Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953)
News Release – August 2, 2016

Notice Concerning Revised Forecasts for Operating Results for August 2016 (29th) Fiscal Period

Japan Retail Fund Investment Corporation ("JRF") has revised the forecasts for the operating results for the August 2016 (29th) fiscal period (March 1, 2016－August 31, 2016) announced on April 14, 2016 in the "Japan Retail Fund Investment Corporation Summary of Financial Results for the Six Months Ended February 29, 2016". Details are as follows.

1. Revised Forecasts for Operating Results for August 2016 (29th) Fiscal Period (March 1, 2016－August 31, 2016)

	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)	31,574	13,142	10,683	10,682	4,250	0
Revised forecast (B)	37,085	13,545	11,098	10,522	4,250	0
Change (B-A)	5,510	403	414	-160	0	0
Rate of change	17.5%	3.1%	3.9%	-1.5%	-	-

(Note 1) Number of investment units issued as at the end of the period is 2,552,198 units.
(Note 2) Figures of less than one unit are truncated and "rate of change" is calculated by rounding to the first decimal place.
(Note 3) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.

2. Reasons for Revision

We have revised our forecasts for the operating results for the fiscal period ending August 2016 (the 29th period) as it is assumed that there will be more than 10% change in the original forecast on the operating revenues, based on the review of the potential impacts of the transfer of assets announced today by the news release titled "Notice Concerning Disposition of Three Properties" and the current earnings trend of other portfolio properties.

There is no change in the forecasted distributions per unit for the fiscal period ending August 2016 (the 29th period). While the previously announced forecast stated that the total distributions for that period would be 10,846 million yen (4,250 yen per unit), consisted of retained earnings of 10,682 million yen and 163 million yen which would be transferred from the reserves for reduction entry of property of 502 million yen, the revised forecast states that the total distributions for that period would remain unchanged as 10,846 million yen (4,250 yen per unit).

The forecast for the operating results and distribution for the February 2017 (30th) fiscal period (September 1, 2016－February 28, 2017) remain unchanged at this point in time.

(Note) The above operating results and distribution forecasts for the fiscal period ending August 31, 2016 are as of this date, and JRF does not guarantee that these forecasts will be achieved.

Assumptions Underlying the Forecast of Operation for the Fiscal Period Ending August 31, 2016 (29th Fiscal Period: March 1, 2016 to August 31, 2016)

Item	Assumptions
Accounting period	・ Fiscal period ending August 31, 2016 (29th fiscal period: March 1, 2016 to August 31, 2016) (184 days)
Assets owned	・ The forecast was calculated based on 93 properties, reflecting following changes: disposition of “AEON Mall Higashiura”, “Neyagawa (Land with leasehold interest)” and “Kishiwada CanCan Bayside Mall”.
Issue of units	・ The number of units issued is 2,552,198 units.
Interest-bearing debt	・ Interest-bearing debt as of the date of this document is 380,391 million yen, and the same amount is assumed as of August 31, 2016. It comprises short-term borrowings, long-term borrowings and investment corporation bonds in the amounts of 3,500 million yen, 339,391 million yen, and 37,500 million yen, respectively.
Operating revenues	・ Rental and other operating revenues are calculated based on the lease contracts effective as of the date of this document. ・ The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. ・ We assume that there will be no arrears or nonpayment of rent by our tenants. ・ Regarding the gain on sales of property, we assume that we would incur 5,667 million yen related to the disposition of “AEON MALL Higashiura” and “Neyagawa (Land with leasehold interest)”, and 550 million yen related to the disposition of “AEON MALL Kashiihama (19% of co-ownership interest of real estate trust beneficiary right)”.
Operating expenses	・ We assume that taxes and public charge of 2,811 million yen. ・ Fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes, etc.”) on property owned by JRF assessed and payable have been calculated as leasing business expenses for each accounting period. However, should any need arise for settlement, such as a need to pay fixed asset taxes, etc. in relation to new property acquisitions to be made during the year in which the period falls, fixed asset taxes, etc. are included in the acquisition price of the properties and therefore, will not be listed as expenses for the period. ・ We assume that repair and maintenance will be 378 million yen. ・ We assume that depreciation will be 6,022 million yen. ・ We assume that property management fees will be 857 million and building management fees will be 1,486 million yen. ・ We assume that the loss on disposal of fixed assets will be 19 million yen, mainly due to the renewal of Nara Family. Among the losses on disposal of fixed assets indicated above, in terms of change in accounting estimates, those for which it is judged necessary to re-examine the useful life of fixed assets are to be recorded as a depreciation expenses. ・ Regarding the loss on sales of property, we assume that we would incur approximately 5,325 million yen related to the disposition of “Kisiwada CanCan Bayside Mall”.
Non-operating expenses	・ We assume that non-operating expenses (including interest expenses, loan-related costs, corporate bonds interest, depreciation of investment unit issuance cost, etc.) will be 2,449 million yen.
Extraordinary losses	・ We assume that extraordinary loss from the revision of rents with a key tenant will be 575 million yen.

Distribution per unit	・ Distribution per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. ・ Regarding the distribution, a total of 10,846 million yen (distribution of 4,250 yen per unit) is assumed to be distributed by adding 324 million yen of expected reversals of the reserve for reduction entry of property of 502 million yen to unappropriated retained earnings at the end of period of 10,522 million yen.
Distribution in excess of profit per unit	・ We do not plan to make distributions in excess of profits for the moment.
Other	・ We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.

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.

Contacts: For further information relating to this press release as well as JRF and Mitsubishi Corp.-UBS Realty Inc., its Asset Manager, please feel free to contact:

Mr. Keita Araki (Telephone Number: 81-3-5293-7080), Head of Retail Division at Mitsubishi Corp.-UBS Realty Inc.

Investor Relations: Telephone Number: 81-3-5293-7081

E-mail: jrf-8953.ir@mc-ubs.com