

Think bold today for a brighter tomorrow.

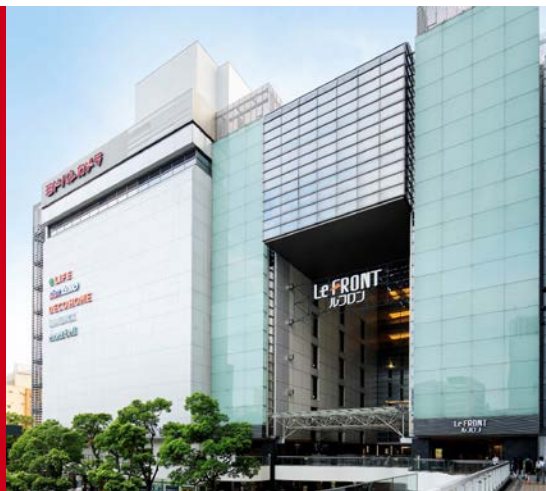


35th

Security code **8953**

US ADR(OTC) : JNRFY

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



August 2019 (35th)

Period Results

March 1, 2019 - August 31, 2019

Japan Retail Fund Investment Corporation



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Implementation of Growth Strategy

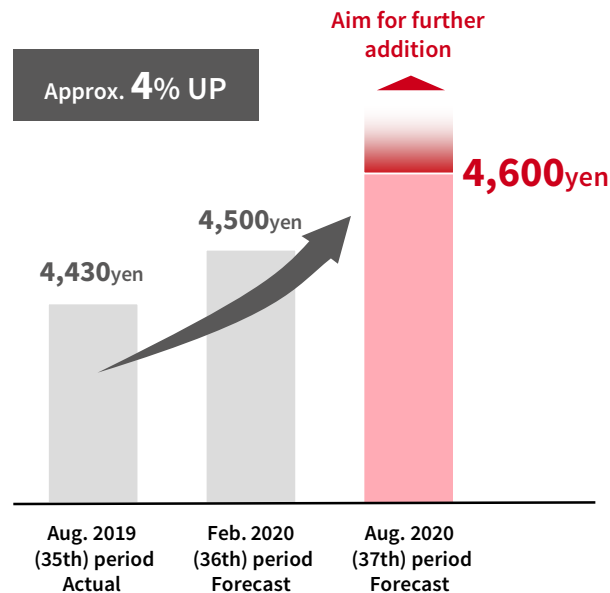


Return to stage of DPU growth and significant improvement in the stability of DPU

Growth in DPU

Aim for further improvement through to increase revenue of existing properties and acquiring new properties

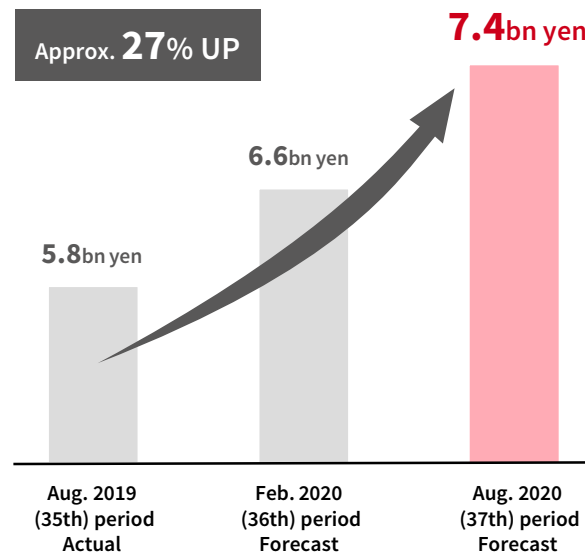
DPU



Enhance stability of DPU

Elimination of DPU downside risks with significant increase in reserve

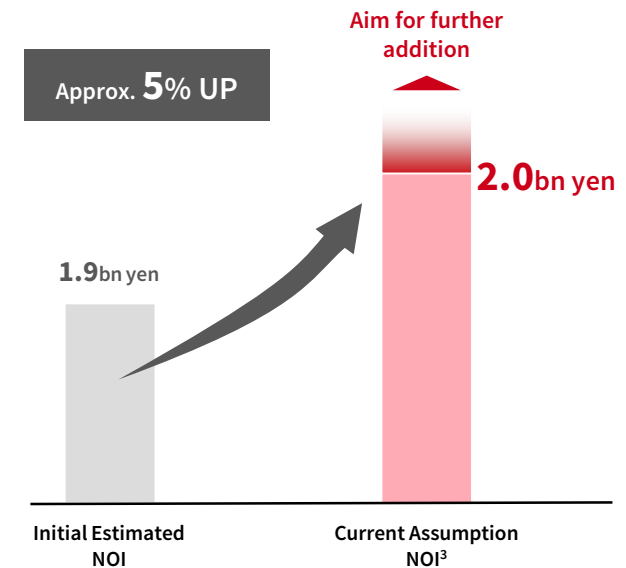
Reserve balance^{1,2}



Improve profitability in KAWASAKI Le FRONT

Aim for further NOI improvement with increasing visitors after the open of aquarium

Annual NOI of KAWASAKI Le FRONT



1. Balance of reserve after approval of distributions at the JRF's Board of Directors meeting for each period
 2. Total amount of reserve for reduction entry of property, reserve for temporary difference adjustments, and reserve for dividend
 3. Based on current renewal plan

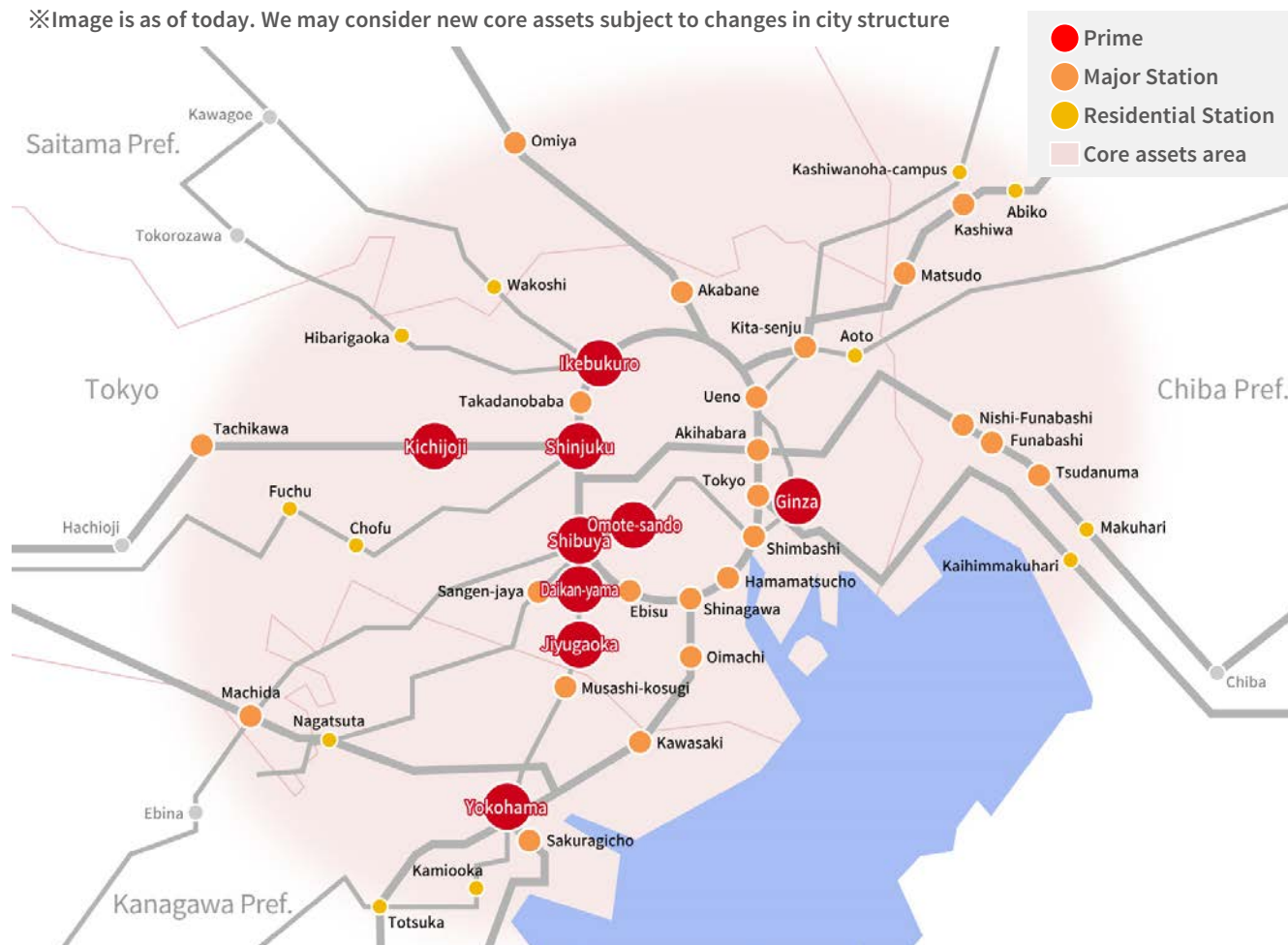
Building a portfolio with a focus on urban type assets, mainly Core assets

Portfolio segmentation

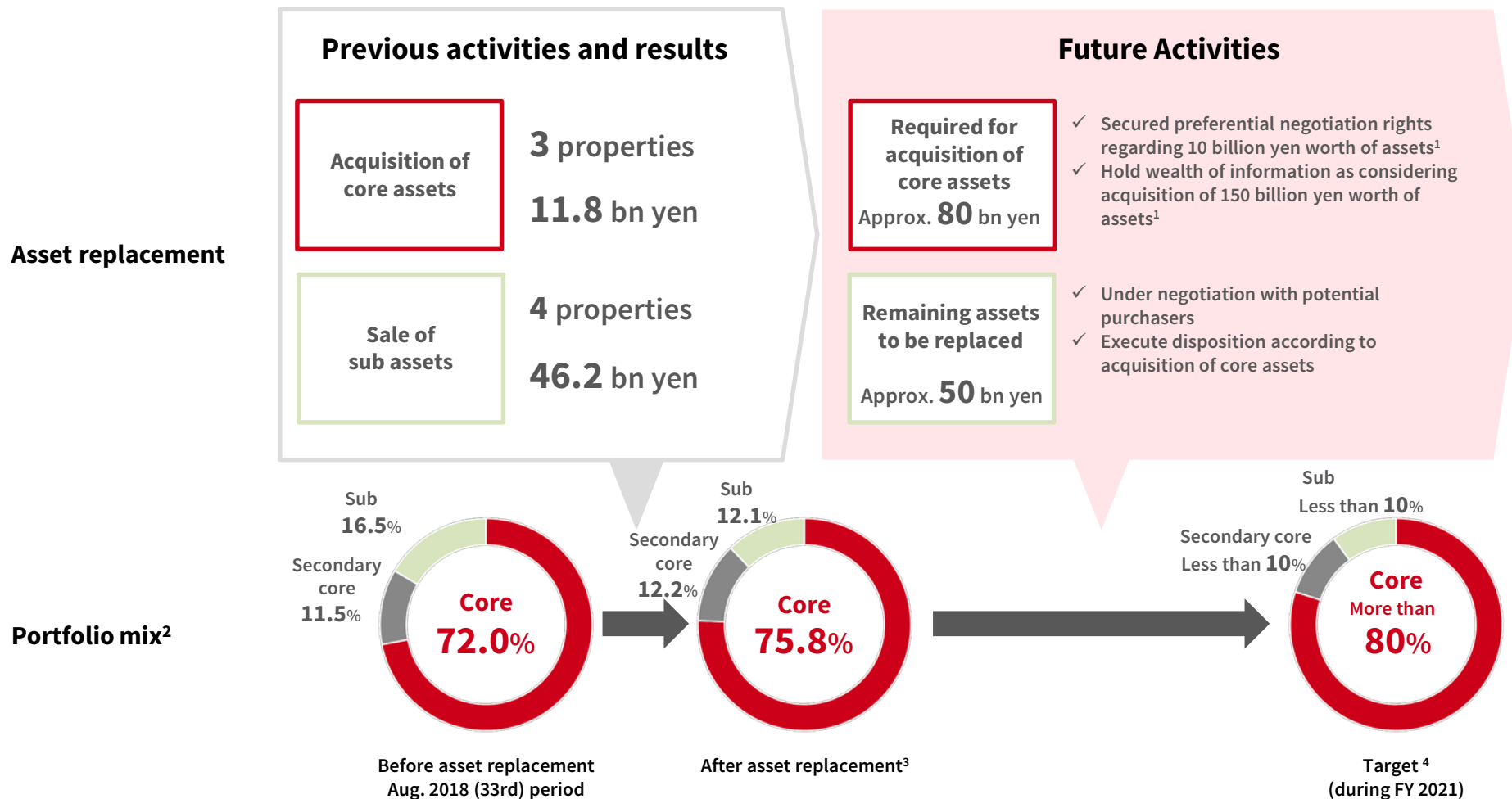
Core	Prime	Retail properties located in representative commercial districts in Japan
	Major Station	Retail properties located around stations used by the large number of passengers
	Residential Station	Retail properties located around stations in highly populated areas
Secondary core	Suburban Mall	Large-scale shopping malls located in suburban areas
	Value-added	High-yield retail properties with room for upside
Sub	GMS / Roadside	GMS Roadside shopping facilities Assets with low investment profitability, etc.

Example of core assets location (Tokyo area)

※Image is as of today. We may consider new core assets subject to changes in city structure

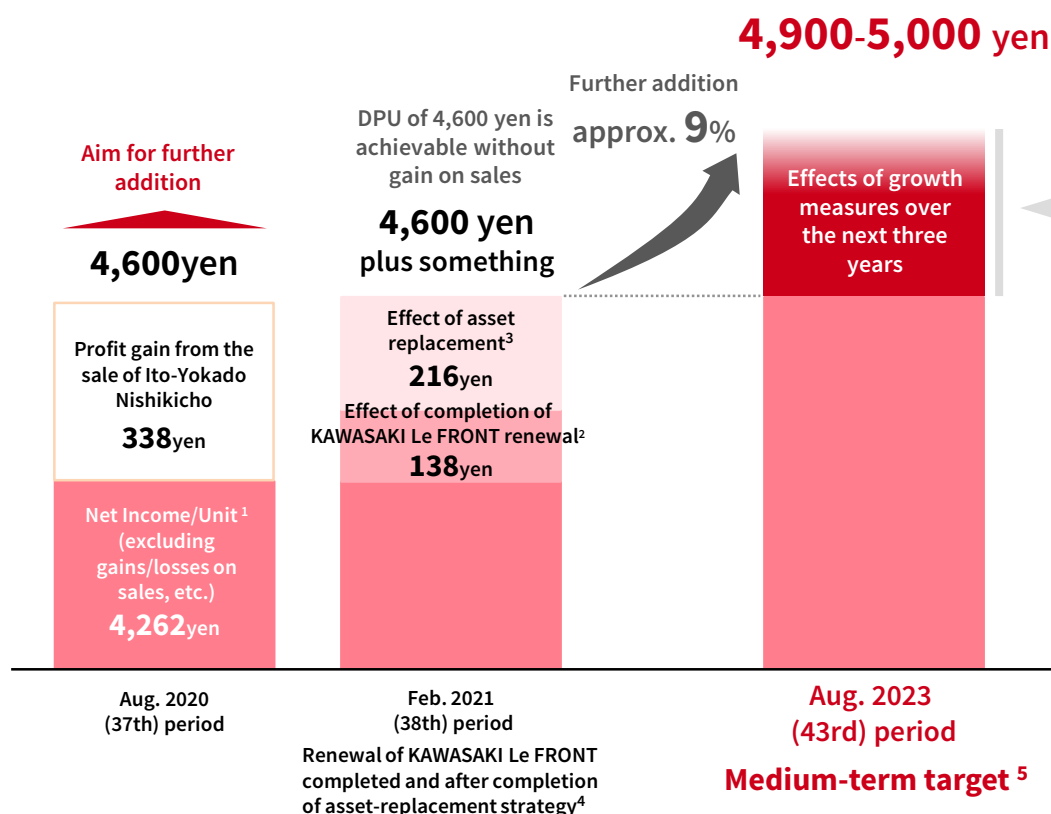


Progress of asset replacement strategy of approx. 100 billion yen from sub asset to core asset as planned



Medium-term target for normalized DPU is approx. 5,000 yen

Medium-term targets for normalized DPU



Room for growth in normalized DPU for 3 years from Aug. 2020 (37th) period

Room for growth of approx. 300 - 400 yen

Room for growth from Feb. 2021 (38th) period to Aug. 2023 (43rd) period

		Effect to the DPU ⁹
Internal growth	<ul style="list-style-type: none"> Resolving of 3-year rent-gap⁶ (50% to 100%) Upside from opening of the aquarium at KAWASAKI Le FRONT⁷ 	+50-120 yen
Debt cost reduction	<ul style="list-style-type: none"> Refinance of fixed borrowing that become due during the three years with interest ratio of 0.5-0.7% 	+80-120 yen
Free cash utilization	<ul style="list-style-type: none"> Annual free cash⁸ 6 billion yen x 3 years x NOI yield after depreciation: 3.0%-3.7% 	+90-120 yen
Other cost reduction	<ul style="list-style-type: none"> Decrease in depreciation expenses due to termination of depreciation Other cost reduction measures 	+50-70 yen

Strong execution of growth strategy to improve performance of investment unit prices

1

Enhancement of portfolio quality

Aim to achieve a core asset ratio of 80% or more by executing asset replacement strategy

2

Increase in normalized DPU

Room for approx. 9% growth from 4,600 yen

3

High stability of DPU

Eliminate downside risk of DPU with ample reserve of 7.4 billion yen

Aim to improve the performance of investment unit prices

Asset

No. of properties **100** properties

Asset size¹ **883.2**bn yen

Appraisal value **994.1**bn yen

Unrealized gain² **161.4**bn yen

NOI yield³ **4.5%**

NOI yield after depreciation³ **3.2%**

The temporary negative impact of the renewal of KAWASAKI Le FRONT has pushed the overall NOI yield and the NOI yield after depreciation by approximately 0.5%

Debt

Interest-bearing debt **404.7**bn yen

LTV ratio (excluding tenant leasehold and security deposits) **44.9%**

LTV ratio (including tenant leasehold and security deposits) **50.3%**

Average debt cost **0.92%**

Average loan term remaining until maturity **4.3** years

Equity

Market capitalization⁴ **556.5**bn yen

NAV per unit⁵ **223,000**yen

Distribution per unit Aug. 2019 (35th) period **4,430**yen
Actual

Feb. 2020 (36th) period **4,500**yen
Forecast

Aug. 2020 (37th) period **4,600**yen
Forecast

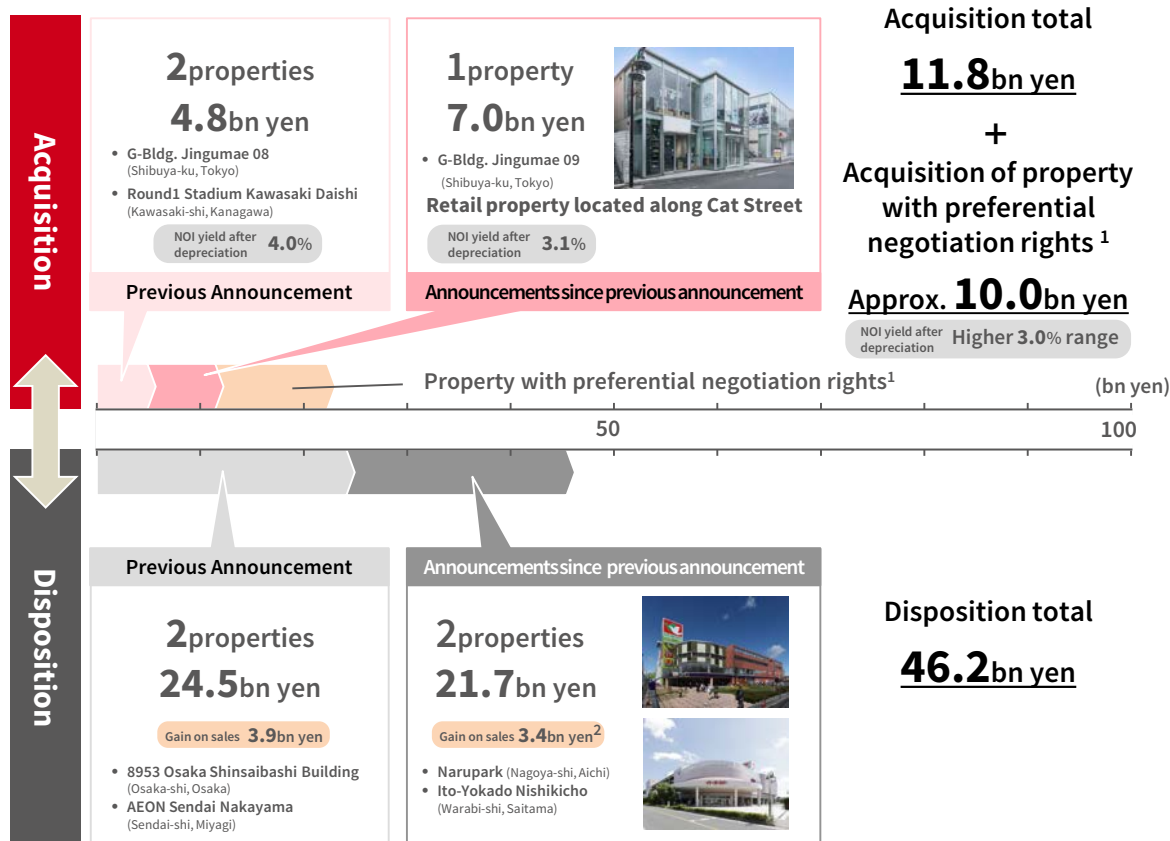
1. Total acquisition price
2. Appraisal value at the end of period — Book value at the end of period
3. Aug. 2019 (35th) actual figures on an annualized basis divided by acquisition price
4. As of the end of August 2019
5. (Net assets + Unrealized profits and losses - Total distribution) / Total units outstanding

Operating Results



Steady progress in asset replacement and enter into substantive negotiations over next acquisition and disposition

Progress of asset replacement



Future outlook

1. Acquisition of core assets

► Progress as planned

- Acquire preferential negotiation rights of approx. 10 bn yen by utilizing sponsor support
- Proactive consideration on acquisition of properties that may satisfy JRF requirements

Consider repurchase of own investment units, if P/NAV ratio continues around x0.9 as the utilization of replacement funds

2. Sale of sub assets

► Under negotiation

- Negotiations over the remaining assets of approx. 50 bn yen are now in progress with potential purchasers
- Assets will be disposed according to the acquisition of replacement assets

3. Effect on distributions

► No downside risk

- Any downtime, if it is caused in association with dispositions preceding acquisitions, would be covered with the reserve of approx. 7.4 bn yen

1. As of October 11, 2019. Acquisition is not guaranteed

2. Gain on sale of real estate and other properties related to 85% quasi-co-ownership of real estate trust beneficiary interest of Ito-Yokado Nishikicho scheduled to be transferred or transferred after the fiscal period ending August 2019 (35th) period is assumed to be the current value

Examination on many candidate properties for core assets, in addition to investigation external growth for further growth

View of asset replacement

Aim to enhance the portfolio quality, as well as maintaining and increasing the level of normalized DPU

Sub assets to be replaced	Asset replacement	Core assets
High	Building ratio	Low
Large	Depreciation burden	Small
4.7% ¹	NOI yield	Around 4%
3.3% ¹	NOI yield after depreciation	3.3% or more

Maintenance and improvement of NOI yield after depreciation directly linked to distribution

	Levels of NOI yield after depreciation of newly-acquired Core assets
Prime	2.8%-3.6%
Major Station	3.0%-4.0%
Residential Station	3.4%-4.4%

Aiming for asset replacement with NOI yield after depreciation of 3.3% or more by combining each category

Status of consider acquisition for properties²

Gather wealth of property-related information from widespread sources, as the No.1 retail property acquirer in Japan

	Amount of projects consider acquisition for property
Prime	Approx. 80bn yen
Major Station	Approx. 60bn yen
Residential Station	Approx. 10bn yen

Total amount of consider acquisition

Approx. 150bn yen

Study of other measures for external growth

- ✓ Acquiring a new type of retail properties to the portfolio
- ✓ Active involvement in development projects
- ✓ Investments in equity and mezzanine loans
- ✓ Acquisition of Value-added types assets in Secondary core assets

1. 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
2. As of October 11, 2019. Acquisition is not guaranteed

Core assets' strengths enabling steady growth under Japan's future commercial environment



Market rent on the rise because of low vacancy rate and high tenant opening needs

Market trends in prime areas

	Increase rate of highest rents ¹ (2013-2018)	Vacancy Rate ² (2019 Q2)
Ginza	+11.7%	1.2%
Omotesando	+9.5%	1.0%
Shinjuku	+10.5%	—
Shibuya	+17.1%	—
Shinsaibashi (Osaka)	+14.9%	1.5%

- Demand for variety of uses concentrating on rentable spaces in facilities
- Benefit from expanding inbound consumption
- Enhance showroaming value

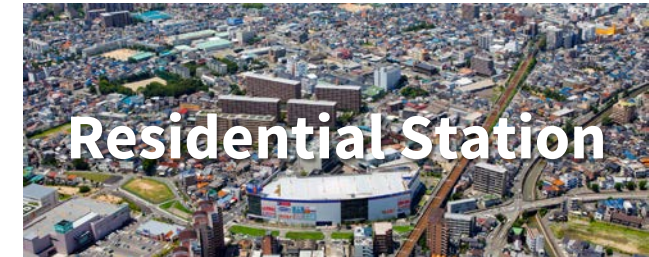


Strength in the abundance number of floating passengers backed by the world's largest number of train station passengers

Comparison of number of passengers at terminal stations³
(10 thousand)

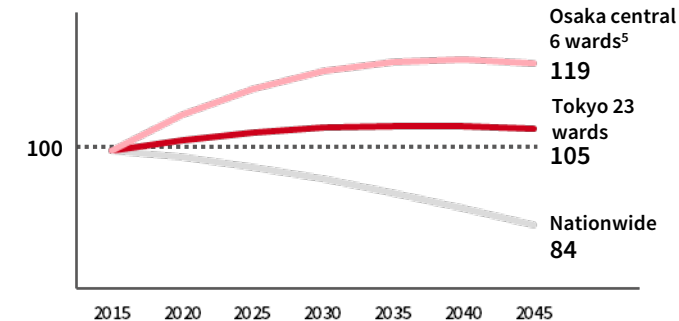
	Number of passengers		Number of passengers
Takadanobaba	93	Times Square	36
Akihabara	76	Kings Cross	27
Ueno	64	Zürich HB	47
Kawasaki	55	Amsterdam CS	19
Machida	52	Paris-Nord	85

- Increasing trend in the number of floating customers around terminal stations
- Strong purchasing at brick-and-mortar stores due to high commercial convenience
- Ability to meet wide-ranging consumption needs including daily necessities and services



Stable contribution from increase in consumers due to population concentration in suburban to urban areas

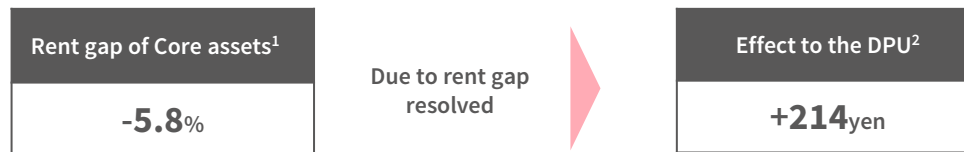
Population outlook for Japan (2015=100)⁴



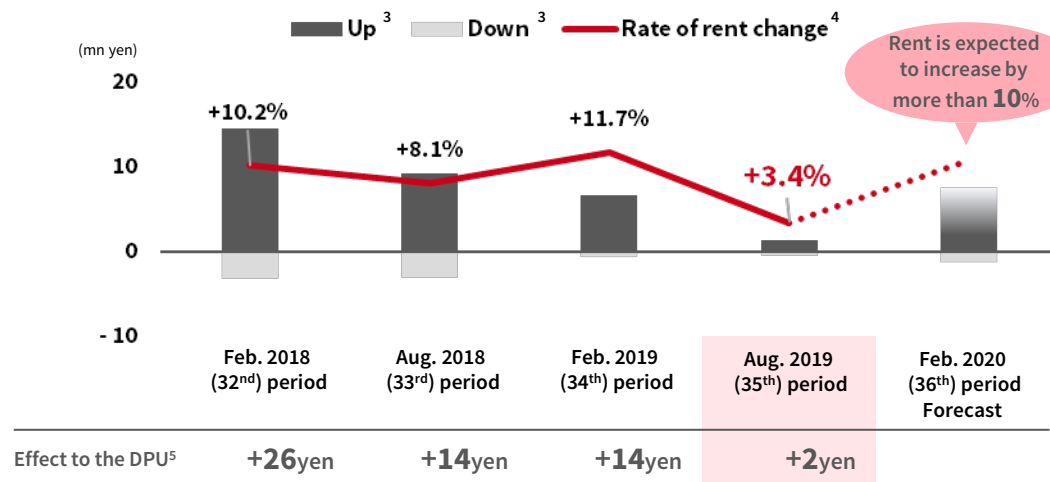
- Continued strong needs for consumption of foods and daily necessities
- Ability to meet leisure time consumption needs
- Potential needs for e-commerce logistics hub

Leveraging rent gap and the favorable leasing market, continue to achieve rent increases

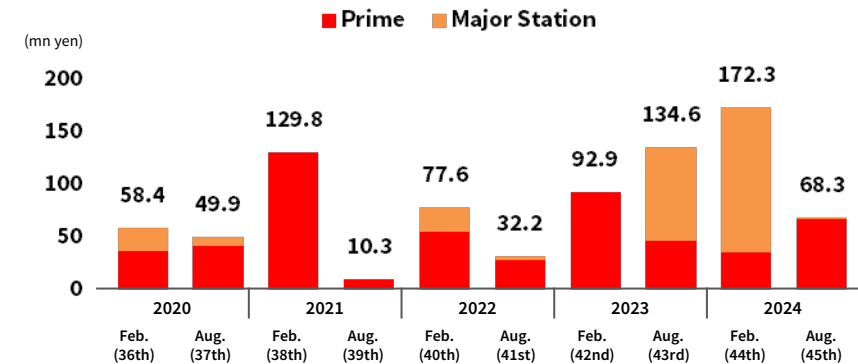
Summary of rent gap



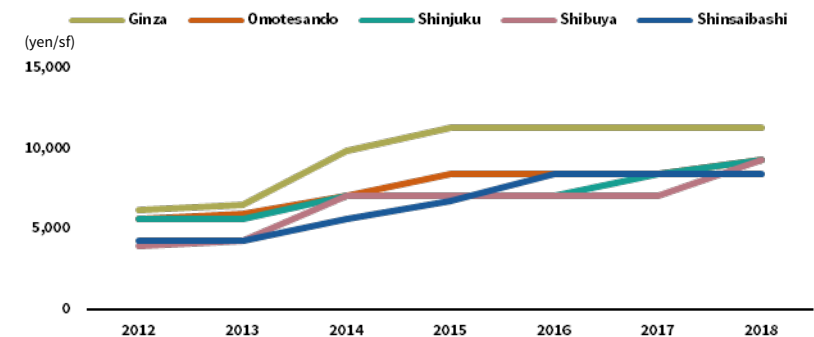
Summary of rent revisions



Monthly rent subject to revision in the next 5 years⁶



Change in highest rents in major commercial districts



(Source) CBRE "Retail Market Information"

Leasing utilizing area management

Achieving rent increase two properties in Omotesando / Aoyama areas in which JRF owns many properties, by attracting the tenant that leasing contract expire to another JRF property



G-Bldg. Minami Aoyama 02
(Minato-ku, Tokyo)



La Porte Aoyama
(Shibuya-ku, Tokyo)

Market rent
(Underground
floor)¹

Middle 20,000 yen
range / tsubo

Lower 20,000 yen
range / tsubo

Market rent is higher in
G-Bldg. Minami Aoyama 02

Previous
tenant

Shop A

Shop C

Relocation with the total rent
almost unchanged

Replacement

New tenant

Shop B

Shop A

Results²

Rent
+10.0%

Rent
+17.6%

Since the contract is
similar to the market
rent, the possibility of
rent increase at this time
of re-contract is low

Utilizing market rent
differences to realize
rent increases at both
properties

Rent revisions in Core assets (Residential Station)

Achieving rent increase by improving the ability in attracting customers into facilities, though there is no local market rent as an indicator

Revision results for Aug. 2019 (35th) period

Subject to revision	Rate of rent change ³	Effect to the DPU ⁴
46 Tenant	+ 10.8%	+ 18yen

Example of rent increase ³



mozo wonder city (Nagoya-shi, Aichi)

Successfully secured a tenant with
strong ability in attracting
customers, when the leasing
contract for the large block expired

Rent
+11.7%



Kamishin Plaza (Osaka-shi, Osaka)

Achieved rent increase among the
existing service tenants, on the back
of the ability to attract customers of
a supermarket, its anchor tenant

Rent
+15.5%

Approx. 100 million yen NOI increase from initial forecast, with aiming for further increase with opening of aquarium

Current renewal effects

NOI is expected to increase by approx. 100 mn yen from initial forecast, and NOI yield is expected to increase by 0.3% from initial forecast due to steady progress in tenant leasing

	Annual NOI	NOI-yield ¹
Before renewal ²	1.9bn yen	6.2%
Initial (forecast)	1.9bn yen	6.2%
Current (forecast) ³	2.0bn yen	6.5%



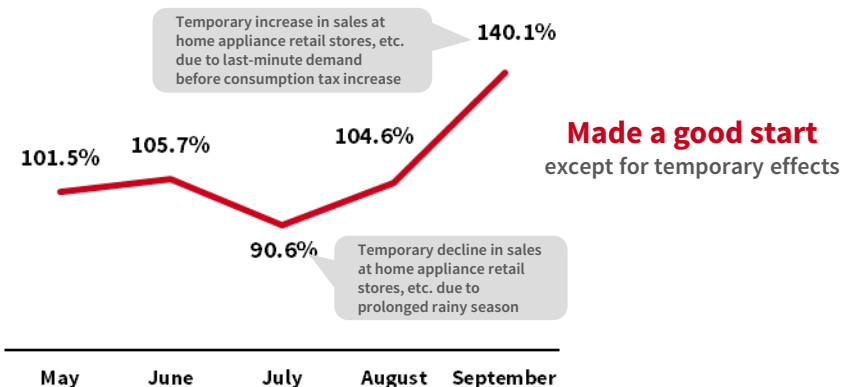
Upside for sales-based rents brought by visitor increase associated with opening of aquarium⁴

Est. Sales	Annual NOI increase	DPU increase (per period)
105%	+34mn yen	+6yen
110%	+70mn yen	+13yen
115%	+107mn yen	+20yen

Effect to the DPU⁵
(vs. initial forecast)

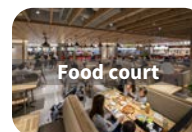
Up to +39yen

Current sales ⁶ (vs. forecast)

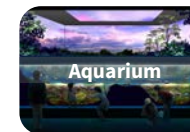


Characteristics of tenants

Food & Restaurant



Experience- oriented consumption



Realized rent increase by creating unique space, and actively utilize IT technology

Restaurant floor renovation of GYRE

Achieved approx. 30% rent increase¹ by creating unparalleled and unique atmosphere at restaurant floor

GYRE (Shibuya-ku, Tokyo)

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

Creating unique spaces ²

- One concept for one floor, with the inspiration drawn from “soil”
- Mr. Tsuyoshi Tane, a noted architect, is in charge of space design



Collaboration of young famous chef, popular bar owner, and distinguished chef

- Project set up purely for the restaurant floor of GYRE

Gathering of various types of eating and drinking spaces into one floor

- Restaurant floor that is able to cater to various needs from casual to luxury occasions

Food concept	Floor plan	Floor concept
Ryoma Shida	Kai Tanaka	Yuri Nomura
Michelin 2star “Restaurant ESQUISSE” Former sous chef	Lemon-sour bar “OPEN BOOK” Owner	Food director “Restaurant Eatrip” Host

Gastronomy restaurant	All-day dining restaurant
Bar	Souvenir & Glossary

Utilization of IT technology

Utilize IT technologies for analysis, management and motivation to attract more people, and building a foundation for future revenue growth

Visualizing the flow of people

Analyze the flow of people by utilizing the GPS locator installed in smartphones

► **Optimization of tenant composition**

Considering the introduction of JRF application

Establish a new loyalty program that is common to all JRF facilities, by integrating existing programs and introducing it to facilities without such program

► **Increase in visit frequency enhanced branding**

Standardization of sales management system

After acquiring the sales management system introduced before acquisition in multi-type commercial facilities

► **Manage tenant information across properties**

1. The difference between the monthly rent of the previous tenant and the monthly rent of the new tenant
2. This is an indicative rendering and may differ from the actual development

Drive debt cost reduction significantly, leveraging best debt financing capability among J-REITs

Refinance activities

Refinancing activities (Apr.2019 – Oct.2019)

	Before	After
Amount	34,000mn yen	34,000mn yen
Avg. term	5.1 years	5.8 years
Avg. debt cost ¹	0.94%	0.31%

Effect to the DPU²

+40yen

Debt procurement capability

Recent Debt Procurement Results

	Avg. term	Avg. debt cost ¹
Investment corporation bonds	5.0years	0.20%
Bank loan	10.0years	0.27%

Achieved financing at the lowest interest rates in the J-REIT history³ in both the bonds and bank loan

Borrowings maturing within 8 periods (Long-term fixed borrowing only) (As of Oct. 2019)

	Feb. 2020 (36 th) period	Aug. 2020 (37 th) period	Feb. 2021 (38 th) period	Aug. 2021 (39 th) period	Feb. 2022 (40 th) period	Aug. 2022 (41 st) period	Feb. 2023 (42 nd) period	Aug. 2023 (43 rd) period
Amount	8,000mn yen	23,000mn yen	21,575mn yen	17,000mn yen	17,000mn yen	21,000mn yen	14,500mn yen	22,000mn yen
Avg. term	8.0 years	8.0 years	8.5 years	8.4 years	8.6 years	8.3 years	8.4 years	7.5 years
Avg. debt cost ¹	1.01%	1.00%	1.16%	1.12%	1.21%	1.11%	1.06%	0.86%

Refinancing at 0.6% to 0.7% based on the announced budget

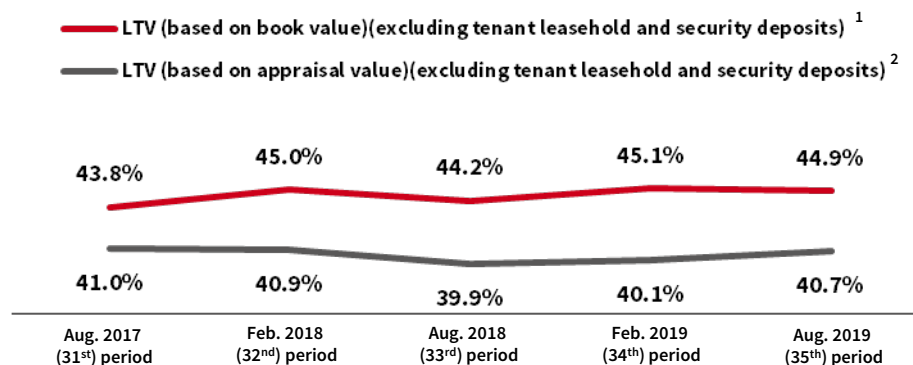
If refinanced at 0.6%, effect to the DPU⁴

+104yen

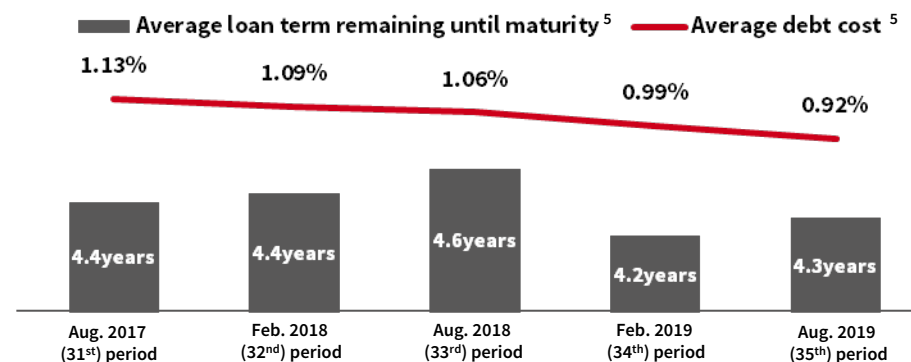
Building of stable financial base on a continuous basis

LTV

LTV (based on book value) benchmark is from 40% to 50%

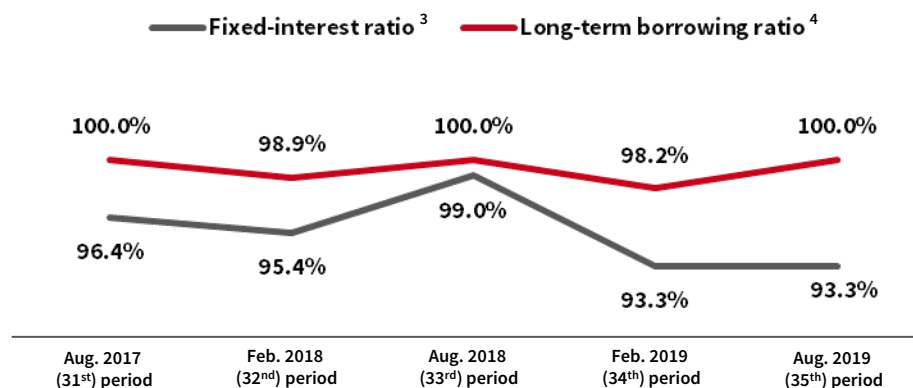


Average debt cost / Average loan term remaining until maturity



Fixed-interest ratio / Long-term borrowing ratio

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



Credit ratings⁶

R&I

AA-
(Stable)

S&P Global Ratings

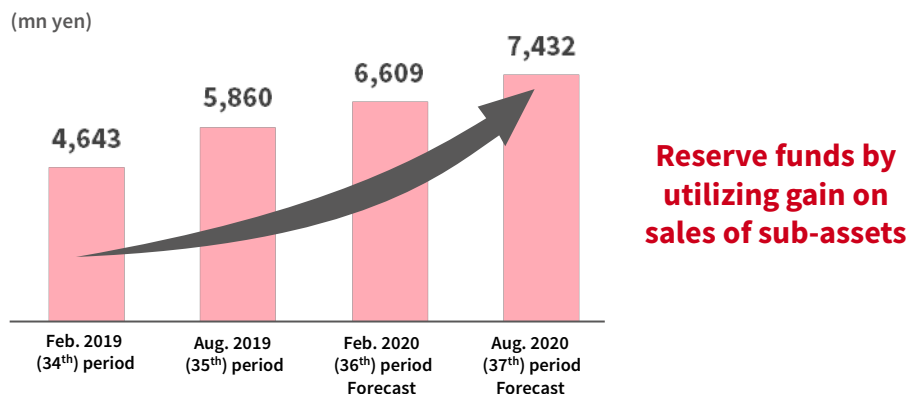
A
(Stable)

Moody's

A3
(Stable)

Accumulate reserves and use free cash for acquiring new properties

Transition in reserve balance^{1,2}



Future utilization

Compensate for decrease in revenue due to disposition-preceding asset replacement

+ If reserve is left after above use

Use of core assets for future growth investment

- Compensate for down time at tenant replacement with potential revenue increase
- Compensate for temporary expense and down time with potential floor area and rent increase

Utilization of free cash

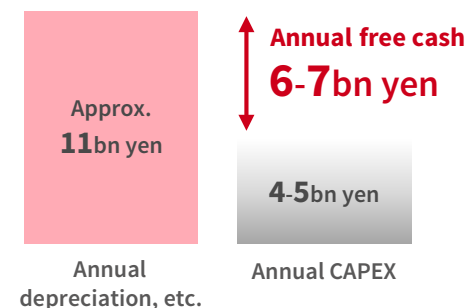
Free cash balance³

As of the end of Aug. 2019 (35th) period

Approx. 10bn yen

(Excluding funds for replacement assets⁵)

Future free cash⁴



Past utilization

Reinvestment in large-scale renewal plans at existing properties

No large-scale renewal planned at the moment

Future utilization

Used to acquire new properties

When a property with 3.3% NOI yield after depreciation is acquired leveraging annual free cash of 6 billion yen

Effect to the DPU⁶

+36yen

Change to Asset Management Fee structure linked to unitholder's profit

Points of change in Asset Management Fee structure

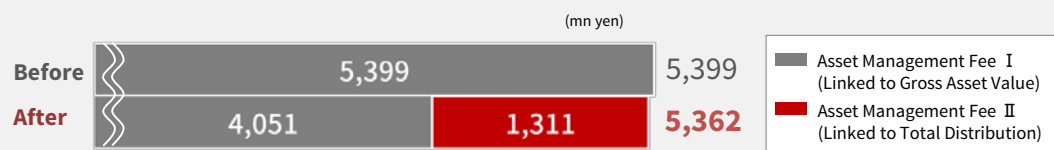
Changes that increase the linkage between distributions and asset management fees

- ✓ Reduce the Gross Asset Value-linked fee rate
- ✓ Introduce the Profit-linked fee linked to distributions
- ✓ Introduce the Disposition Fee to promote asset replacement more powerfully
(No Disposition Fee shall be paid in the case of a capital loss from disposition)

Asset Management Fee estimates retroactively calculated based on new rates

(Total amount of Asset Management Fee I and Asset Management Fee II, not including Acquisition Fee and Disposition Fee)

■ Based on results for the FP ended Feb. 2019 (34th) and Aug. 2019 (35th)

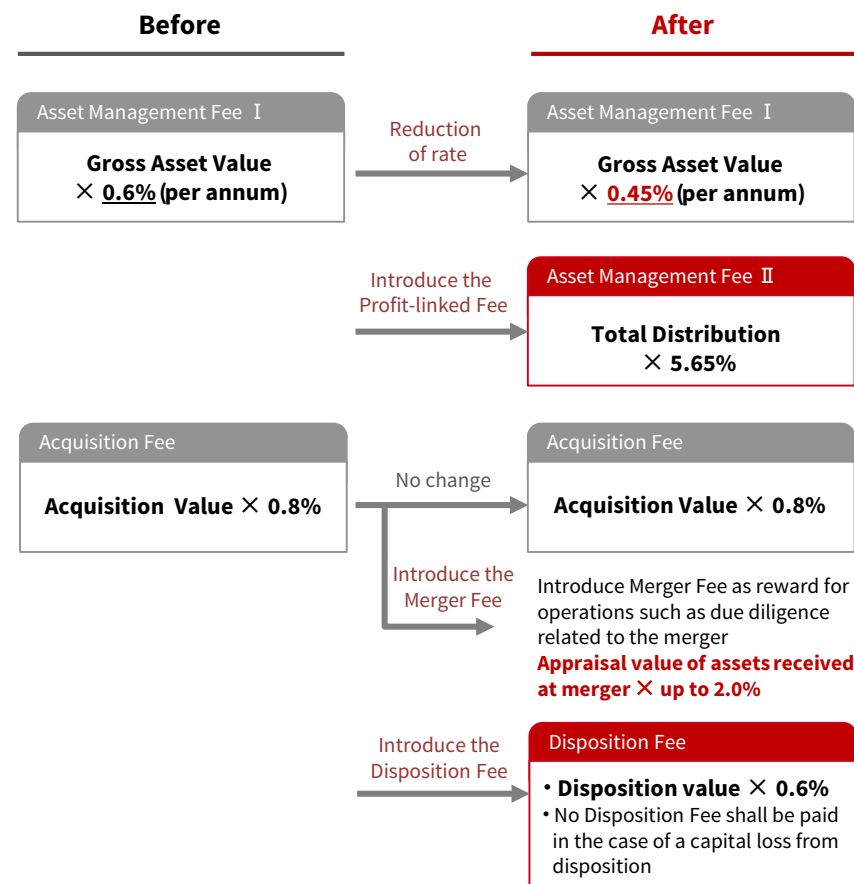


Annual decrease of about **40 million yen**

By adopting a fee structure in which amount of asset management fees is linked to total distribution,
Strengthen asset managers' commitment to distribution growth

<Overview of changes in Asset Management Fee structure^(Note)>

Scheduled to be applied from Mar. 1, 2020 (beginning of the Aug. 2020 period (37th))



One of the largest pools of unrealized gain among J-REITs of approx. 160 billion yen, and continued increase in NAV per unit

Breakdown of appraisal value

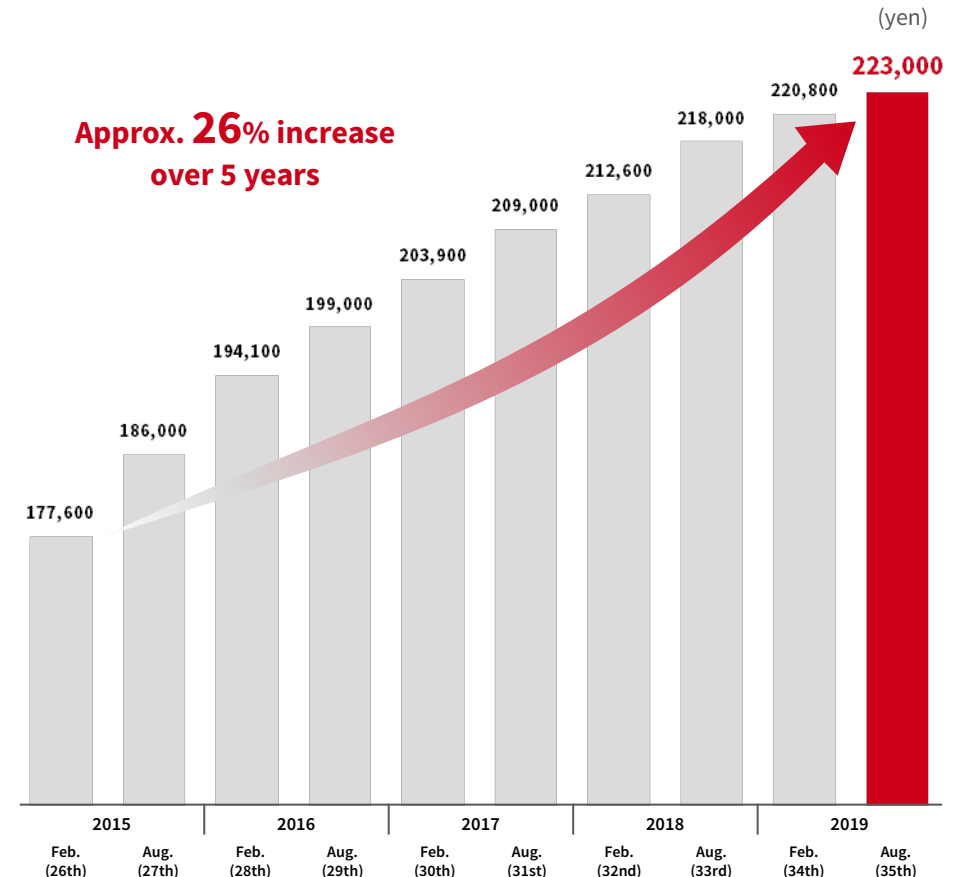
	Appraisal value	Unrealized profits and losses
Prime	380,660 mn yen	66,444 mn yen
Major Station	136,340 mn yen	26,503 mn yen
Residential Station	226,820 mn yen	38,074 mn yen
Core	743,820 mn yen	131,021 mn yen
Secondary core	119,530 mn yen	18,169 mn yen
Sub	130,770 mn yen	12,287 mn yen
Total	994,120 mn yen	161,477 mn yen

Unrealized profits and losses increased by **4.4 billion yen**

Breakdown of Cap Rates¹

	Feb. 2019 (34th) period	Aug. 2019 (35th) period	Change
Prime	3.30 %	3.27 %	- 0.03 points
Major Station	4.45 %	4.42 %	- 0.03 points
Residential Station	4.98 %	4.96 %	- 0.02 points
Core	4.04 %	4.00 %	- 0.04 points
Secondary core	5.37 %	5.34 %	- 0.03 points
Sub	4.94 %	5.01 %	+0.07 points
Total Ave.	4.34 %	4.30 %	- 0.04 points

Transition of NAV per unit²



¹ Weighted average of direct cap rates at appraisal value (excluding properties to which the direct capitalization method is not applied)

² 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

Our continued efforts on ESG are highly appreciated

Largest J-REIT inclusion of ESG investors



2nd

Constituent among J-REITs

- 9 J-REITs are now selected as constituents
- GPIF announced that its passive management would track ESG indices including this index

**Balance of
GPIF's Unitholding**

1st

Among holding J-REITs

- The market capitalization as of March 31, 2019 : 4.92 bn yen

Issue green bonds at the lowest interest rate in J-REIT history¹

The 2nd JRF Green Bonds

Total amount to be issued	7bn yen
Redemption term	5years
Interest rate	0.200%
Rating	AA-

Create approx. three times the demand

Lowest interest rate in J-REIT history

Highest rank "Green Star" for five consecutive years in GRESB



Score	Green Star (Highest)
Rating	★★★★★ (5 star scale)
Public Disclosure Level	A (Highest)

Achieve the objective of 80% or more of environmentally certified properties

BELS certification	1property
CASBEE real estate evaluation	13properties
DBJ Green Building	19properties

Ratio of properties that acquired environmental certificates²

80.1%

Objectives

Maintain **80%** or more properties with environment certificates

1. As of October 11, 2019
2. As of the end of August, 2019

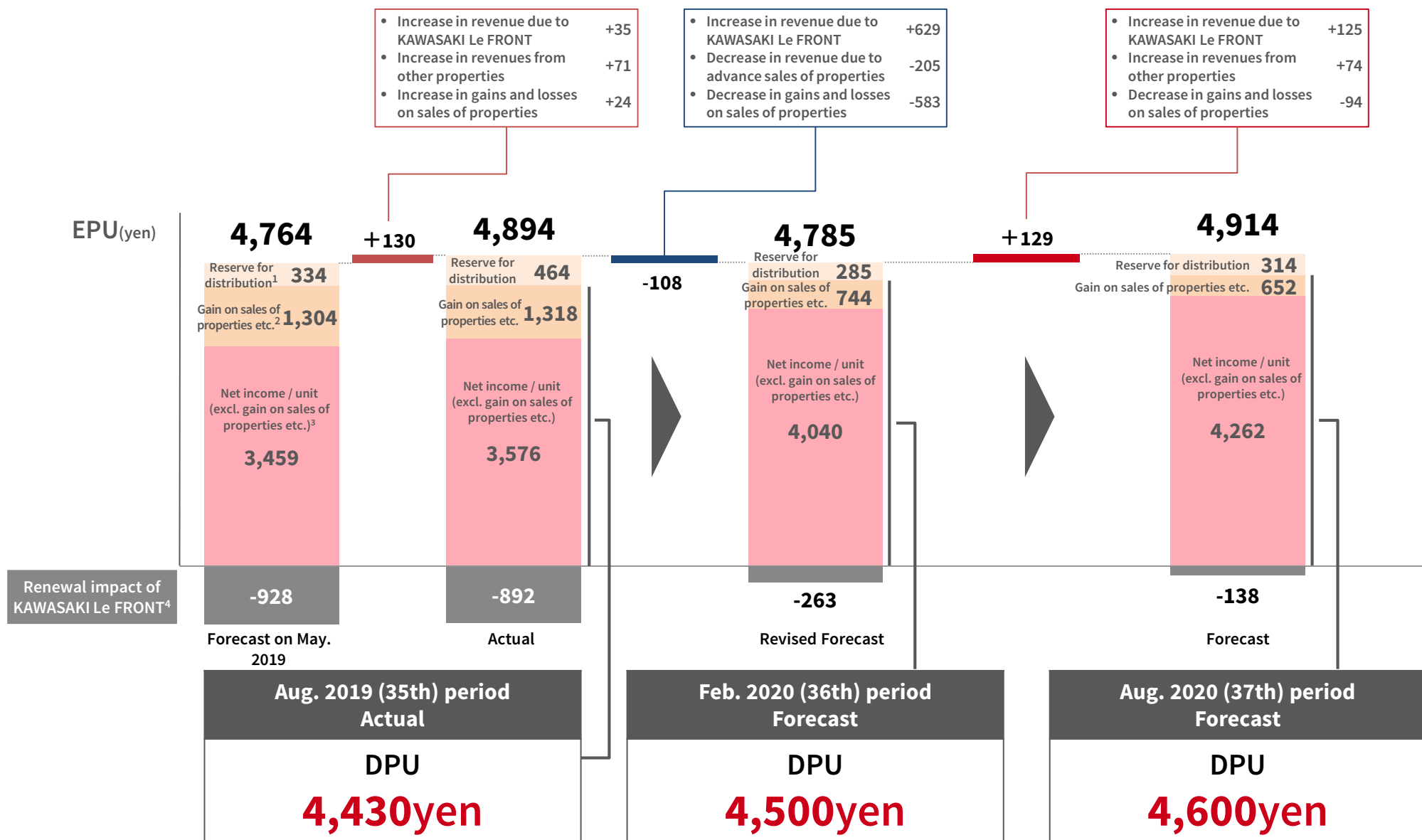
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(Note) Total floor area basis (excluding land with leasehold interest assets)

Financial Results and Forecasts



Summit Store Nakano Minamidai



August 2019 (35th) Period P/L Performance

Japan Retail Fund Investment Corporation

	Feb. 2019 Period (34th) (Actual)	Aug. 2019 Period (35th) (Actual)	Change
Operating revenue	30,680	35,432	+4,751
Gain on sales of real estate, etc.	—	4,574	+4,574
Operating expenses	17,577	20,712	+3,134
Loss on sales of real estate, etc.	—	1,023	+1,023
(Rent NOI excl. gain and loss on sale)	21,676	19,910	-1,765
Operating income	13,103	14,719	+1,616
Non-operating revenue	2	2	+0
Non-operating expenses	1,999	1,906	-92
Ordinary income	11,105	12,815	+1,709
Net income	11,105	12,814	+1,709
Allocation to reserve	—	1,248	+1,248
Reversal of reserve	492	31	-461
Total distribution	11,597	11,597	—
Units outstanding	2,618,017 units	2,618,017 units	—
DPU	4,430 yen	4,430 yen	—
FFO per unit ¹	6,363 yen	5,661 yen	-702 yen
FFO pay out ratio ²	69.6 %	78.3 %	—
Capital expenditures	1,940	3,990	+2,050
Maintenance	965	1,526	+560
Enhancement	974	2,464	+1,490
Repair expenses	779	2,261	+1,481
Total	2,720	6,252	+3,532
Depreciation	5,553	5,557	+3

May 29, 2019 (Revision of forecast)	Change
35,061	+370
4,524	+49
20,681	+31
1,039	-15
19,627	+282
14,380	+339
—	+2
1,906	-0
12,473	+341
12,472	+341
906	+341
31	—
11,597	—
2,618,017 units	—
4,430 yen	—
5,554 yen	+107 yen
79.8 %	—
4,791	-800
2,243	-717
2,547	-83
2,307	-45
7,098	-845
5,553	+4

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

² Distribution per unit / FFO per unit

³ Million yen unless otherwise noted

Major factors behind change during Aug. 2019 (35th) Period (Compared to previous period)

	(mn yen)
Operating revenues	+4,751
✓ Gain on sales of 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama and Ito-Yokado Nishikicho	+4,574
✓ Decrease in rent revenue, etc. related to disposed 4 properties ¹	-130
✓ Contribution, in full, of rent revenue, etc. of acquired properties ² in previous period	+176
✓ Increase in rent revenue, etc. related to acquired m-city Kashiwa and G-Bldg. Jingumae 09	+148
✓ Increase in rent revenue, etc. due to renewal of KAWASAKI Le FRONT	+54
✓ Other properties ³ (rent+9, utility charge received +39, penalty income -115, others -4)	-70
Operating expenses	+3,134
✓ Loss on sales of Narupark	+1,023
✓ Increase in expenses related to disposed 4 properties ¹	+33
✓ Contribution, in full, of expenses of acquired properties ² in previous period	+47
✓ Increase in expenses related to acquired m-city Kashiwa and G-Bldg. Jingumae 09	+27
✓ Increase in expenses due to renewal of KAWASAKI Le FRONT	+1,966
✓ Other properties ³ (property-related tax +50, BM fee +17, repair expense -221, utility charge +44, PM fee -20, depreciation -33, others +34)	-128
✓ Increase in general administration fees (non-recoverable consumption tax+107, AM Fee +51)	+164
Operating income	+1,616
✓ Decrease in interest payments, etc.	-92
Ordinary income	+1,709
Net income	+1,709

1. 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho and Narupark
2. Round 1 Stadium Kawasaki Daishi, G-Bldg. Minami Aoyama 03 and G-Bldg. Jingumae 08
3. Properties excluding the following from the properties owned during Aug. 2019 (35th) period.
(8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho, Narupark, Round 1 Stadium Kawasaki Daishi, G-Bldg. Minami Aoyama 03, G-Bldg. Jingumae 08, m-city Kashiwa, G-Bldg. Jingumae 09 and KAWASAKI Le FRONT)

Major factors behind change during Aug. 2019 (35th) Period (Compared to the revised forecast as of May 29, 2019)

	(mn yen)
Operating revenues	+370
✓ Increase in gain on sales of 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama and Ito-Yokado Nishikicho	+49
✓ Increase in rent revenue, etc. due to renewal of KAWASAKI Le FRONT	+101
✓ Other properties ¹ (rent +64, utility charge received -34, card fee income +52, others +136)	+219
Operating expenses	+31
✓ Decrease in loss on sales of Narupark	-15
✓ Increase in expenses related to disposed 4 properties ²	+3
✓ Increase in expenses due to renewal of KAWASAKI Le FRONT	+9
✓ Other properties ³ (BM fee +34, repair expense -49, utility charge -25, PM fee +68, depreciation -16, others +18)	+30
✓ Increase in general administration fees	+8
Operating income	+339
✓ Increase in non-operating revenue	+2
Ordinary income	+341
Net income	+341

1. Properties excluding KAWASAKI Le FRONT from the properties owned during Aug. 2019 (35th) period.
2. 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho and Narupark
3. Properties excluding the following from the properties owned during Aug. 2019 (35th) period.
(8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho, Narupark, and KAWASAKI Le FRONT)

Forecasts for the Coming Two Periods

	Aug. 2019 Period (35th) (Actual)	Feb. 2020 Period (36th) (Forecast)	Change	Aug. 2020 Period (37th) (Forecast)	Change
Operating revenue	35,432	31,855	-3,576	31,911	+56
Gain on sales of real estate, etc.	4,574	2,022	-2,552	1,775	-246
Operating expenses	20,712	17,556	-3,156	17,329	-226
Loss on sales of real estate, etc.	1,023	—	-1,023	—	—
(Rent NOI excl. gain and loss on sale)	19,910	20,847	+937	21,406	+558
Operating income	14,719	14,299	-419	14,582	+282
Non-operating revenue	2	—	-2	—	—
Non-operating expenses	1,906	1,769	-137	1,713	-55
Ordinary income	12,815	12,529	-285	12,868	+338
Net income	12,814	12,529	-285	12,867	+338
Allocation to reserve	1,248	779	-468	854	+75
Reversal of reserve	31	31	—	31	—
Balance of reserve ¹	5,860	6,609	+748	7,432	+823
Total distribution	11,597	11,781	+183	12,042	+261
Units outstanding	2,618,017 units	2,618,017 units	—	2,618,017 units	—
DPU	4,430 yen	4,500 yen	+70 yen	4,600 yen	+100 yen
FFO per unit ²	5,661 yen	6,071 yen	+410 yen	6,307 yen	+236 yen
FFO pay out ratio ³	78.3 %	74.1 %	—	72.9 %	—
Capital expenditures	3,990	5,333	+1,342	3,037	-2,295
Maintenance	1,526	2,429	+903	2,365	-64
Enhancement	2,464	2,903	+439	672	-2,231
Repair expenses	2,261	852	-1,409	571	-281
Total	6,252	6,185	-66	3,608	-2,576
Depreciation	5,557	5,387	-170	5,422	+35

¹ Balance of reserve after approval of distributions as the JRF board directors meeting for each period

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

³ Distribution per unit / FFO per unit

⁴ Million yen unless otherwise noted

Major factors behind change during Feb. 2020 (36th) period (Compared to actual for Aug. 2019 (35th) period)

	(mn yen)
Operating revenues	-3,576
✓ Absence of gain on sales properties in previous period	-2,552
✓ Decrease in rent revenue, etc. related to disposed properties in the previous period ¹	-1,216
✓ Contribution, in full, of rent revenue, etc. of acquired properties ² in the previous period	+128
✓ Increase in rent revenue, etc. due to renewal of KAWASAKI Le FRONT	+204
✓ Other properties ³ (rent +12, utility charge received -49, others -127)	-141
Operating expenses	-3,156
✓ Absence of loss on sales property in previous period	-1,023
✓ Decrease in expenses related to disposed properties ¹ in the previous period	-598
✓ Contribution, in full, of expenses of acquired properties ² in the previous period	+11
✓ Decrease in expenses due to renewal of KAWASAKI Le FRONT	-1,443
✓ Other properties ³ (repair expense -74, utility charge -61, PM fee -68, depreciation +55, others +45)	-103
Operating income	-419
Decrease in interest payments, etc.	-137
Ordinary income	-285
Net income	-285

1. 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho and Narupark

2. m-city Kashiwa and G-Bldg. Jingumae 09

3. Properties excluding the following from the properties owned during Aug. 2019 (35th) period.

(8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho, Narupark, m-city Kashiwa, G-Bldg. Jingumae 09 and KAWASAKI Le FRONT)

Major factors behind change during Aug. 2020 (37th) period (compared to forecast for Feb. 2020 (36th) period)

	(mn yen)
Operating revenue	+56
✓ Decrease in gain on sales of Ito-Yokado Nishikicho	-246
✓ Decrease in rent revenue, etc. related to disposed Ito-Yokado Nishikicho	-176
✓ Increase in rent revenue, etc. due to renewal of KAWASAKI Le FRONT	+149
✓ Absence of renewal downtime of mozo wonder city	+57
✓ Other properties ¹ (rent +74, utility charge received +58, others +138)	+272
Operating expenses	-226
✓ Decrease in expense related to disposed Ito-Yokado Nishikicho	-56
✓ Decrease in renewal expense of KAWASAKI Le FRONT	-177
✓ Decrease in expenses of mozo wonder city	-7
✓ Other properties ¹ (property-related tax +43, BM fee -12, repair expense -31, utility charge +69, others -47)	+20
✓ Increase in general administration fees	-5
Operating income	+282
Decrease in interest payments and completion of amortization of issuance expense, etc.	-56
Ordinary income	+338
Net income	+338

1. Properties excluding the following from the properties owned during Feb. 2020 (36th) period.
(Ito-Yokado Nishikicho, KAWASAKI Le FRONT and mozo wonder city)

August 2019 (35th) Period B/S Performance

Japan Retail Fund Investment Corporation

	Feb. 2019 Period (34th) (Actual)	Aug. 2019 Period (35th) (Actual)	Change
Total assets (1)	897,331	900,799	+ 3,468
Total liabilities	464,630	466,805	+ 2,174
Interest-bearing liability (2)	404,725	404,725	—
Tenant leasehold and security deposits (3)	50,071	48,594	- 1,476
Net assets	432,701	433,994	+ 1,293
LTV ((2)+(3)) / (1)	50.7 %	50.3 %	-0.4 points
LTV (2) / (1)	45.1 %	44.9 %	-0.2 points
Long-term borrowings ratio	98.2 %	100.0 %	+1.8 points
Fixed interest rate ratio	93.3 %	93.3 %	—
Average debt cost	0.99 %	0.92 %	- 0.07 points
Number of properties	101 properties	100 properties	-1 properties
Aggregate acquisition price	905,735	883,234	- 22,501
Unrealized profits and losses	+ 156,981	+ 161,476	+ 4,494
Book value	851,358	832,643	- 18,714
Appraisal value	1,008,340	994,120	- 14,220

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

Balance of reserve	4,643	5,860	+ 1,216
Reserve for dividends	1,616	2,864	+ 1,248
Reserve for reduction entry of property	15	15	—
Reserve for temporary difference adjustments	3,012	2,981	- 31

Major factor behind change during Aug. 2019 (35th) period (Compared to previous period)

	(mn yen)
Total assets	+3,468
✓ Acquisition properties	+12,837
✓ Disposition properties	-29,390
✓ Increase in cash and bank deposits	+21,745
✓ Depreciation, loss on disposal of fixed assets	-5,737
✓ Capital expenditures	+3,990
✓ Construction in progress account	-680
✓ Prepaid expense, long-term prepaid expense	+245
Total liabilities	+2,174
✓ Increase in accounts payable-operating	+1,040
✓ Decrease in tenant leasehold and security deposits	-1,476
✓ Consumption tax payable	+947
✓ Increase in accrued expense	+275
✓ Increase in deposits received	+1,501
✓ Decrease in current portion of asset retirement obligations	-62
Net assets	+1,293
✓ Increase of retained earnings	+1,709
✓ Decrease in reserve of dividends	-492
✓ Deferred gain and losses on hedges	+76

Million yen unless otherwise noted

P.5

1. As of October 11, 2019. Acquisition is not guaranteed
2. Based on appraisal value
3. Based on appraisal value basis as of the end of August 2019, excluding Ito-Yokado Nishikicho which will be dispositioned
4. The forecasts described herein do not guarantee

P.6

1. $(\text{Net income} - \text{Gain on sales of real estate} + \text{Loss on sales of real estate} + \text{Nonrecoverable tax due to disposition}) / \text{Total units outstanding as of Aug. 2019 (35}^{\text{th}} \text{ period)}$
2. $(\text{Estimated NOI after depreciation after renewal completion} - \text{Estimated NOI after depreciation as of Aug. 2020 (37}^{\text{th}} \text{ period)}) / \text{Total units outstanding as of Aug. 2019 (35}^{\text{th}} \text{ period)}$
3. Calculated by the difference of total acquisition price of core assets acquired since December 2018 and total acquisition price of sub assets disposed (including scheduled disposition) after Feb. 2019 (34th) period, converted to semi-annualized basis by multiplying 3.3% (NOI yield after depreciation) and divided it by the issued investment units at the end of each period
4. The forecasts described herein do not guarantee
5. The forecasts described herein do not guarantee
6. 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 from Feb. 2021 (38th) period to Aug. 2023 (43rd) period. Please refer to P13 for details
7. Depreciation and amortization outstanding - Capital expenditures
8. The forecasts described herein do not guarantee

P.13

1. CBRE "Retail Market Information"
2. CBRE "Retail Market View 2019 2Q"
3. Based on disclosure documents of each train company
4. Ministry of Internal Affairs and Communications, Statistic Bureau, "Census", National Institute of Population and Social Security Research, "Population & Household Projection"
5. Osaka City (Kita-ward, Chuo-ward, Fukushima-ward, Nishi-ward, Tennoji-ward, Naniwa-ward)

P.14

1. 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 2019
2. Semi-annualized the gap between the monthly rent of existing tenants and the market rent price specified in the appraisal reports, divided by outstanding units as of Aug. 2019 (35th) period. The monthly rents subjects are fixed-term leasing contracts in Core assets (Prime / Major station) that will be renewed after September 2019
3. The gap between the monthly rent of blocks of Core Assets (Prime / Major station), the fixed-term leasing contracts of which end, and the monthly rent of them under the renewed contracts
4. Increase/decrease rate is represented by $(\text{monthly rent after revision} - \text{monthly rent before revision}) / \text{monthly rent before revision}$ (excluding rents specified in unsigned leasing contracts)
5. 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. 2019 (35th) period
6. Represented by the aggregated rents for blocks of the fixed-term leasing contracts, which will expire and renew in Core assets

P.15

1. Market rent is based on the appraisal report
2. The difference between the monthly rent of the previous tenant and the monthly rent of the new tenant
3. (Monthly rent latest revision by the aggregated rents for blocks of the fixed contract – Monthly rent before revision) / Total monthly revenue on Residential station
4. 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. 2019 (35th) period

P.16

1. This is the annual NOI divided by the acquisition price
2. Annual NOI before renewal is calculated at the time of acquisition in October 2013
3. Based on the current renewal plan
4. Based on the lease agreement in the current renewal plan, annual NOI increase is computed on the basis of sales volume, DPU increase is calculated by converting the annual NOI increase into six months, and dividing by the invest units as of Aug. 2019 (35th) period
5. The difference between the initial annual NOI and the current annual estimated NOI and the annual NOI increase base on sales of 115% by dividing by investment units as of the end of the Aug. 2019 (35th) period
6. Sales of Yodobashi Camera are calculated based on the previous year's sales, and tenants of specialty stores are calculated based on assumed sales.

P.18

1. Include loan-related costs etc.
2. Calculated by the difference of debt cost before refinancing and debt cost after refinancing converted to semi-annualized basis and divided it by the issued investment units as of Aug. 2019 (35th) period
3. As of October 11, 2019
4. Calculated by multiplying the difference between the average interest rate and 0.6% by the total amount of borrowings for 6 months and dividing by the investment units as of the end of Aug. 2019 (35th) period

P.19

1. The total amount of borrowings and investment corporation bonds divided by total assets
2. The total amount of borrowings and investment corporation bonds divided by the appraisal value
3. The total amount of fixed-rate borrowings, investment corporation bonds, and security deposits divided by the total amount of borrowings, investment corporation bonds, and security deposits
4. The total amount of long-term debt (including current portion of long-term debt), investment corporation bonds, and security deposits divided by the total amount of borrowings, investment corporation bonds, and security deposits
5. Calculation including the security deposits
6. As of October 15, 2019

P.20

1. Balance of reserve after approval of distributions at the JRF's Board of Directors meeting for each period
2. Total amount of reserve for reduction entry of property, reserve for temporary difference adjustments, and reserve for dividend
3. Cash and deposits balance at the end of August 2019 (35th fiscal period)-Total distributions at the end of August 2019 (35th fiscal period)-Guarantee deposits to be repaid-Balance of reserves at the end of August 2019 (35th fiscal period)-Unpaid renewal CAPEX-reserves for Kawasaki Leflon-Calculated using funds to acquire replacement assets
4. The forecasts described herein do not guarantee
5. Figures are calculated by deducting the total acquisition price of the three core assets acquired after December 2018 from the total acquisition price of the four sub-assets (of which one is a quasi-co-ownership interest of real estate trust beneficiary interest) transferred in the fiscal period ended August 2019 (35th fiscal period)
6. Calculated by multiplying 6 billion yen by 3.3% NOI yield after depreciation for 6 months and dividing by investment units as of the end of August 2019 (35th fiscal period)

P.21

- This change is based on the premise that Resolution Proposal 1 “Partial amendment of the Articles of Incorporation” will be approved as originally proposed at the General Meeting of Unitholders scheduled to be held on November 22, 2019.
- The rates listed in this press release are different from the rates in the Articles of Incorporation.
 <Rate before change> The rates based on the previous Asset Management Agreement signed between the Investment Corporation and the Asset Management Company
 <Rate after change> The rates based on the Memorandum of Amendments to the Asset Management Agreement signed today between the Investment Corporation and the Asset Management Company

The rates according to the Articles of Investment Corporation are as follows.

<Before> Asset Management Fee: Gross Asset Value* x up to 1% (per annum), Acquisition Fee: Acquisition Value x up to 2%

<After> Asset Management Fee I : Gross Asset Value* x up to 0.75% (per annum), Asset Management Fee II : Total Distribution** x up to 9%,
 Acquisition Fee: Acquisition Value x up to 2%, Disposition Fee: Disposition Value x up to 1.5%, Merger Fee: Appraisal Value of Assets Received at Merger x up to 2%

* For the calculation method of the Gross Asset Value, please refer to “Part1. Fund Information, Item 1. Status of Fund, 4. Charges, etc. and Taxation, (3) Management Fee, etc., (iii) Fees for Asset Management Company (Article 29 of the Articles Incorporation) set out in the Annual Securities Report for the FP ended Feb. 2019 (34th).”

** The Total Distribution is the amount of distribution (Distribution per unit x units issued outstanding) stated on the statement of distribution of monies for the immediately preceding business period.

- The capital loss from disposition arises when the numerical value calculated by the following formula is negative. If it is positive, the Disposition Fee will be applied.
 $\text{Disposition Value} - (\text{Book Value as of the date of the disposition} + \text{expenses incurred for disposition} + \text{Disposition Fee})$

P.26

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
2. $(\text{Gain and loss on sales of real estate} - \text{Nonrecoverable tax due to disposition}) / \text{Total units as of Aug. 2019 (35}^{\text{th}}\text{) period}$
3. $(\text{Net income} - \text{gain and loss on sales of real estate}) / \text{Total units as of Aug. 2019 (35}^{\text{th}}\text{) period}$
4. $(\text{NOI after depreciation for the budget for each fiscal period} - \text{Assumed NOI after depreciation after renewal}) / \text{Total units as of Aug. 2019 (35}^{\text{th}}\text{) period}$

Think bold today for a brighter tomorrow.



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.
- This material is prepared based on Japanese accounting principles unless otherwise noted.
- 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)