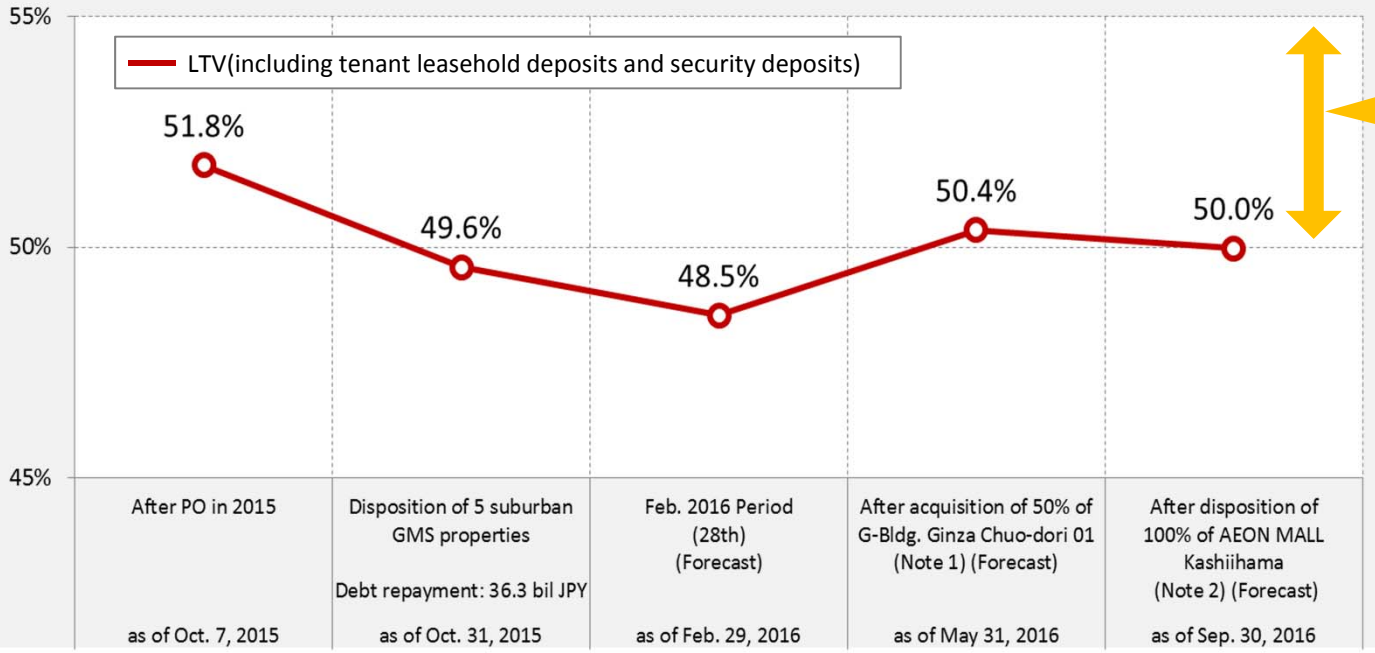
Selected investment in quality properties (mostly urban) while conducting LTV control

Basic concept and midterm strategy for financing

- Secure financial flexibility to help swift and mobile portfolio management
- Establish solid financial base which enables JRF to maintain stable fund management in preparation for future financial market downturn
- Maintain high financial credibility to enjoy substantial cost advantage for debt procurement

Change of LTV and acquisition capacity

✓ **LTV benchmark : 45% - 55%**



Acquisition capacity spanning from LTV 50.0% to the upper limit guideline of the operational range

LTV of 55%/About 95 billion JPY

Continuation of strictly selected investment in quality properties (mostly urban) while knowing and understanding the market environment

(Note) Please refer to page 5.

Acquisition

List of acquisition properties

* Million JPY unless otherwise noted.

Name of property	Location	Area	(Anticipated) Acquisition price (A)	Appraisal value (B) (as of the acquisition date)	(A) / (B)	NOI yield	NOI yield (after depreciation)	Acquisition date
G-Bldg. Shinsaibashi 04	Osaka-shi, Osaka	Urban	**2,350**	**2,480**	**94.8** %	**3.9** %	**3.7** %	Oct. 16, 2015
G-Bldg. Sendai Ichibancho 01(Note 1)	Sendai-shi, Miyagi	Urban	**4,320**	**4,570**	**94.5** %	**4.4** %	**3.9** %	Land with leasehold : Dec. 25, 2015 Building: Sep. 30, 2016 (Scheduled)
G-Bldg. Kyoto Kawaramachi01 (Note 2)	Kyoto-shi, Kyoto	Urban	**2,180**	**2,340**	**93.2** %	**4.4** %	**3.8** %	Mar. 18, 2016 (Scheduled)
G-Bldg. Kichijoji 02	Musashino-shi, Tokyo	Urban	**15,300**	**15,800**	**96.8** %	**4.1** %	**3.7** %	Feb. 29, 2016 (Scheduled)
G-Bldg. Ginza Chuo-Dori 01 (50% co-ownership interest)	Chuo-ku, Tokyo	Urban	**13,000**	**13,300**	**97.7** %	**2.8** %	**2.5** %	27.5%: Mar. 1, 2016 (Scheduled) 22.5%: Apr. 28, 2016 or any other date between April 28, 2016 or the end of May 2016, in which the seller and JRF agree in writing
Total **5** properties			**37,150**	**38,490**	**96.5** %	**3.7** %	**3.3** %	

Disposition

List of disposition properties

* Million JPY unless otherwise noted.

Name of property	Location	Area	Disposition price (A)	Book value (B) (as of the end of Aug. 2015)	(A)－(B)	Appraisal value (C) (as of the end of Aug. 2015)	(C)－(B)	NOI yield	NOI yield (after depreciation)	Disposition date
AEON MALL Yachiyo Midorigaoka	Yachiyo-shi, Chiba	Suburban	**28,015**	**28,011**	**+ 3**	**23,700**	**- 4,311**	**3.8** %	**2.4** %	Oct. 15, 2015
AEON Ueda	Ueda-shi, Nagano	Suburban	**8,050**	**8,033**	**+ 16**	**7,970**	**- 63**	**5.5** %	**3.3** %	Oct. 15, 2015
AEON Nishi-Otsu	Otsu-shi, Shiga	Suburban	**12,230**	**12,148**	**+ 81**	**11,200**	**- 948**	**5.1** %	**3.8** %	Oct. 15, 2015
AEON Omiya	Saitama-shi, Saitama	Suburban	**5,772**	**5,758**	**+ 13**	**5,600**	**- 158**	**4.6** %	**2.9** %	Oct. 15, 2015
AEON MALL Kashiihama	Fukuoka-shi, Fukuoka	Suburban	**14,500**	**11,749**	**+ 2,750**	**14,500**	**+ 2,750**	**6.2** %	**5.0** %	30%: Oct. 15, 2015 19%: Aug. 31, 2016 (Scheduled) 51%: Sep. 30, 2016 (Scheduled)
Total **5** properties			**68,567**	**65,701**	**+ 2,865**	**62,970**	**- 2,731**	**4.8** %	**3.3** %	

(Note) Please refer to page 5.

Note

【Page 1】

(Note 1) The disposition proceeds are the figure equal to the disposition price minus the assumed gain on the property disposition(Note 2) and the amount of tenant leasehold deposits and security deposits for the disposed property.

(Note 2) The assumed gain on property disposition is the figure resulting from the disposition price minus the assumed book value as of each of the disposition dates and amount for expenses related to the disposition.

(Note 3) The NOI yield after depreciation is calculated as shown below.

NOI yield after depreciation = (real estate leasing business income – real estate leasing business expenses) ÷ acquisition price [rounded off to the first decimal place]

Acquisition property : This is calculated using yearly revenue and expenditure figures based on lease contracts that have been concluded by the date of acquisition. Moreover, depreciation expenses are calculated based on the roughly estimated amount at the time of the acquisition.

Disposition property: The amount is based on the annualized figures of the actual figures for the fiscal year ended August 31th 2015 (27th fiscal year)

【Page 2】

(Note 1) Based on existing 95 properties we own as of Oct. 14, 2015.

(Note 2) A basis of 95 properties. 95 properties retained as of October 14, 2015 deducting five AEON properties for which sale and purchase agreements were concluded on October 15, 2015, and adding: G-Bldg. Shinsaibashi 04 (acquired on October 16, 2015), G-Bldg. Sendai Ichibancho 01 (sale and purchase agreement was concluded on December 25, 2015), G-Bldg. Kyoto Kawaramachi 01 (sale and purchase agreement was concluded on January 27, 2016), G-Bldg. Kichijoji 02 (sale and purchase agreement was concluded on February 24, 2016), and G-Bldg. Ginza Chuo-Dori 01 (sale and purchase agreement scheduled for February 25, 2016). Furthermore, with respect to tenement vacancy at G-Bldg. Kyoto Kawaramachi 01, calculations are based on the presumption that fixed-term lease agreements are to be concluded with tenants other than AEON ML and Ito Yokado ML.

(Note 3) "AEON: ML type" 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.
"Ito-Yokado: ML type" refers to the total annual rent of Ito-Yokado which leases our properties as a master lease tenant in Income properties.

【Page 3】

(Note 1) Based on acquisition of G-Bldg. Ginza Chuo-dori 01 (22.5%) by borrowings.

(Note 2) Assumption numbers in case of AEON MALL Kashiihama 's disposition proceed is allocated to the prepayment of outstanding borrowings.

【Page 4】

(Note 1) With respect to the appraisal value for G-Bldg. Sendai Ichibancho 01, the figure listed is the sum of the appraisal value of the limited property right of land portion acquired on December 25, 2015 and the surveyed value for the building with leasing rights scheduled to be acquired on September 30, 2016. (both are as of December 1, 2015)

(Note 2) Calculations for NOI yield of G-Bldg. Kyoto Kawaramachi 01 are calculated based on the assumed NOI during cruising conditions. (Occupancy rate at the time of acquisition is 36.2%)

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