

Think bold today for a brighter tomorrow.



RETAIL PROPERTIES MARKET DATA

February 2020(36th) Period Results – Supplementary material

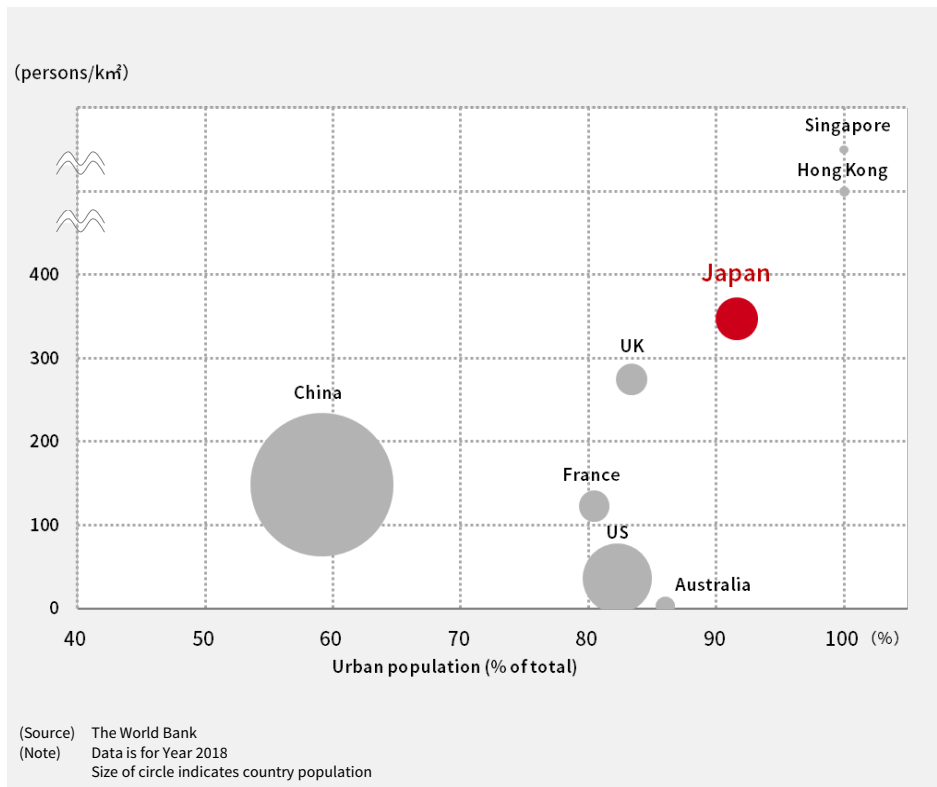
36th period: September 1, 2019 ~ February 29, 2020

Japan Retail Fund Investment Corporation

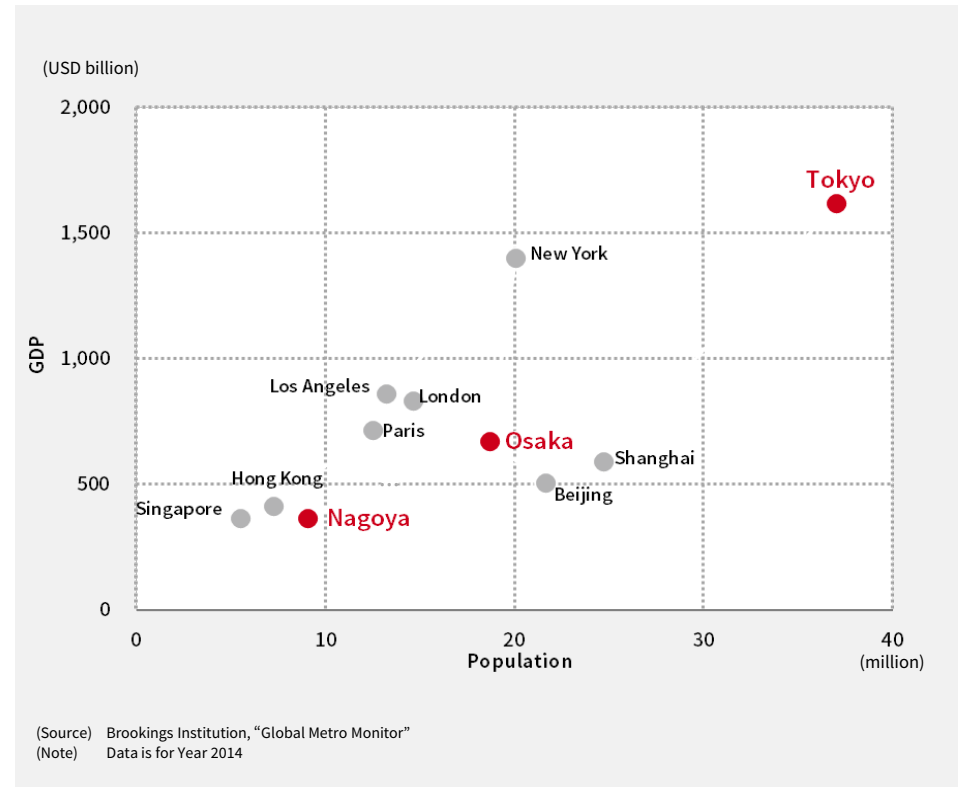
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Comparison of population density and urban population



Comparison of GDP and population in major metropolitan areas



Key differences between Japan and the The US



Japan

378 thousand km²

126.52 million

approx. **347**/km²

Concentrated in urban areas

(Population of urban area: **92%**)(Note)

105%

(approx. 50% for urban area)



Mainly by **train**

Land area

Population

Population density

Demographics

Car ownership
(per family)

Commuting method

US



9,628 thousand km²

327.16 million

(approx. **2.6** times as Japan)

approx. **36**/km²

Relatively diversified

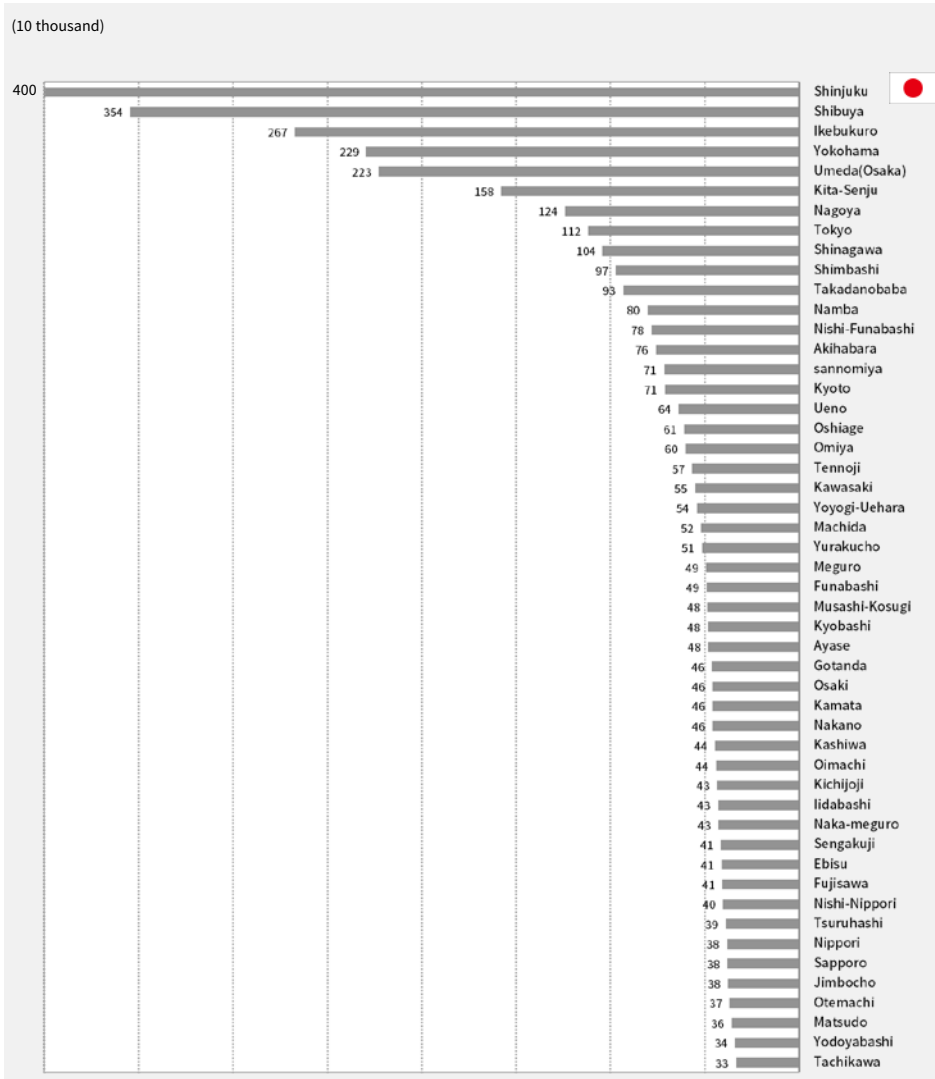
(Population of urban area: **82%**)

91%

Mainly by **car**



TOP50 in Japan ranking of passenger volume in train stations

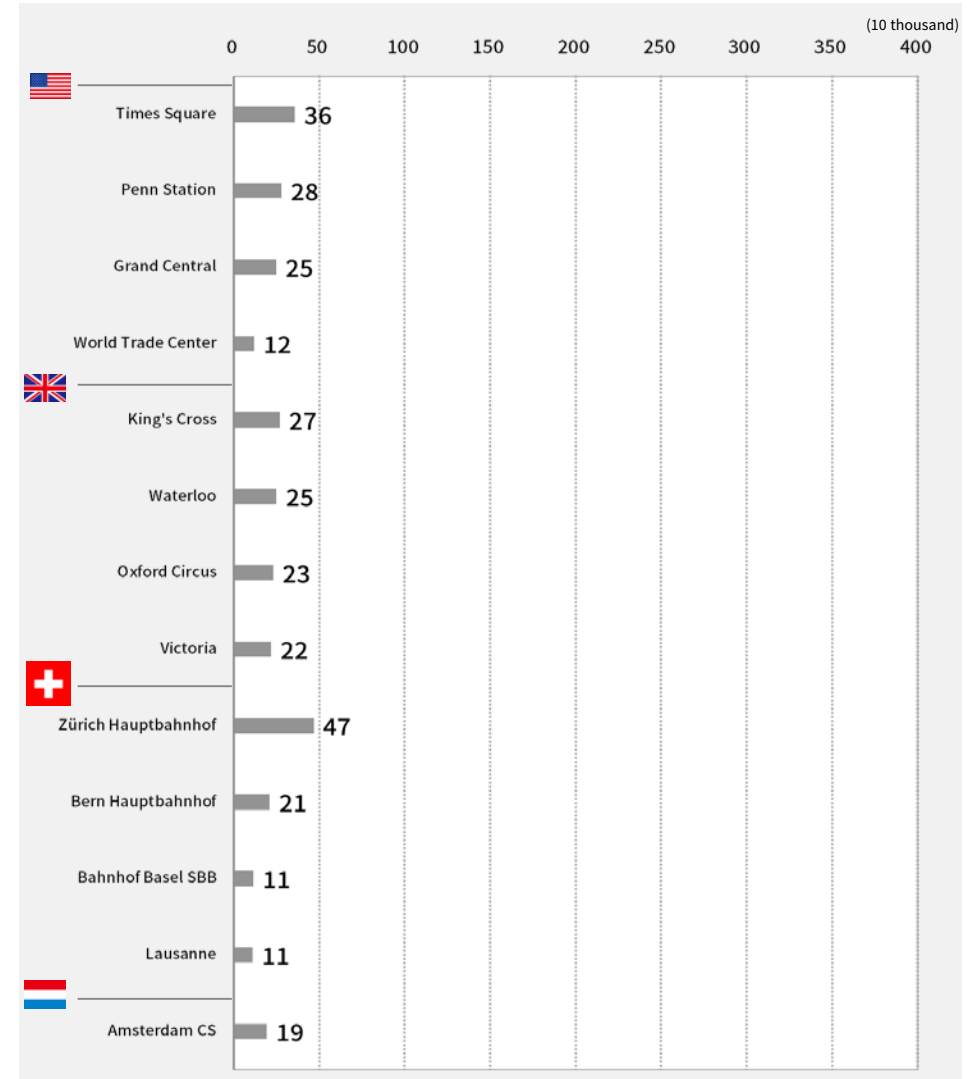


(Source) Based on disclosure documents of each train company

(Note) Data is for year 2017 (Some data for 2015 and 2016)

* Graphs on this page are created by the Asset Management Company based on each source

Passenger volume for major stations at a global



Comparison of commercial environment in Japan and the US



Japan

\$1.05 trillion

Total retail sales/Year
(Excluding Motor vehicle & Fuel stores)

approx. **3,200**

of shopping centers

12 sq. ft.

Retail SF per capita

\$8,359

Retail sales
per capita/Year

Urban areas

More retail sales in

US



\$4.47 trillion
(approx. **4.2** times as Japan)

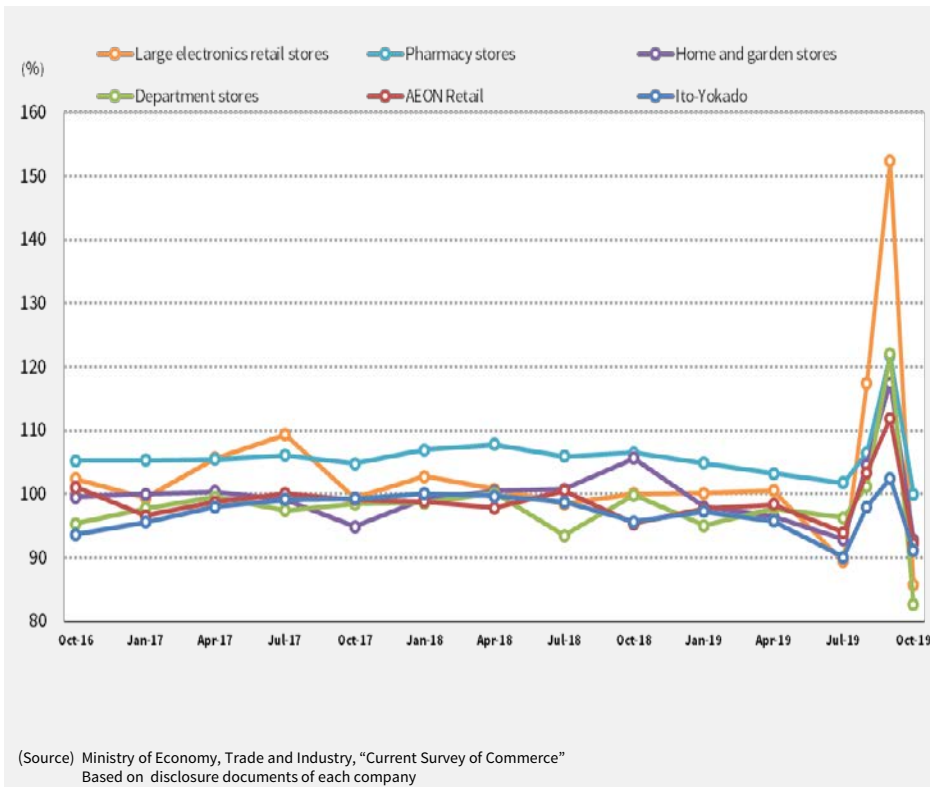
approx. **47,000**
(approx. **15** times as Japan)

21 sq. ft.
(approx. **1.8** times as Japan)

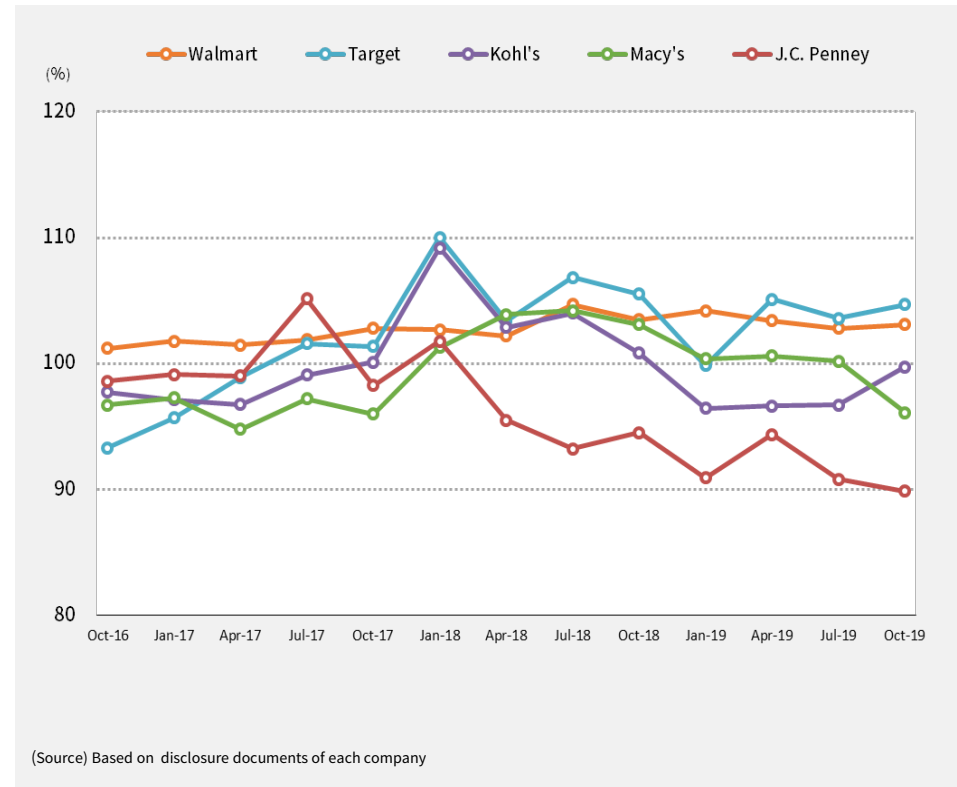
\$13,126
(approx. **1.6** times as Japan)

Suburban areas

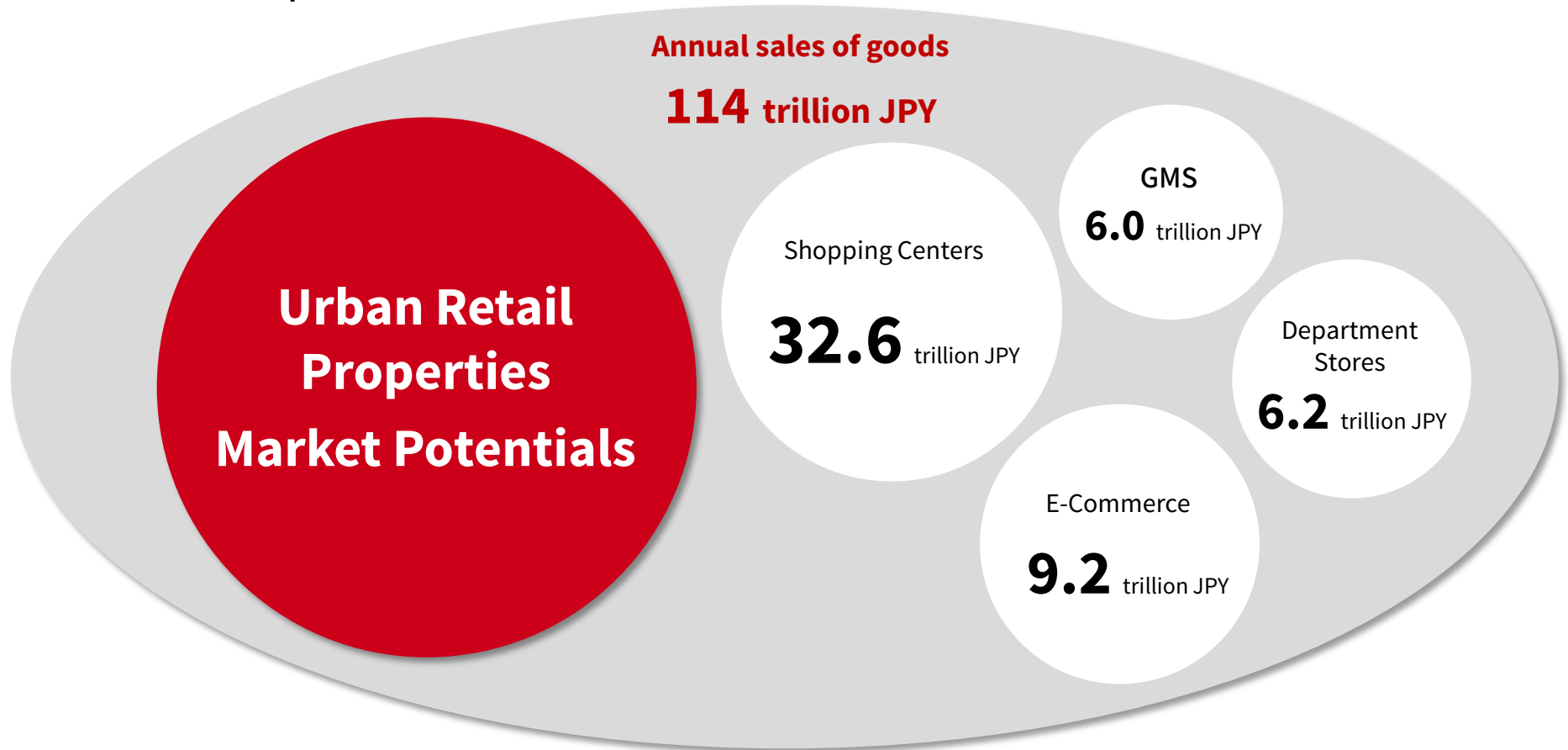
YoY change in monthly retail sales by major facility types in Japan (Oct. 2016 – Oct. 2019)



YoY change in quarterly sales by major US retailers (Oct. 2016 – Oct. 2019)

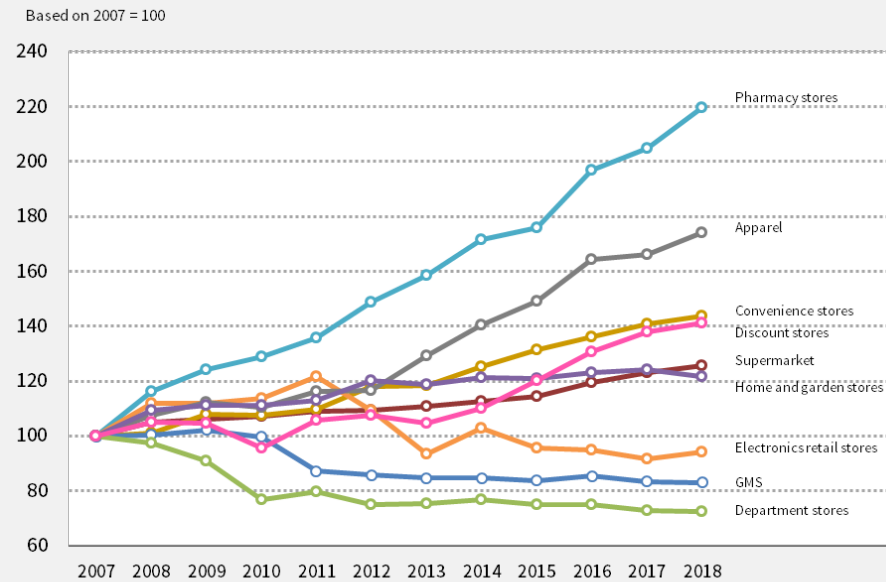


Size of retail market in Japan



(Source) Japan Council of Shopping Centers, "SC White Paper"; Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Japan Chain Stores Association "Statistics of Chain Store Sales"; Ministry of Economy, Trade and Industry, "FY 2018" Establishment of infrastructure for data driven society in Japan (Market research on e-commerce); Ministry of Economy, Trade and Industry, "2016 Economic Census for Business Activity"

Sales trends of retail industry in Japan



(Source) DIAMOND Chain Store, Chain Store Age

(Note) 2007 retail sales indexed as 100, based on aggregate figure of top 1,000 retail sales in Japan

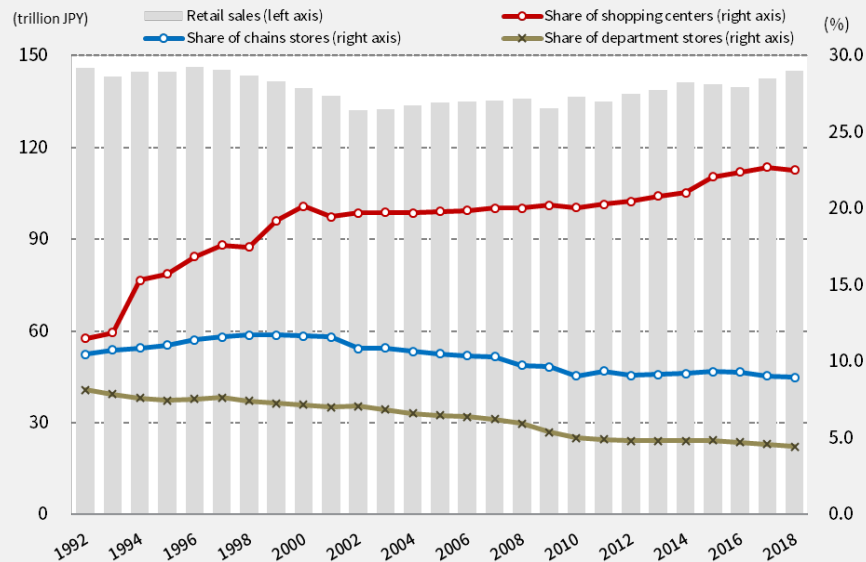
Sales growth rate of retail industry in Japan

Category	CAGR	Top 3 players
Pharmacy stores	7.4%	Welcia-HD (consolidated), Tsuruha-HD (consolidated), Matsumotokiyoshi-HD (consolidated)
Apparel	5.2%	FAST RETAILING (consolidated), SHIMAMURA, Adastria
Convenience stores	3.4%	7-Eleven, FamilyMart, LAWSON
Discount stores	3.2%	Don Quijote-HD, Trial Company, DIREX
Home and garden stores	1.8%	DCMHD(consolidated), Cainz, KOMERI
Supermarket	2.1%	U.S.M.H. (consolidated), LIFE CORPORATION, ARCS (consolidated)
Electronics retail stores	-0.5%	Yamada Denki, EDION (consolidated), Yodobashi Camera
GMS	-1.7%	AEON Retail, Ito-Yokado, UNY
Department stores	-2.9%	Takashimaya, Sogo & Seibu, Isetan Mitsukoshi

(Source) DIAMOND Chain Store, Chain Store Age

(Note) CAGR is the average from 2007 to 2018

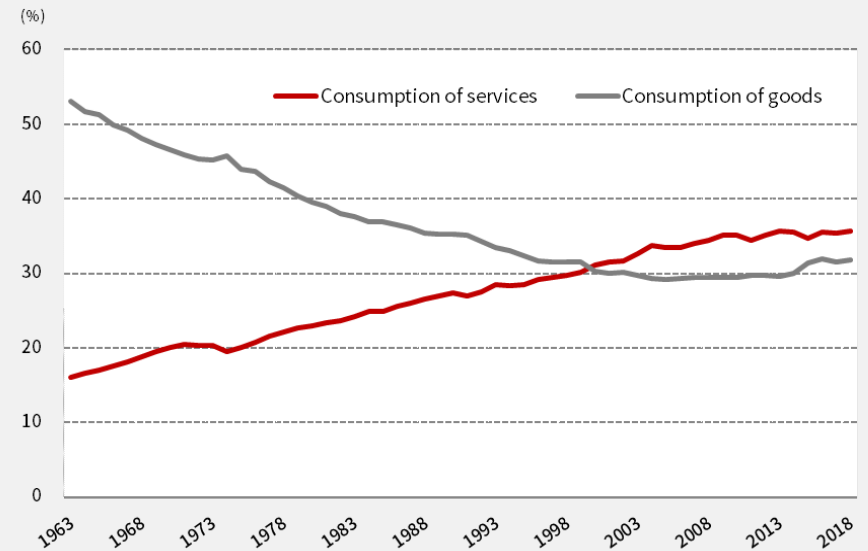
Total retail market sales and trend of SC, chain stores, department store share



(Source) Japan Council of Shopping Centers, "SC White Paper"; Ministry of Economy, Trade and Industry, "Current Survey of Commerce"; Japan Chain Stores Association "Statistics of Chain Store Sales"

(Note) The criteria of SC has changed in 2008 from "tenants of product sales are 10 or more" to "tenants including restaurant business and service business are 10 or more". The data after 2008 is based on the new criteria

Percentage of goods consumption and services consumption has inverted

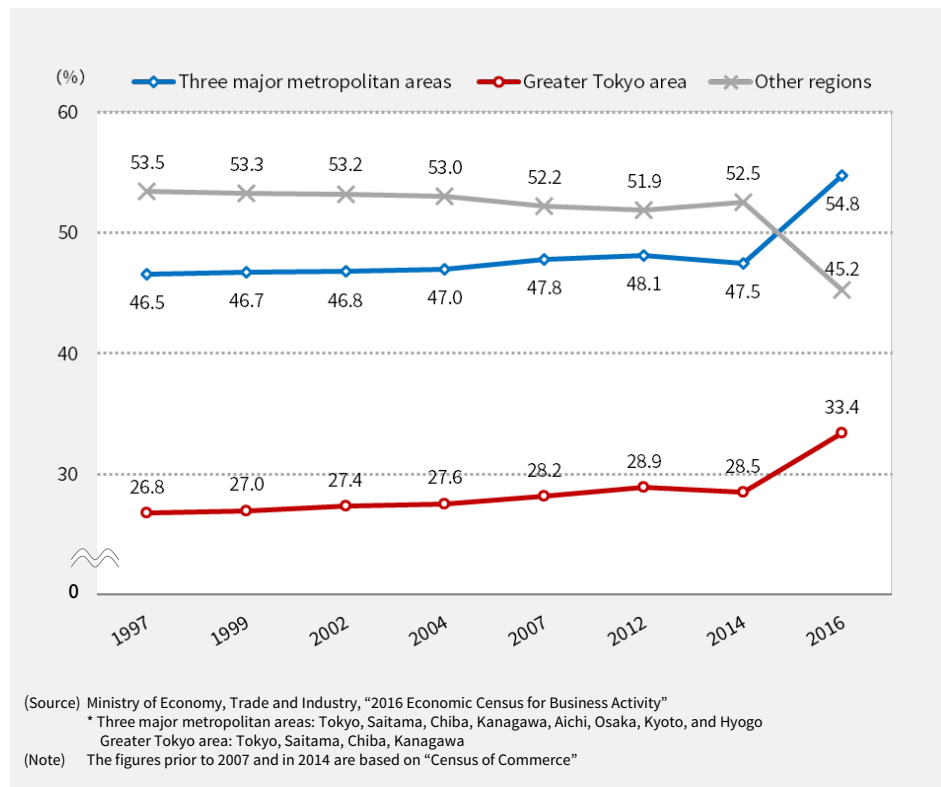


(Source) Ministry of Internal Affairs and Communications, Statistic Bureau, "Family Income and Expenditure Survey (Household Income and Expenses)"

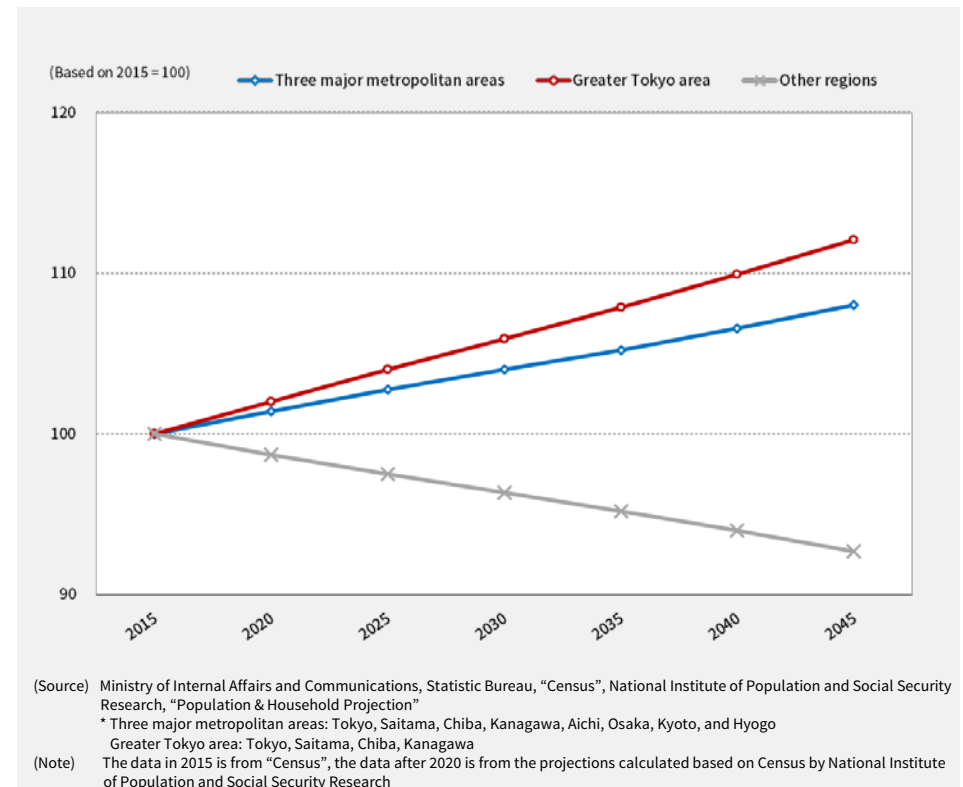
(Note) Survey of workers' households having two or more persons (Due to change in calculation method, farming, forestry and fishery households are excluded until 1999 but included from 2000)

For "Consumption of services," the graphic above shows the proportion that the total expenditures for insurance, medical fees, transportation, communication, education, cultural activities and recreation comprise of total consumption expenditures. For "Consumption of goods," the graphic above shows the proportion that the total expenditures for food, furniture, household supplies, clothing, and footwear comprise of total consumption expenditures

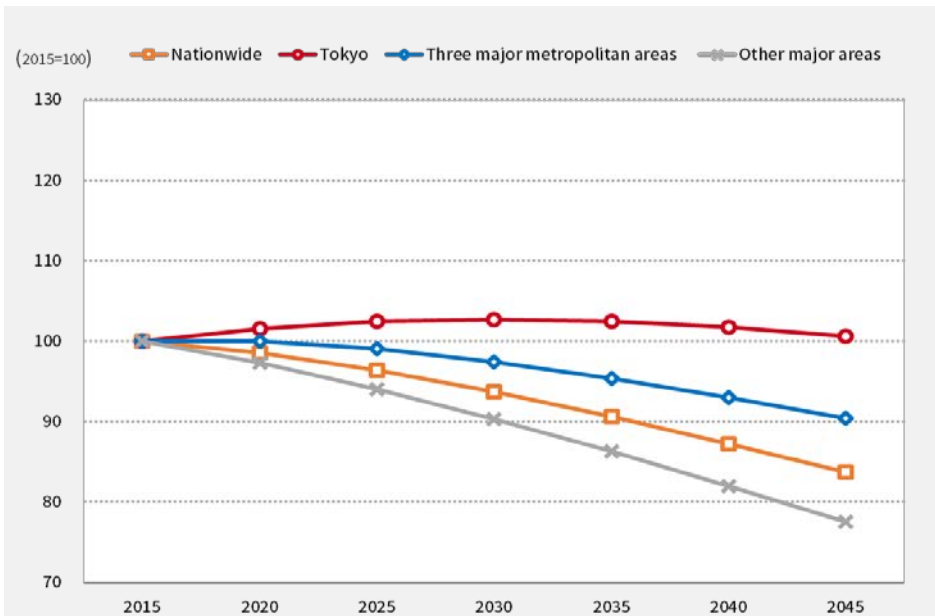
Percentage of total annual retail sales in Japan by each region



Forecast population composition ratio of the three major metropolitan areas and the Greater Tokyo area to the total population



Population outlook for Japan

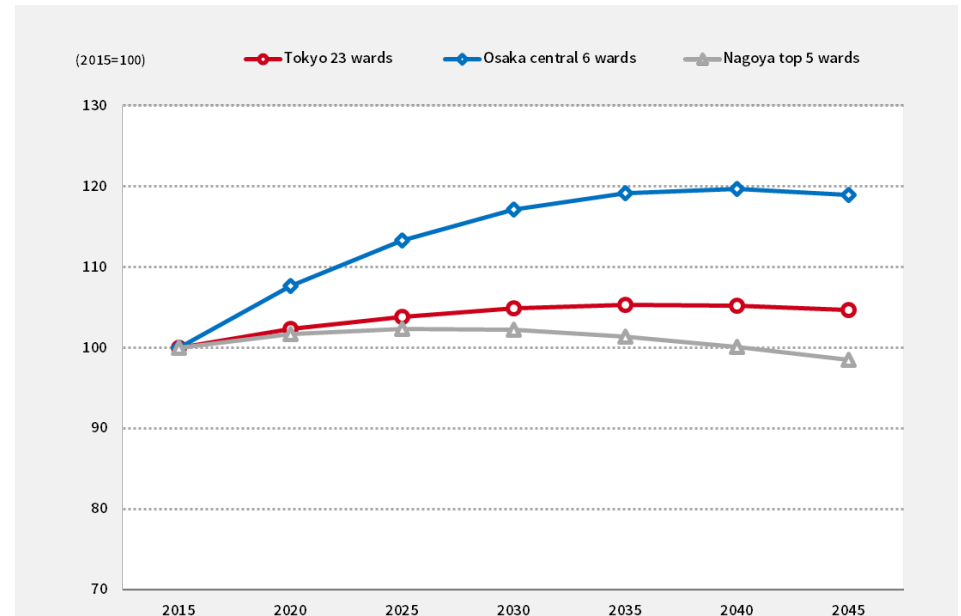


(Source) Ministry of Internal Affairs and Communications, Statistic Bureau, "Census", National Institute of Population and Social Security Research, "Population & Household Projection"

* Three major metropolitan areas: Tokyo, Saitama, Chiba, Kanagawa, Aichi, Osaka, Kyoto, and Hyogo

(Note) The data in 2015 is from "Census", the data after 2020 is from the projections calculated based on Census by National Institute of Population and Social Security Research

Population outlook for the three metropolitan areas central districts



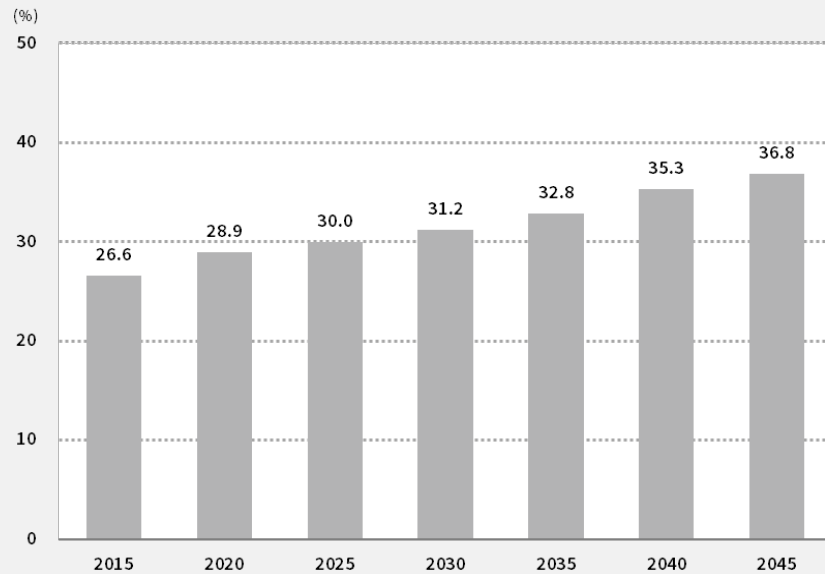
(Source) Ministry of Internal Affairs and Communications, Statistic Bureau, "Census", National Institute of Population and Social Security Research, "Population & Household Projection"

* Main part of Osaka: Osaka City (Kita-ward, Chuo-ward, Fukushima-ward, Nishi-ward, Tennoji-ward, Naniwa-ward)

Top5 population of Nagoya City: Nagoya City (Chigusa-ward, Nakagwa-ward, Moriyama-ward, Midori-ward, and Meito-ward)

(Note) The data in 2015 is from "Census", the data after 2020 is from the projections calculated based on Census by National Institute of Population and Social Security Research

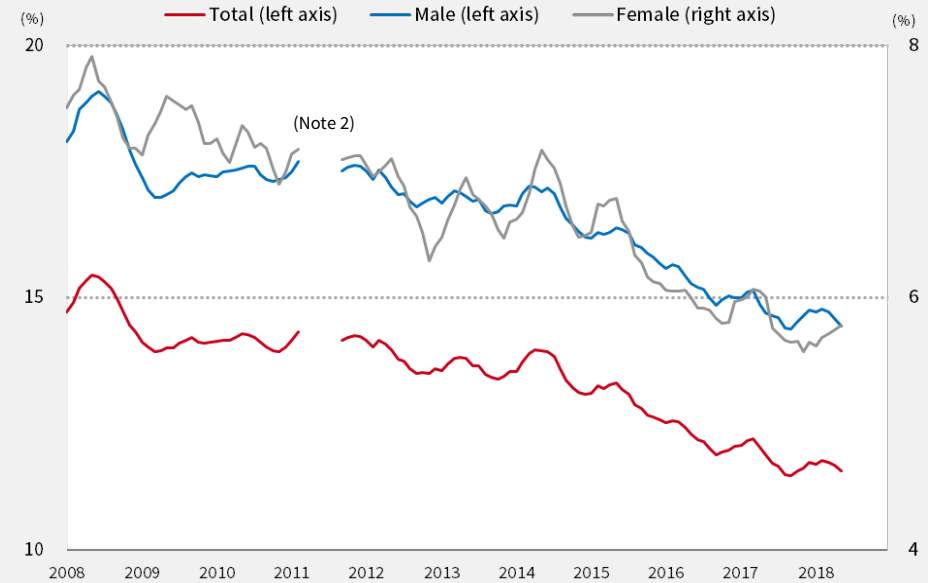
Percentage flow of the population over 65 years old



(Source) Ministry of Internal Affairs and Communications, Statistic Bureau, "Census", National Institute of Population and Social Security Research, "Population & Household Projection"

(Note) The data in 2015 is from "Census", the data after 2020 is from the projections calculated based on Census by National Institute of Population and Social Security Research

Percentage of workers who work over 60 hours / week, out of workers who work 35 hours / week (Note 1)

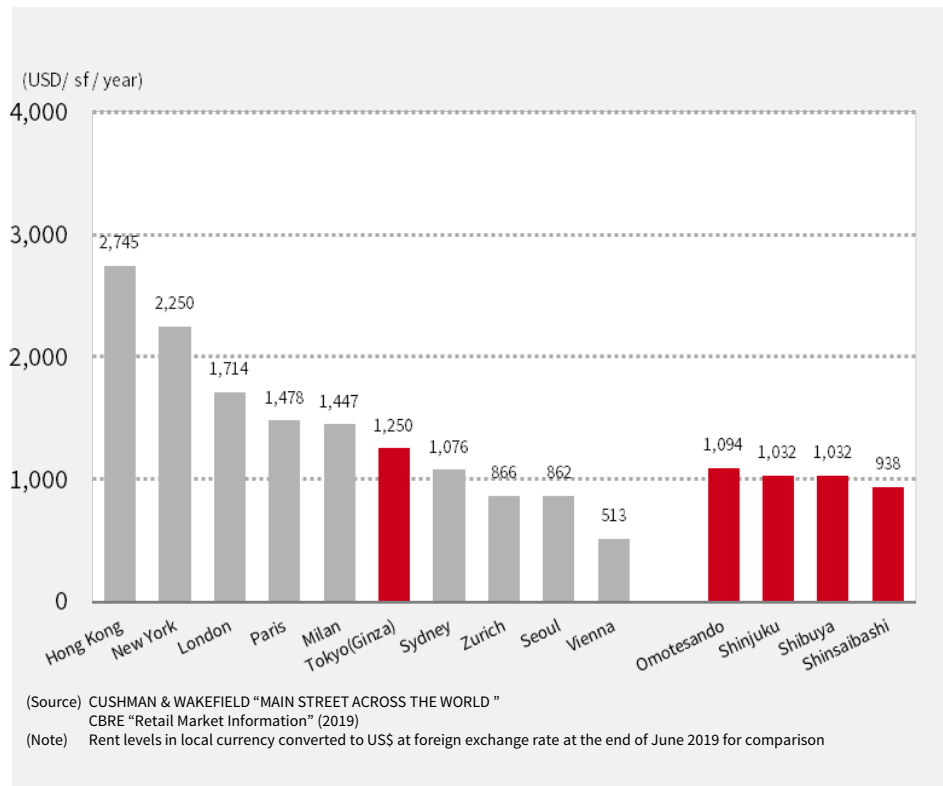


(source) Ministry of Health, Labour and Welfare, "Labour Force Survey", SMBC Nikko Securities Inc.

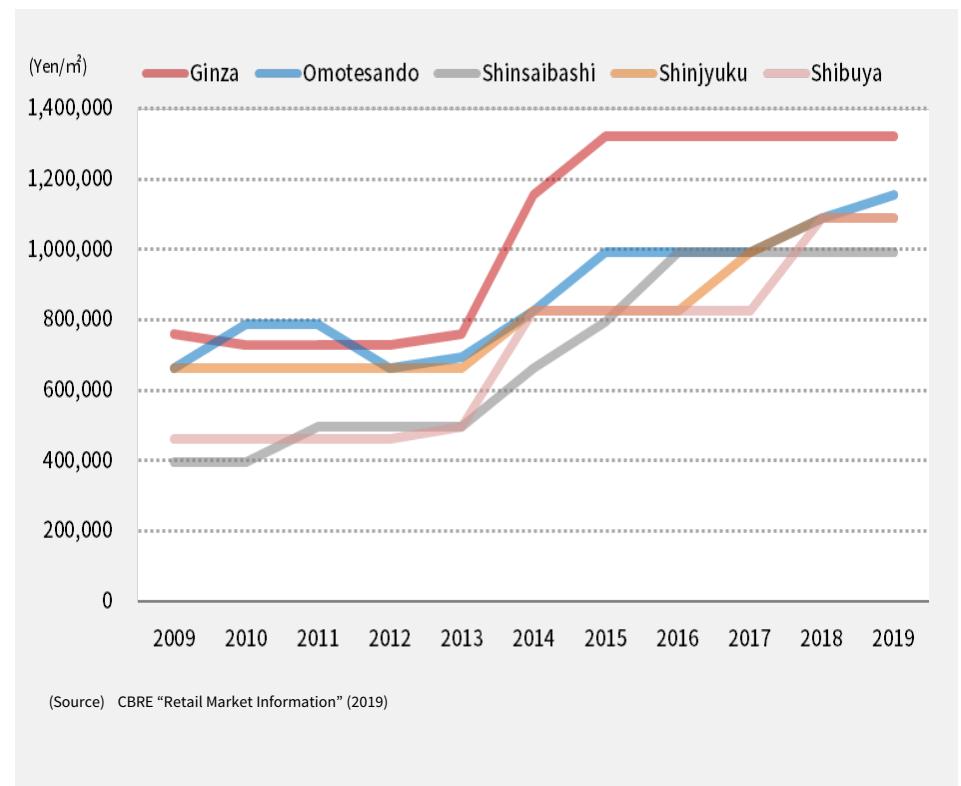
(Note 1) 6 month moving average

(Note 2) No data for March to August 2011 due to the Great East Japan earthquake

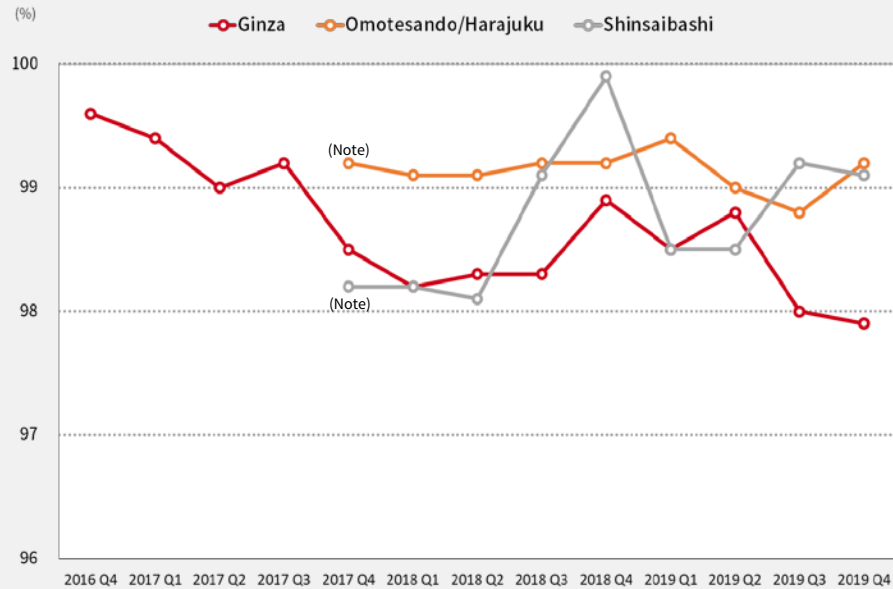
Rent levels of retail properties in major cities worldwide



Change in highest rents in major commercial districts

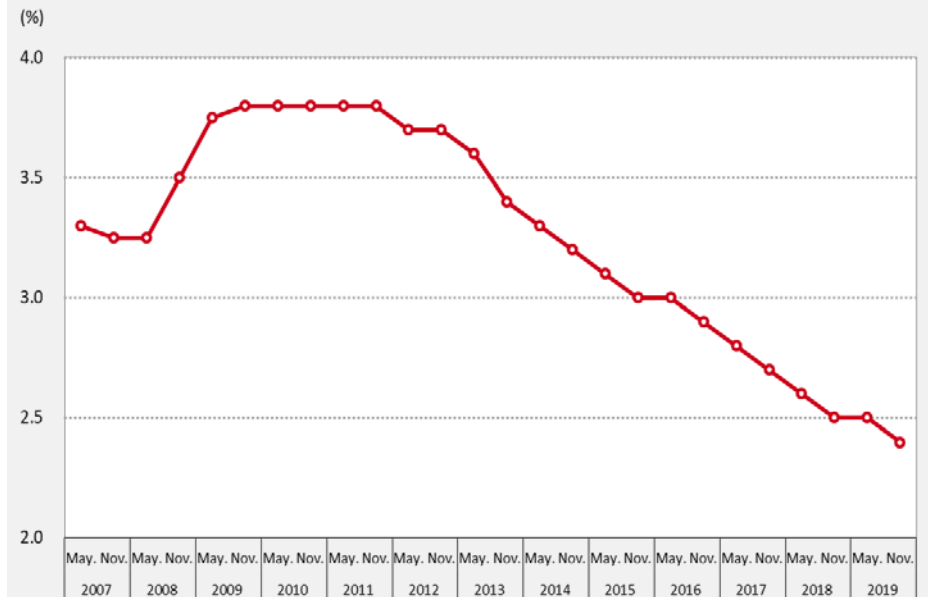


Occupancy rate of urban retail properties in prime locations



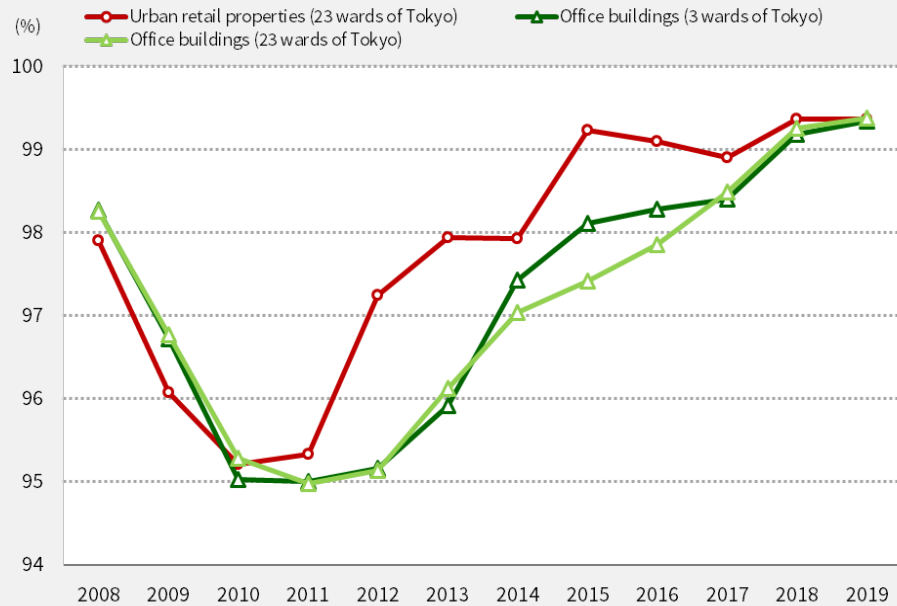
(Source) CBRE "Retail market review 4th quarter 2019"
 (Note) The data before 2017 3Q is not disclosed by the source

Historical Cap Rate of urban retail properties located in Ginza



(Source) Japan Real Estate Institute
 (Note) Yield assessed based on cap rate of specialty stores with building age of around 5 years along side Ginza Chuo-dori in Chuo-ku, Tokyo

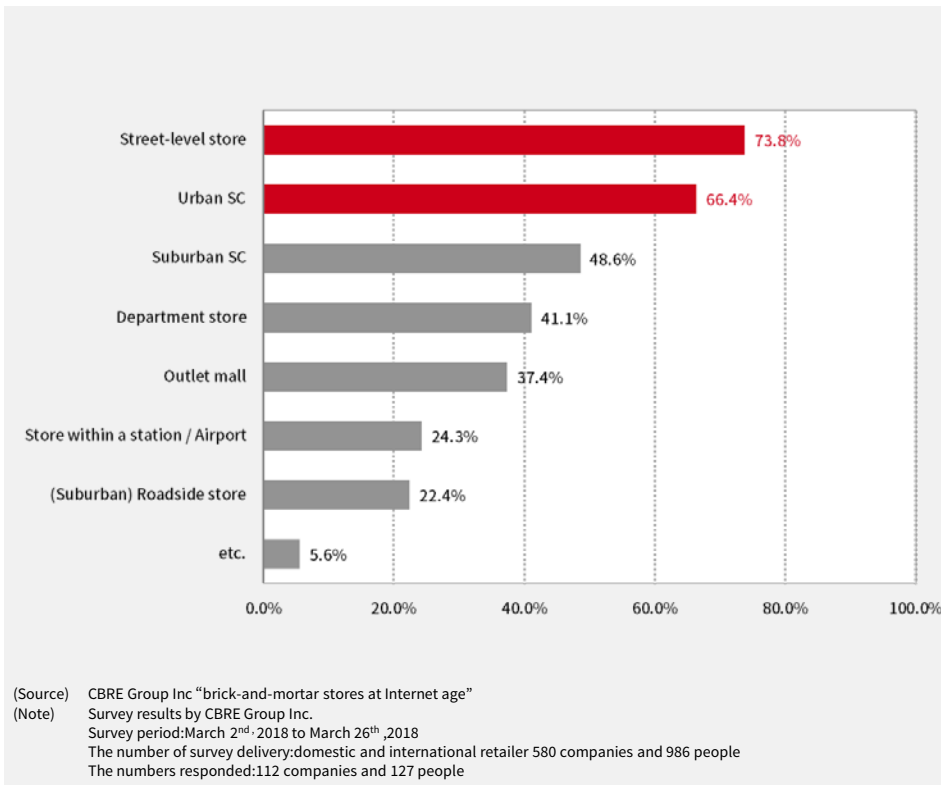
Occupancy rate of urban retail properties and office buildings



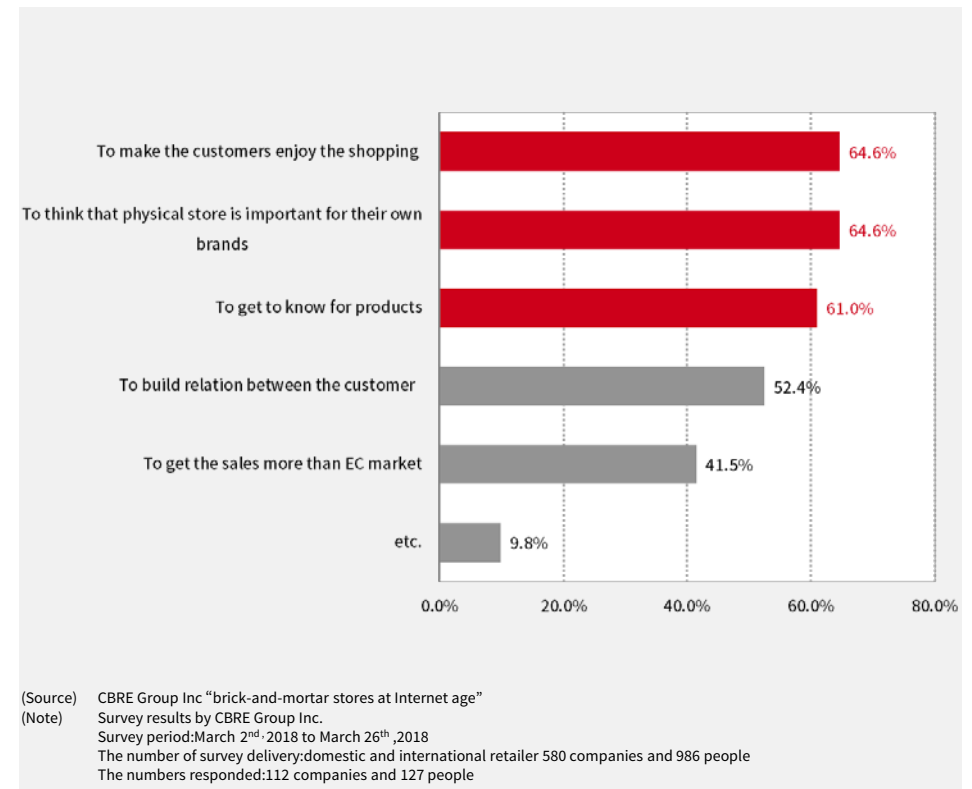
(Source) ARES Japan Property Index

(Note) Office buildings (3 wards of Tokyo) represent Chiyoda-ward, Chuo-ward and Minato-ward

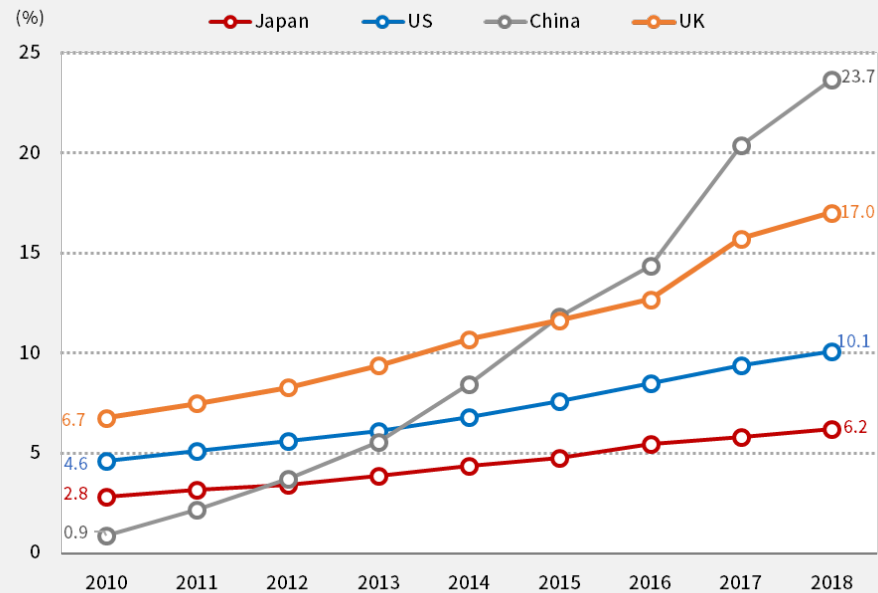
Opening plan for brick-and-mortar stores



Reasons to not reduce existing brick-and-mortar stores

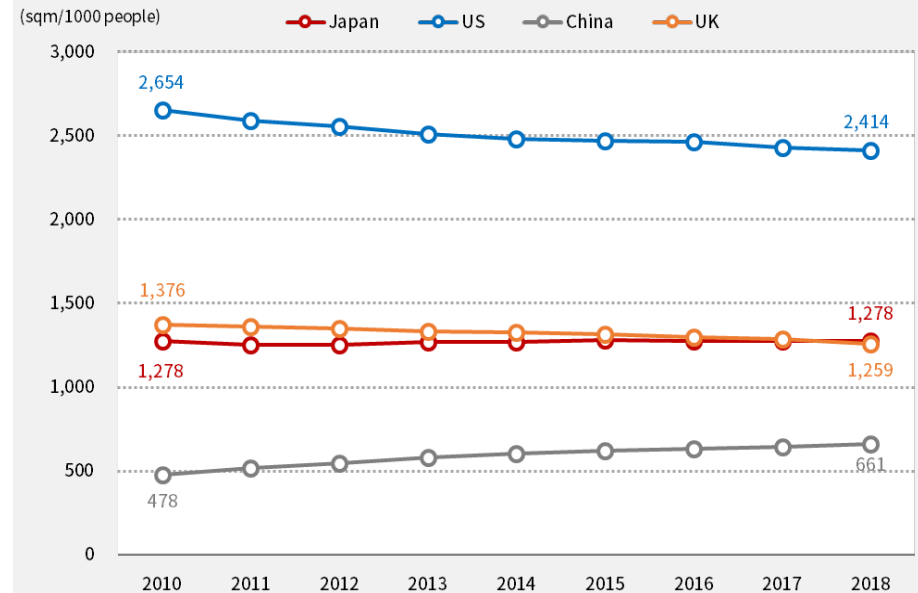


EC penetration rate by country



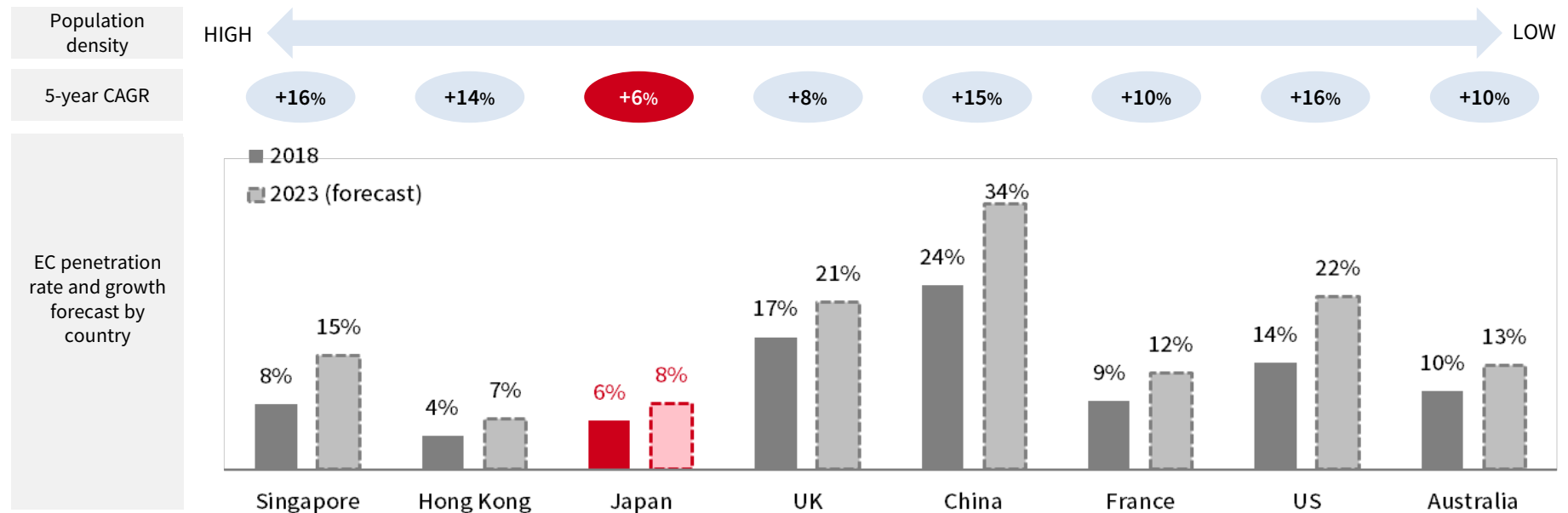
(Source) Japan: Ministry of Economy, Trade and Industry, "FY2018 Establishment of infrastructure for data driven society in Japan (Market research on e-commerce)"
 US: United States Department of Commerce, "Latest Quarterly E-Commerce Report"
 Other countries: Euromonitor International

Retail Sales area per 1,000 people



(Source) Euromonitor International

EC penetration rate and growth forecast by country



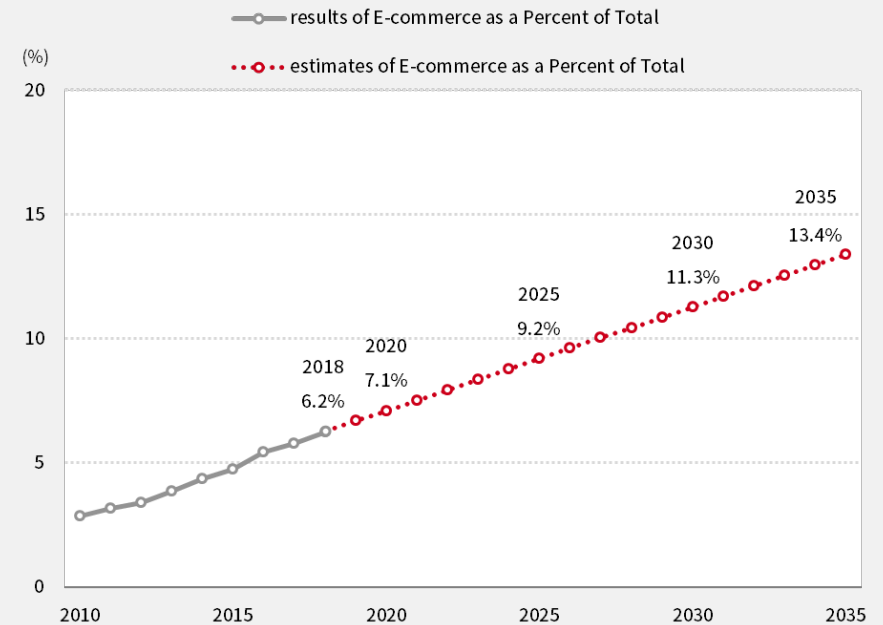
(Source) Japan: Actual figure for 2018 is from "FY2018 improvement of foundation in data-driven society in Japan (Market research on E-commerce)" announced by Ministry of Economy, Trade and Industry
 For estimate figure for 2023 is figure from "Retail sales long-term outlook" by NLI Research Institute
 Other countries: Euromonitor International

B toC EC product sales market size and EC penetration rate in Japan

Category	EC Market Volume	EC penetration rate
Stationery	220 billion JPY	40.8%
Consumer Appliances, Audio Visual, PC, Peripherals, etc.	1,647 billion JPY	32.3%
Book, Movie, Music	1,207 billion JPY	30.8%
Life goods, Furniture, Interior	1,608 billion JPY	22.5%
Apparel, Personal accessories, etc.	1,773 billion JPY	13.0%
Cosmetics, Drug	614 billion JPY	5.8%
Car, Motorcycle, Parts, etc.	235 billion JPY	2.8%
Food, beverage, Liquor	1,692 billion JPY	2.6%
Others	304 billion JPY	0.9%
Total	9,299 billion JPY	6.2%

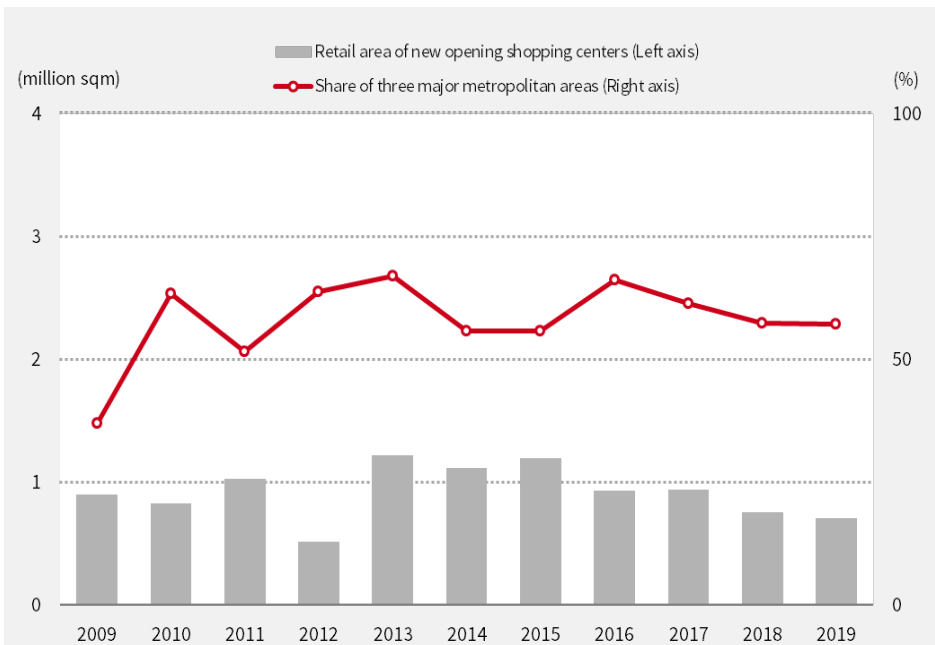
(Source) Ministry of Economy, Trade and Industry, "FY2018 Establishment of infrastructure for data driven society in Japan (Market research on e-commerce)"

Forecast of EC penetration rate in Japan



(Source) Actual figures until 2018 are figures in "FY2018 improvement of foundation in data-driven society in Japan (Market research on E-commerce)" announced by Ministry of Economy, Trade and Industry
For estimate figures for 2020 to 2035 are figures from NLI Research Institute "Retail sales long-term outlook"

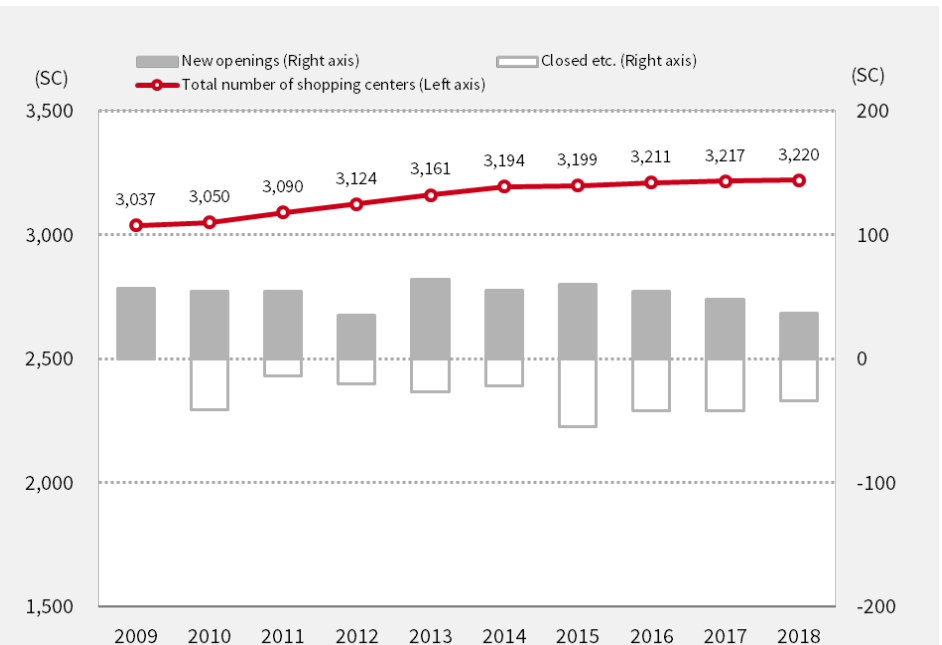
Retail area of new opening shopping centers and share of three major metropolitan areas



(Source) Japan Council of Shopping Centers, "SC White Paper"

(Note) Retail area of some facilities includes gross rentable area, gross area and registered area of Large-Scale Retail Stores Location Law
Three major metropolitan areas: Tokyo, Saitama, Chiba, Kanagawa, Aichi, Osaka, Kyoto, and Hyogo

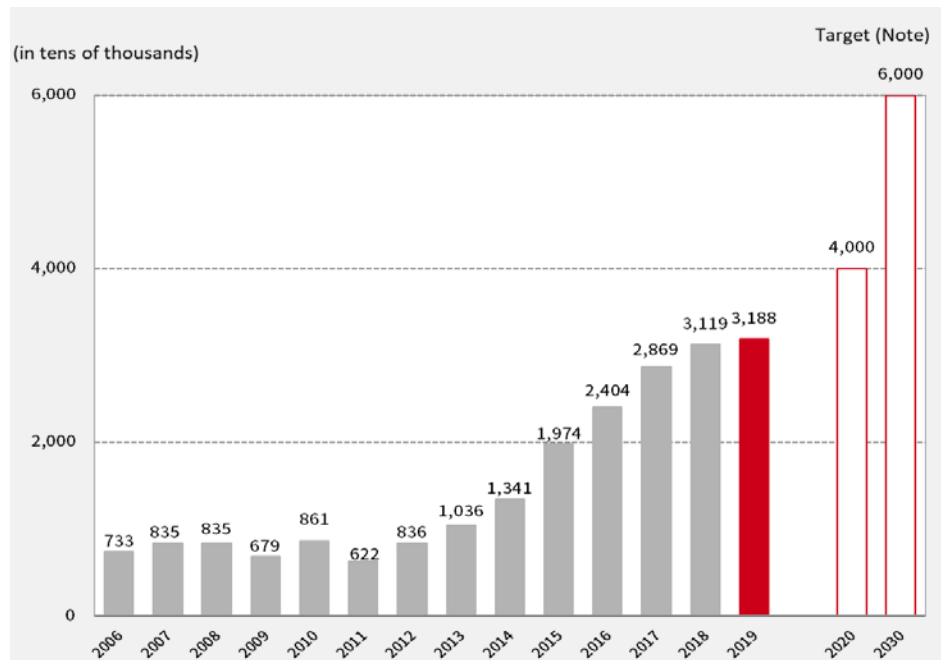
Trend of the number of shopping centers



(Source) Japan Council of Shopping Centers, "SC White Paper"

(Note) Closed shops, except for anchor tenants, include the number of Shopping Centers in which 10 or more tenants have closed

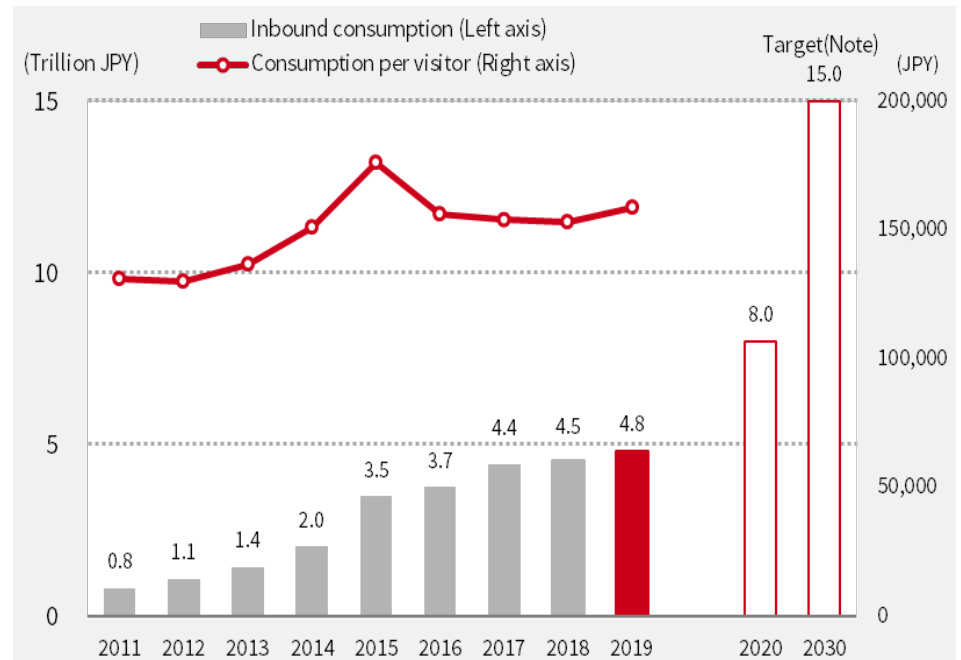
Trend of the number of inbound tourists in Japan



(Source) Japan National Tourist Organization (JNTO), "Number of Overseas Visitors to Japan"

(Note) 2020 and 2030 figures are target figures as announced by the Ministry of Land, Infrastructure, Transport and Tourism, Japan Tourism Agency, in "Vision of Tourism to Support Japan's Future"

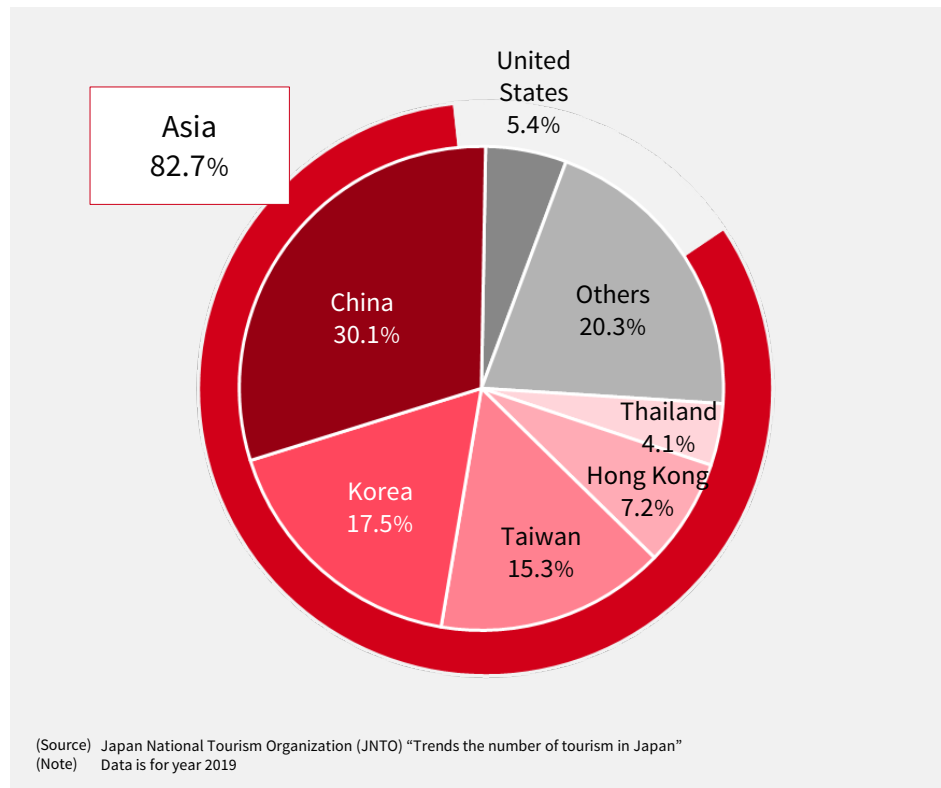
Trend of inbound tourists' consumption



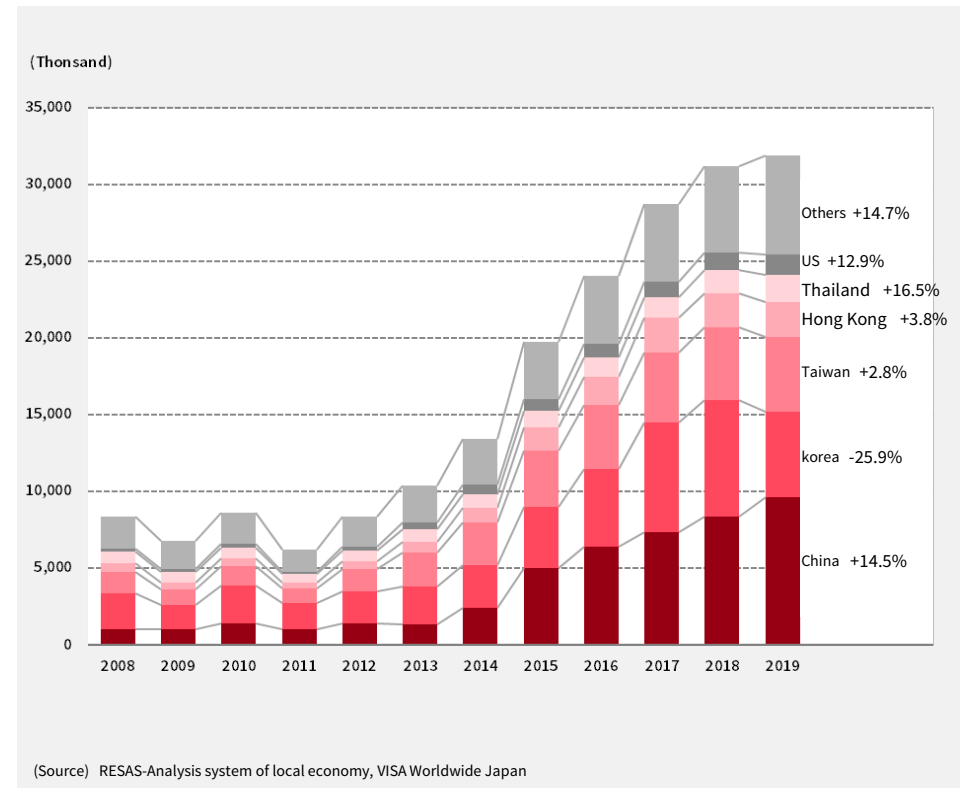
(Source) Ministry of Land, Infrastructure, Transport and Tourism "Consumption Trend Survey for Foreigners Visiting Japan"

(Note) 2020 and 2030 figures are target figures as announced by the Ministry of Land, Infrastructure, Transport and Tourism, Japan Tourism Agency, in "Vision of Tourism to Support Japan's Future"

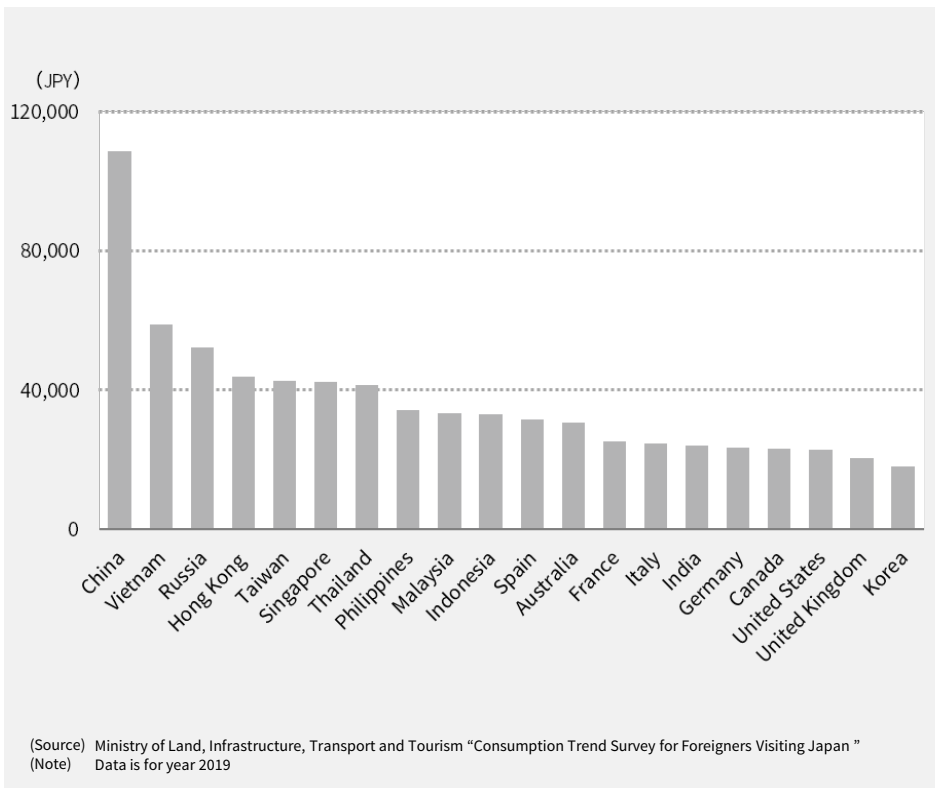
Number of foreign visitors to Japan by country



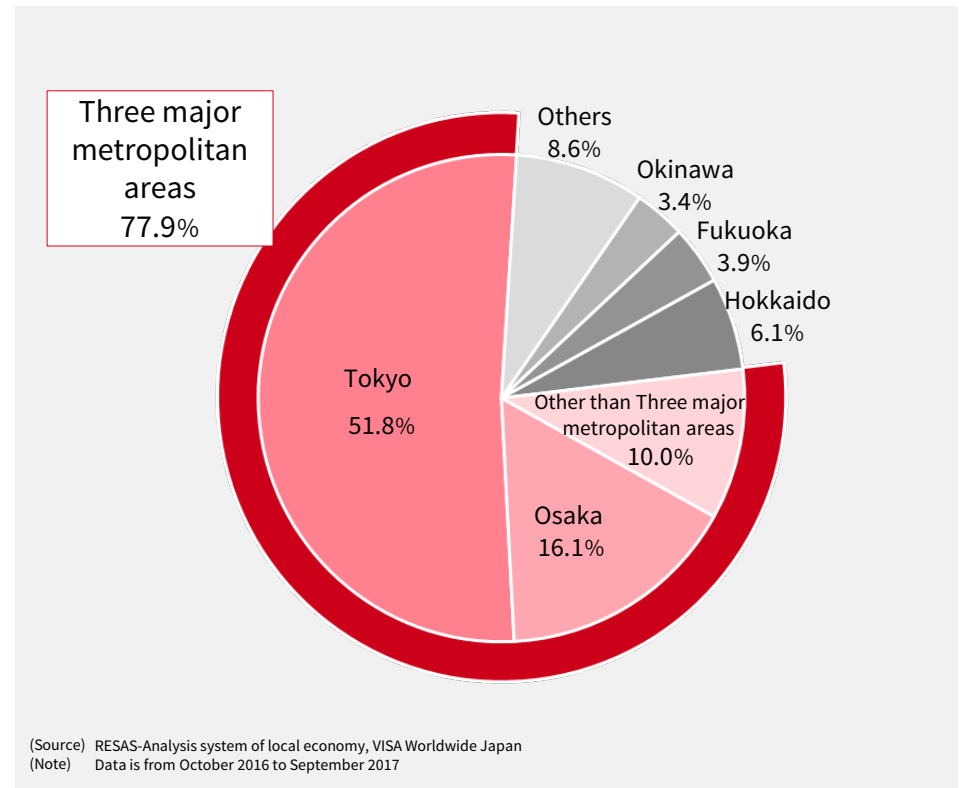
Trend of the number of foreign visitors to Japan by country



Travel Consumption per person for inbound tourists (Shopping)



Foreign visitors' consumption by prefecture

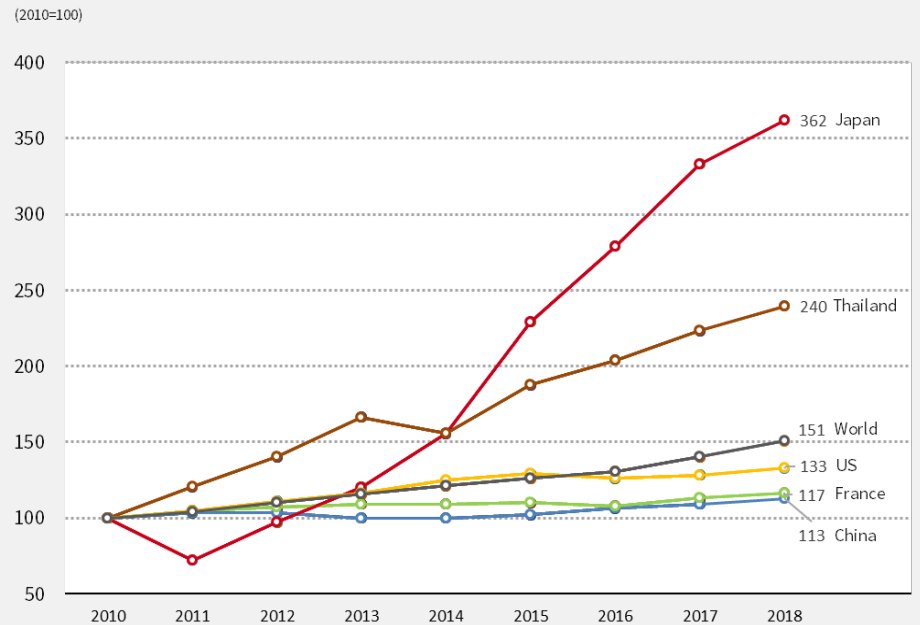


Top 20 tourist countries

No	Country	Number of arrivals	No	Country	Number of arrivals
1	France	89.3 million	11	Japan	31.2 million
2	Spain	82.8 million	12	Austria	30.8 million
3	United States	79.7 million	13	Greece	30.1 million
4	China	62.9 million	14	Hong Kong	29.3 million
5	Italy	61.6 million	15	Malaysia	25.8 million
6	Turkey	45.8 million	16	Russia	24.6 million
7	Mexico	41.3 million	17	United Arab Emirates	21.3 million
8	Germany	38.9 million	18	Canada	21.1 million
9	Thailand	38.2 million	19	Poland	19.6 million
10	United Kingdom	36.3 million	20	Netherlands	18.8 million

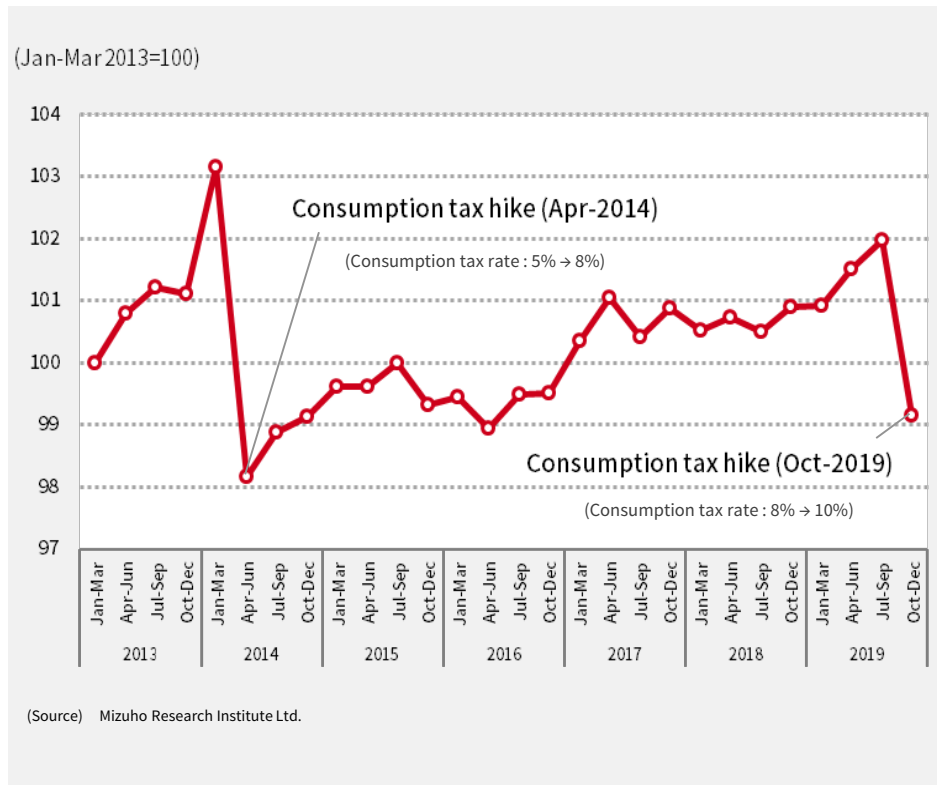
(Source) The World Bank
(Note) Data is for year 2018

Trends of the number of inbound tourists in the world

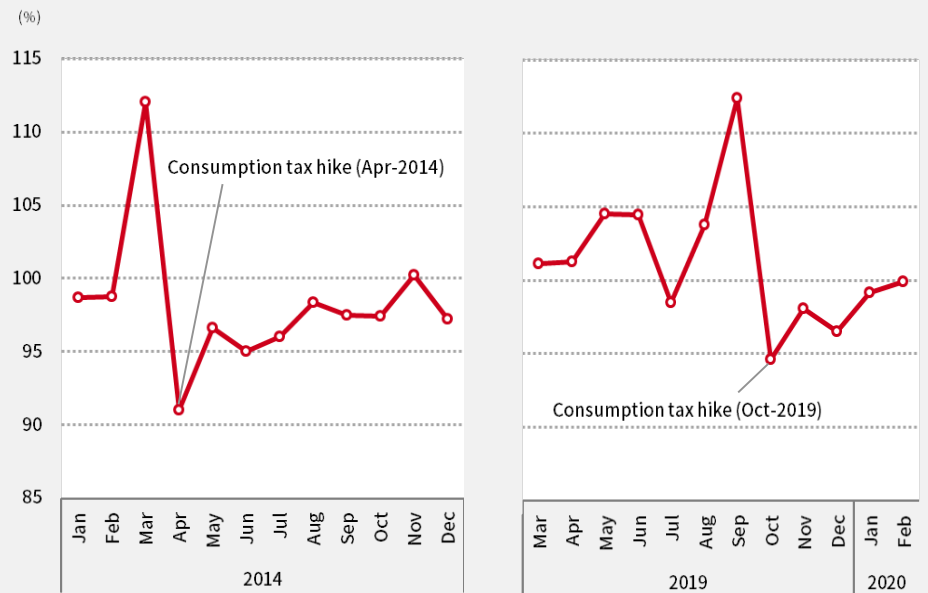


(Source) The World Bank
(Note) The number of tourist arrivals in 2010 is indexed as 100

Transitions of consumer spending

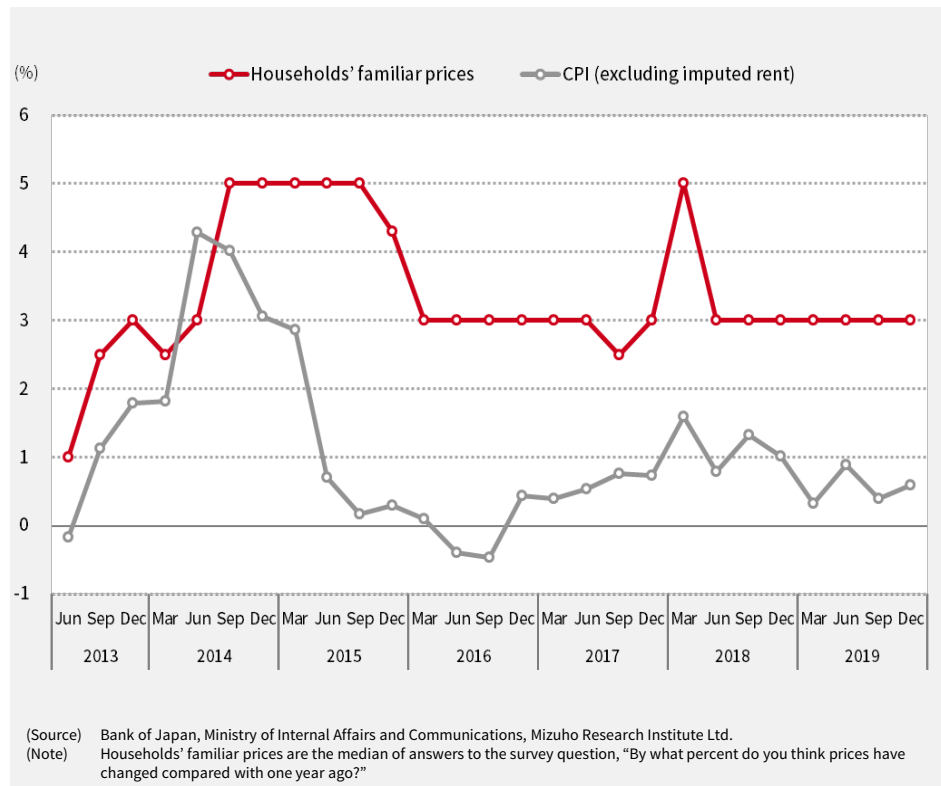


Trend of YoY sales volume of JRF portfolio before/after consumption tax hike (Apr-2014 • Oct-2019)

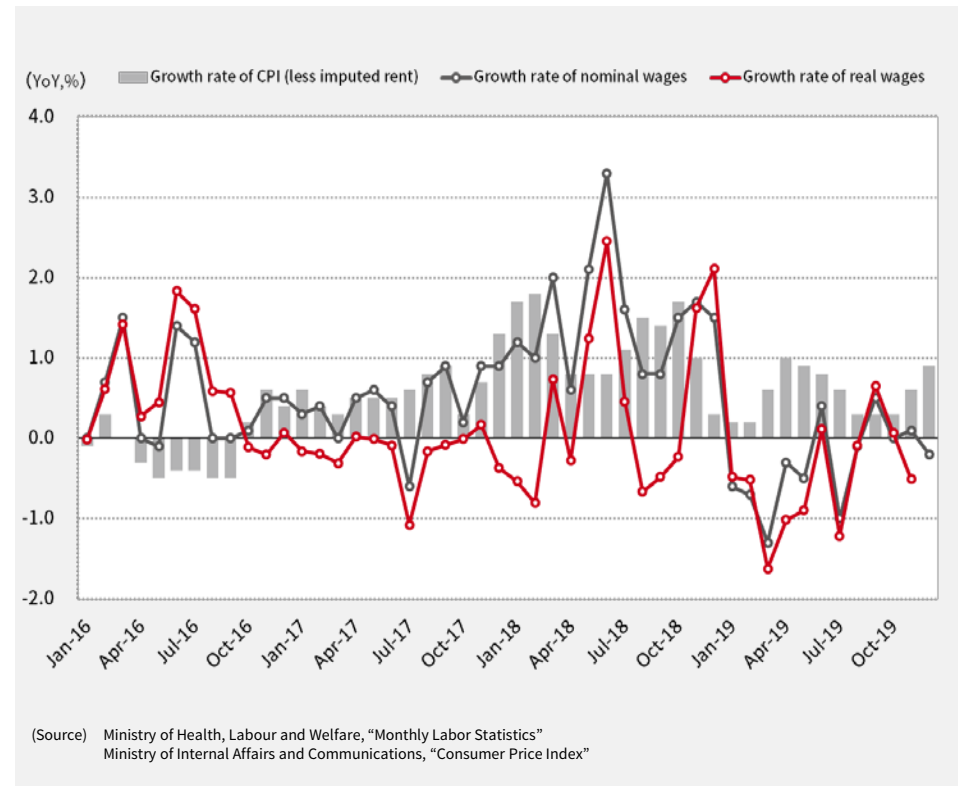


(Note) Figures are based on the aggregated available sales data among JRF's holding properties, collected by Asset Management company's hearing base (excluding consumption tax)

Trend of CPI and familiar prices



Trend of CPI and wages (nominal/real)



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 market environment related to commercial facilities, 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)