Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953)
News Release – February 27, 2017

Notice Concerning
Revised Forecasts for Operating Results for February 2017 (30th) Fiscal Period and August 2017 (31st) Fiscal Period and Forecasts for Operating Results and Distributions for February 2018 (32nd) Fiscal Period

Japan Retail Fund Investment Corporation ("JRF") has revised forecasts for the operating results for the February 2017 (30th) fiscal period (September 1, 2016 to February 28, 2017) and the August 2017 (31st) fiscal period (March 1, 2017 to August 31, 2017) announced on October 13, 2016 in "The Summary of Financial Results for the Six Months Ended August 31, 2016." We also announce forecasts for the operating results and distributions for the February 2018 (32nd) fiscal period (September 1, 2017 to February 28, 2018). Details are as follows.

1. Revised forecasts for operating results for February 2017 (30th) fiscal period (September 1, 2016 to February 28, 2017)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (exclusive of distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit (yen)
Previous forecast (A)	31,631	13,710	11,390	11,389	4,250	0
Revised forecast (B)	31,617	13,733	11,413	11,413	4,250	0
Change (B-A)	△14	+23	+23	+23	-	-
Rate of change	△0.0%	+0.2%	+0.2%	+0.2%	-	-

(Note 1) Number of investment units issued at the end of the period is 2,552,198 units.
(Note 2) Figures less than one unit are truncated and "Rate of change" is rounded to the nearest first decimal place.
(Note 3) In the revised forecast for February 2017 (30th) fiscal period, we assume total distributions of ¥10,846 million (¥4,250 per unit) out of ¥11,413 million undistributed earnings, after deducting ¥566 million which will be recognized as reserve for dividends (or retained earnings for temporary difference adjustment).
(Note 4) Forecasts may be revised if results are expected to deviate from the above forecasts beyond certain levels.
(Note 5) In the previous forecast, we assumed total distributions of ¥10,846 million (¥4,250 per unit) out of undistributed earnings of ¥11,389 million, after deducting ¥543 million which would be recognized as reserve for dividends (or retained earnings for temporary difference adjustment).

2. Revised forecasts for operating results for August 2017 (31st) fiscal period (March 1, 2017 to August 31, 2017)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (exclusive of distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit (yen)
Previous forecast (A)	30,069	13,051	10,780	10,779	4,250	0
Revised forecast (B)	31,025	13,508	11,160	11,159	4,250	0
Change (B-A)	+956	+456	+380	+380	-	-
Rate of change	+3.2%	+3.5%	+3.5%	+3.5%	-	-

(Note 1) Number of investment units issued at the end of the period is assumed to be 2,667,198* units.
* These units include 115,000 new investment units to be issued in addition to the 2,552,198 units currently issued and outstanding. Please refer to the press release titled "Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units" released as of today for details.
(Note 2) Figures less than one unit are truncated and "Rate of change" is rounded to the nearest first decimal place.
(Note 3) In the revised forecast for August 2017 (31st) fiscal period, we have assumed total distributions of ¥11,335 million (¥4,250 per unit), which is calculated by adding ¥37 million appropriated from the reserve for dividends (or retained earnings for temporary difference adjustment) of ¥3,704 million, and ¥138 million appropriated from the reserve for reduction entry of property of ¥476 million, to the undistributed earnings of ¥11,159 million.

Note: This press release is intended as general information for the announcement regarding JRF's forecasts for the operating results for February 2017 (30th) fiscal period and August 2017 (31st) fiscal period and the operating results and distributions for February 2018 (32nd) fiscal period and has not been prepared for the purpose of solicitation of investment.

(Note 4) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.
(Note 5) In the previous forecast, we assumed total distributions of ¥10,846 million (¥4,250 per unit), which is calculated by adding ¥36 million appropriated from the reserve for dividends (or retained earnings for temporary difference adjustment) of ¥3,681 million, and ¥30 million appropriated from the reserve for reduction entry of property of ¥476 million, to the undistributed earnings of ¥10,779 million.

3. Forecasts for operating results and distributions for February 2018 (32nd) fiscal period (September 1, 2017 to February 28, 2018)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (exclusive of distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit (yen)
February 2018 (32nd) fiscal period	31,297	13,787	11,512	11,511	4,330	0

(Note 1) Number of investment units issued and outstanding at the end of the period is 2,667,198* units.
* These units include 115,000 new investment units to be issued in addition to the 2,552,198 units currently issued and outstanding. Please refer to the press release titled "Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units" released as of today for details.
(Note 2) Figures less than one unit are truncated.
(Note 3) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.
(Note 4) In the February 2018 (32nd) fiscal period, we have assumed total distributions of ¥11,548 million (¥4,330 per unit), which is calculated by adding ¥37 million appropriated from the reserve for dividends (or retained earnings for temporary difference adjustment) of ¥3,667 million to the undistributed earnings of ¥11, 511 million.

4. Reasons for the revision and disclosure

JRF resolved to issue additional investment units at the Board of Directors meeting held today to raise funds for the purpose of acquisition of new specified assets (as defined in Article 2, Paragraph (1) of the Act on Investment Trusts and Investment Corporations). Accordingly, we have revised our forecasts for operating results and distributions for the August 2017 (31st) fiscal period announced on October 13, 2016 in "The Summary of Financial Results for the Six Months Ended August 31, 2016" due to changes in the underlying assumptions as well as we announce our forecasts for operating results and distributions for the February 2018 (32nd) fiscal period.

Additionally, we have revised our forecast for operating results for the February 2017 (30th) fiscal period, reflecting changes in the underlying assumptions.

(Disclaimer)

The forecasts for the February 2017 (30th) fiscal period, August 2017 (31st) fiscal period and February 2018 (32nd) fiscal period represent current calculations based on the assumptions provided in the Attachment, and actual operating revenues, operating income, ordinary income, net income and distributions per unit may fluctuate significantly due to deviations from the initial assumptions caused by factors, such as the financial results determination process, future acquisitions and sales of real estate, changes in rent income as a result of changes in the tenants, changes in the investment environment such as unexpected occurrence of repairs, and fluctuations in interest rates and actual number of issuance and issue value of new investment units to be decided. As such, the forecasts are not a guarantee of actual results.
Please refer to the attached "Assumptions underlying operating results forecasts for the February 2017 (30th) fiscal period, August 2017 (31st) fiscal period and February 2018 (32nd) fiscal period" for the assumptions underlying the operating results forecasts.

About JRF: JRF is the third listed Japanese Real Estate Investment Trust ("J-REIT") and the first J-REIT to focus exclusively on retail properties. Please refer to our website at **http://www.jrf-reit.com/english/index.html** for further details.

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Investor Relations: Telephone Number: 81-3-5293-7081
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This extract is for informational purposes only, and the Japanese language release should be referred to as the original.

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[Attachment]

Assumptions underlying operating results forecasts for the February 2017 (30th) fiscal period, August 2017 (31st) fiscal period and February 2018 (32nd) fiscal period.

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Accounting period</td><td>February 2017 (30th) Fiscal Period (September 1, 2016 to February 28, 2017) (181 days)
August 2017 (31st) Fiscal Period (March 1, 2017 to August 31, 2017) (184 days)
February 2018 (32nd) Fiscal Period (September 1, 2017 to February 28, 2018) (181 days)</td></tr>
<tr><td>Assets managed</td><td><February 2017 (30th) Fiscal Period>
- We assume that our portfolio contains a total of 92 properties as of February 27, 2017.

<August 2017 (31st) Fiscal Period and February 2018 (32nd) Fiscal Period>
- We assume that our portfolio will contain a total of 96 properties, including the 1 property to be acquired as announced on September 28, 2016 in the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in Kasugai (Land with leasehold interest),” 1 property to be acquired as announced on January 23, 2017 in the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Tenjin Nishi-dori 01” as well as 4 properties (including an acquisition of 1 property which is adjacent to properties in our portfolio and to be integrally managed) to be acquired as announced today in the press release titled “Japan Retail Fund Investment Corporation to Acquire 4 Properties in Japan” in addition to our current properties and excluding 1 property to be disposed of as announced on January 26, 2017 in the press release titled “Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Kamifukuoka-higashi” from our current portfolio.

<Property to be acquired as announced on September 28, 2016 in the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in Kasugai (Land with leasehold interest)”>
<table><tr><th>Name of property to be acquired</th><th>Date of acquisition</th></tr><tr><td>Kasugai (Land with leasehold interest)</td><td>Not determined (Note)</td></tr></table>(Note) The property is scheduled to be acquired after the issuance of the building inspection certificate for the planned building construction with tenants consisting a grocery store, and other tenants. As of today, the estimated timing for the acquisition is August 2017.

<Property to be acquired as announced on January 23, 2017 in the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Tenjin Nishi-dori 01”>
<table><tr><th>Name of property to be acquired</th><th>Date of acquisition (Note 1)</th></tr><tr><td>G-Bldg. Tenjin Nishi-dori 01 (Note 2)</td><td>April 5, 2017</td></tr></table>(Note 1) Date of acquisition is subject to change.
(Note 2) Name to be used for management purposes after the acquisition; the property is currently named West Side Tenjin.</td></tr>
</table>

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<table>
<tr>
<td>Assets managed</td>
<td>
<Properties to be acquired as announced today in the press release titled “Japan Retail Fund Investment Corporation to Acquire 4 Properties in Japan”>
<table>
<tr><th>Name of properties to be acquired</th><th>Date of acquisition (Note 1)</th></tr>
<tr><td>G-Bldg. Midosuji 01 (Note 2)</td><td>March 31, 2017</td></tr>
<tr><td>G-Bldg. Shinsaibashi 03 (Bldg. B)
(Additional acquisition of adjacent property)</td><td>March 17, 2017,
by December 31, 2017 (Note 3)</td></tr>
<tr><td>MARINE & WALK YOKOHAMA</td><td>March 24, 2017,
May 1, 2017 (Note 4)</td></tr>
<tr><td>G-Bldg. Naha-shintoshin 01</td><td>March 17, 2017</td></tr>
</table>
(Note 1) Date of acquisition is subject to change.
(Note 2) Name to be used for management purposes after the acquisition; the property is currently named HHK Midosuji Building.
(Note 3) G-Bldg. Shinsaibashi 03 (Bldg. B) consists of the main building and the adjacent north-side land with the leasehold interest. We plan to acquire the main building on March 17, 2017. With regard to the north-side land, while we plan to acquire the property by December 31, 2017, we have agreed with the seller that if it can be reasonably determined that the building on the north-side land can be rebuilt, or if we and the seller decide that it is reasonable to postpone the acquisition of the north-side land and we and the seller agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date.
(Note 4) We plan to acquire 20% of trust beneficiary interest of MARINE & WALK YOKOHAMA on March 24, 2017 and 80% of trust beneficiary interest on May 1, 2017.

<Property to be disposed of as announced on January 26, 2017 in the press release titled “Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Kamifukuoka-higashi”>
<table>
<tr><th>Name of property to be disposed of</th><th>Date of disposal (Note)</th></tr>
<tr><td>Ito-Yokado Kamifukuoka-higashi</td><td>March 31, 2017</td></tr>
</table>
(Note) Date of disposal is subject to change.

- We also assume that no other changes (acquisitions of new properties, dispositions of current portfolio properties, etc., excluding reconstruction of current properties) of properties, except for the anticipated acquisitions and the anticipated disposition above, will occur prior to the end of the February 2018 (32nd) fiscal period.
</td>
</tr>
<tr>
<td>Number of units issued</td>
<td>
<February 2017 (30th) Fiscal Period>
- Number of investment units issued at the end of each period is assumed to be 2,552,198 units

<August 2017 (31st) Fiscal Period and February 2018 (32nd) Fiscal Period>
- Number of investment units issued at the end of each period is 2,667,198 units
- We assume that in addition to the 2,552,198 units issued as of February 27, 2017, a total of 115,000 units will be newly issued in accordance with a decision made at the Board of Directors meeting held today, February 27, 2017. Please refer to the press release titled “Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units” released today for details.
</td>
</tr>
</table>

Note: This press release is intended as general information for the announcement regarding JRF’s forecasts for the operating results for February 2017 (30th) fiscal period and August 2017 (31st) fiscal period and the operating results and distributions for February 2018 (32nd) fiscal period and has not been prepared for the purpose of solicitation of investment.

Item	Assumptions
Interest-bearing debt	<February 2017 (30th) Fiscal Period> - Interest-bearing debt (except for tenant leasehold and security deposits) as of February 28, 2017 is assumed to be ¥379,991 million, of which long-term borrowings and corporate bonds accounted for ¥342,491 million and ¥37,500 million, respectively. <August 2017 (31st) Fiscal Period and February 2018 (32nd) Fiscal Period> - The proceeds from the issuance of new investment units as decided at the Board of Directors meeting held today, funds from the loan agreement executed today and JRF's own funds will be applied to fund the purchase of new properties. Please refer to the press release titled “Notice Concerning Debt Financing (New Debt Financing)” released as of today for details. - We plan to use ¥6,500 million among the proceeds from the new debt financing as a part of funds to purchase Kasugai (Land with leasehold interest), etc., and the date of the new financing is set for August 1, 2017 as of today. However, the date of the new debt financing is subject to change in case the date of acquisition of the property changes. - Of the interest-bearing debt that will be due for repayment or will mature within the August 2017 (31st) fiscal period and February 2018 (32nd) fiscal period, ¥37,800 million is long-term borrowings and ¥15,000 million is corporate bonds. We assume that we will repay these debts with our own funds; and the remainder will be repaid with, among other things, other borrowings.

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Operating revenues	<February 2017 (30th) Fiscal Period> - We assume operating revenues from the properties in our current portfolio of 92 properties. - Operating revenues have been calculated taking into consideration the results through November 30, 2016 and any negotiations with tenants which have occurred thorough today. - We assume gains of ¥1,387 million from the disposition of the 51% Co-ownership Interest of Trust Beneficiary Right in AEON MALL Kashiihama. <August 2017 (31st) Fiscal Period and February 2018 (32nd) Fiscal Period> - We assume operating revenues from 96 properties, including the 6 properties (including 1 acquisition of a property adjacent to a current property which is expected to be integrally managed) in addition to our 92 current properties and excluding 1 property to be disposed of. - Rental revenues of current portfolio properties have been calculated based on lease contracts which are effective as of today. - Rent levels and vacancies have been estimated taking into account, through today, any negotiation with tenants which has occurred, and adjustment to reflect our assessment of market trends. - Rental revenues of properties to be acquired have been calculated taking into consideration the results through November 30, 2016, and additional events (lease contracts, etc.) anticipated through the planned acquisition dates. - We plan to acquire Kasugai (Land with leasehold interest) after the issuance of the building inspection certificate for the planned building construction with tenants consisting of a grocery store and other tenants. Operating revenues of the property have been calculated under the assumption that we acquire the property on August 1, 2017. - With respect to G-Bldg. Shinsaibashi 03 (Bldg. B), we have agreed with the seller that if it can be reasonably determined that the building on the north-side land can be rebuilt or if we and the seller decide that it is reasonable to postpone the acquisition of the north-side land and if we agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date. The forecast of operating revenues of the property have been calculated under the assumption that we acquire the property on December 31, 2017. - For the August 2017 (31st) fiscal period and February 2018 (32nd) fiscal period, we have assumed that there will be no delinquencies or nonpayment of rent by our tenants. - We assume no gain or loss from the scheduled disposal of Ito-Yokado Kamifukuoka-higashi during the August 2017 (31st) fiscal period.

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Operating expenses	- With respect to fixed asset taxes, city planning taxes and depreciable assets taxes ("fixed asset taxes and other taxes") on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as rental expenses. However, should any need arise for settlement, such as a need to pay settlement amount for fixed asset taxes and other taxes, in relation to new property acquisitions to be made during the year in which the period falls ("amounts equivalent to fixed asset taxes and other taxes"), such amounts are taken into account in the purchase price of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to fixed asset taxes and other taxes for the 6 properties (including 1 acquisition of a property adjacent to a current property which is expected to be integrally managed) that we anticipate acquiring during 2017, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2018 onwards. - We have assumed the amounts equivalent to fixed asset taxes and other taxes which will be included in the 6 properties to be acquired to be equivalent to ¥128 million in total. - As for fees paid to third parties, we assume that property management fees will be ¥878 million in the February 2017 (30th) fiscal period, ¥800 million in the August 2017 (31st) fiscal period and ¥864 million in the February 2018 (32nd) fiscal period. Building maintenance fees will be ¥1,374 million in the February 2017 (30th) fiscal period, ¥1,429 million in the August 2017 (31st) fiscal period and ¥1,430 million in the February 2018 (32nd) fiscal period. - We assume that repair costs will be ¥974 million in the February 2017 (30th) fiscal period, ¥303 million in the August 2017 (31st) fiscal period and ¥275 million in the February 2018 (32nd) fiscal period. - We assume that depreciation expenses will be ¥5,634 million in the February 2017 (30th) fiscal period, ¥5,754 million in the August 2017 (31st) fiscal period and ¥5,823 million in the February 2018 (32nd) fiscal period. - We assume that we will incur ¥87 million in expenses for loss on retirement of fixed assets related to renewal projects at Narupark and tenant replacement at G-Bldg. Kichijoji 01 in the February 2017 (30th) fiscal period, ¥53 million in expenses for the loss on retirement of fixed assets related to the renewal project at Oyama Yuen Harvest Walk and the system renewal at mozo wonder city in the August 2017 (31st) fiscal period and ¥9 million for loss on retirement of fixed assets related to the system renewal at Nara Family in the February 2018 (32nd) fiscal period, respectively. With respect to the loss on disposals of retirement of fixed assets described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation.
Non-operating expenses	- We assume that we will recognize ¥160 million as the total expenses incurred in relation to the issuance new investment units and the secondary offering of investment units. Such expenses will be amortized over three years utilizing a straight-line method. - We assume that non-operating expenses (interest expenses, loan-related costs, interest expenses on corporate bonds, and amortization of units issuance costs, etc.) will be ¥2,323 million in the February 2017 (30th) fiscal period, ¥2,347 million in the August 2017 (31st) fiscal period and ¥2,275 million in the February 2018 (32nd) fiscal period.

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Distributions per unit	- Distributions per unit is calculated according to the cash distribution policy stipulated in our Articles of Incorporation. - In the February 2017 (30th) fiscal period, we assume to distribute a total of ¥10,846 million (¥4,250 per unit) out of ¥11,413 million undistributed earnings, after deducting ¥566 million which will recognized as reserve for dividends (or retained earnings for temporary difference adjustment). - In the August 2017 (31st) fiscal period, we assume total distributions of ¥11,335 million (¥4,250 per unit), which is calculated by adding ¥37 million appropriated from the reserve for dividends (or retained earnings for temporary difference adjustment) of ¥3,704 million, and ¥138 million appropriated from the reserve for reduction entry of property of ¥476 million, to the undistributed earnings of ¥11,159 million. - In the February 2018 (32nd) fiscal period, we assume total distributions of ¥11,548 million (¥4,330 per unit) , which is calculated by adding ¥37 million appropriated from the reserve for dividends (or retained earnings for temporary difference adjustment) of ¥3,667 million to the undistributed earnings of ¥11,511 million. - We assume that we will reverse the reserve for reduction entry of property and reserve for dividends (or retained earnings for temporary difference adjustment) within the amount of temporary expense (including repair costs such as demolition cost, losses on retirement of fixed assets and compensation for relocation, amounting to ¥891 million for February 2017 (30th) fiscal period, ¥174 million for August 2017 (31st) fiscal period and ¥21 million for February 2018 (32nd) fiscal period related to renewal projects and others) as well as dilution impact on distribution resulted from the issuance of new units. However, for the August 2017 (31st) fiscal period and thereafter, we assume that the expected reserve for dividends as of the date of approval of the statements related to distribution for the February 2017 (30th) fiscal period to be amortized on a straight-line basis for 50 years (100 fiscal periods), as it is obliged to transfer reserve for dividends to retained earnings for temporary difference adjustment and reverse all amounts within certain period of time by reversing certain amounts for each period within 50 years.
Distributions in excess of retained earnings per unit	- At present we have no plans to make distributions in excess of retained earnings.
Other	- These forecasts are based on the assumption that there will be no material changes in applicable laws, accounting standards and the tax system in Japan during the relevant period, and that no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

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