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36th

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Machinoma Omori

February 2020 (36th)

Period Results

September 1, 2019 - February 29, 2020

Japan Retail Fund Investment Corporation

Welcome to this video presentation of JRF's operating results for the 36th February 2020 period, the six months from September 1, 2019 to February 29, 2020.

Before I begin, I would first like to express my sincere condolences to those affected by the global coronavirus pandemic.

Ordinarily, we hold our results presentation in person. To help prevent the spread of COVID-19, however, we have decided to forego a face-to-face briefing and switch to a video format. As far as the disclosure of information is concerned and meetings with individual investors, our goal is to resume all IR activities once the government has lifted the current state of emergency.



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Turning now to the principal topic at hand, I direct you to the “Contents” page.

I will begin by touching briefly on the impact that COVID-19 is having on society, tenant trends, and sales at properties by portfolio category. I will then turn to JRF’s future strategy before passing the microphone to Mr. Araki, Head of the Asset Management Company’s Retail Division, who will comment on specific operating results, financial results and forecasts.



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Impact of COVID-19 and Future Strategy

Sales increase in groceries, steady transition in household goods/living ware, though other sector's sales dropped

What happened by COVID-19	Impact by tenant's sector		Sales performance by portfolio segmentation ⁽²⁾		
	Sector	Sales Impact	% of annual rent ⁽¹⁾	Representative properties	Feb. Mar.
✓ Refrain from unnecessary and non-urgent outings	Household goods / Living ware	→	18.4%	Prime GYRE	80% 53%
✓ Decline in consumer sentiment for expensive goods	Fashion	↓	17.8%	La Porte Aoyama	107% 69%
✓ Decrease Japan-bound tourists	Entertainment	↓↓	5.7%	Major Station KAWASAKI Le FRONT	127% 101%
✓ Outbreak of hoarding goods demand	Restaurant/Café	↓↓	5.2%	MARINE & WALK YOKOHAMA	113% 68%
	Groceries	↑↑	3.2%	Residential Station KAMISHIN PLAZA	108% 105%
	Service	↓	3.1%	Machinoma Omori	117% 114%
	Education/Fitness	↓↓	1.9%	Suburban Mall Nara Family	93% 80%
	Department store	↓↓	2.7%	Oyama Yuen Harvest Walk	100% 70%
				GMS / Roadside Sales not disclosed	-

(1) Calculated based on annual rent, which effective lease contracts as of the end of Feb. 2020

(2) Publicly disclosed tenants' sales only, year-on-year

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Society at large is reeling from the effects of COVID-19. As pressure to refrain from leaving the home for anything other than essential purposes continues to mount, we are experiencing such phenomena as a drop in consumer sentiment, decrease in the number of Japan-bound tourists, and outbreak of the hoarding of goods. Under these circumstances, the impact on each sector of the economy is wide-ranging and varied. On the one hand, sales of groceries and drug store products are increasing on the back of bulk buying demand for necessities. At the same time, sales of electric home appliances and household goods are trending firm or slightly upward as people spend more and more time at home. Looking at nest-dweller consumption patterns, tenant sales of outdoor products including bicycles and motorcycles are also on the rise. In contrast, sales in the fashion, entertainment, restaurant, and related sectors have fallen substantially since March this year.

As far as JRF's assets are concerned, similar trends apply. While the impact of the pandemic was limited to facilities with a high ratio of inbound consumption up to February 2020, sales at facilities that cater largely to bulk buying demand and nest-dweller consumption have risen since March while falling at other facilities.

Plan to maintain DPU of 4,500 yen by controlling reserves

Basic policy on DPU

Against decrease in revenue by the impact of COVID-19

Engage in stabilizing the level of DPU by utilizing large amount of reserves

Reserve balance⁽¹⁾

As of the end of Feb. 2020 (36th) period

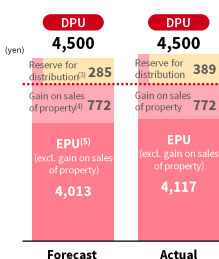
6.88bn yen
(2,628yen per unit⁽²⁾)

Including the impact of COVID-19 in the forecast

Feb. 2020 (36th) period

Actual

Despite the impact of COVID-19 in the end of this period, results exceed the forecast by approx. 270 million yen



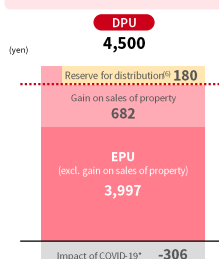
Forecast on Oct. 2019

Aug. 2020 (37th) period

Forecast

Forecast decrease in revenue by around 800 million yen including sales-based rents by the impact of COVID-19

In the case the impact far exceeding the assumption, new forecast will be released

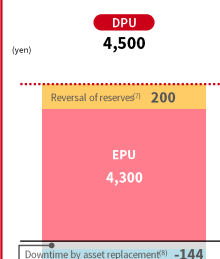


Impact of COVID-19*

Feb. 2021 (38th) period

Forecast

Forecast decrease in revenue by around 200 million yen by the impact of COVID-19



Impact of COVID-19*

* Calculating by figures based on the sales until April 6, 2020 and progress for the rent negotiation with tenants divided by total units outstanding as of the end of Feb. 2020 (36th) period
The impact of state of emergency declaration is not included as the calculation is difficult to identify as of preparing this material
* Please refer to page 33 for the notes to this page

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In announcing its financial results forecasts for the 37th August 2020 and 38th February 2021 periods, JRF has factored in a portion of these COVID-19 effects. Rent based on the percentage of sales makes up roughly 3% of JRF's leasing business revenue. As a result, any direct impact on a drop in sales is limited. However, recognizing the difficulties confronted by tenants in the event of, for example, a facility closure, we have also taken into account the potential impact on certain tenants with whom we have fixed rent arrangements, and factored in a certain degree of revenue downturn. Turning to the Investment Corporation's distribution per unit, or DPU, JRF plans to utilize its abundant reserves to pay a DPU of 4,500 yen, unchanged from the 36th period. As of the end of the period under review, JRF's reserves came to approximately 6.8 billion yen, which equates to an amount of roughly 2,628 yen per unit. On this basis, we remain confident in our ability to maintain a stable stream of distributions.

By period, COVID-19 impacted a portion of JRF's assets entering 2020. Taking into consideration the upside in net income excluding gains on sales of 270 million yen compared with announced forecasts, JRF has worked diligently to stabilize distribution levels over the medium term by allocating this upside to reserves. As a result, the Investment Corporation has set aside a DPU of 4,500 yen for the 36th period in line with its initial announcement.

Uncertainties surrounding the impact of COVID-19 are most evident during the 37th period. In a bid to offset these anxieties and risks, we have factored in a

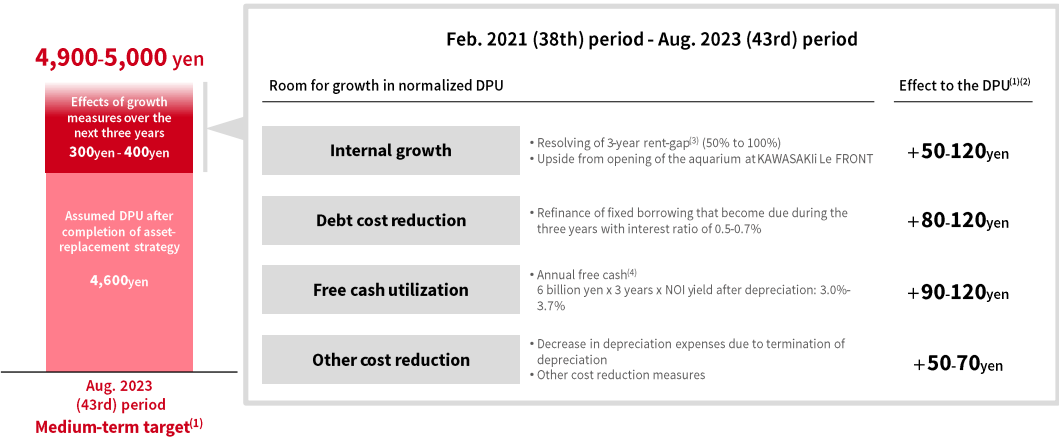
decrease in revenue of around 800 million yen. Despite this decrease, we anticipate DPU will come in at 4,500 yen.

In newly announcing forecasts for the 38th period, we have set a target for sales-based rent after taking into account a certain degree of sales recovery. While considering the potential for a delay in leasing activities at a portion of assets held compared with initial plans, we have again factored in a decrease in revenue of around 200 million yen as a result of COVID-19 in similar fashion to the 37th period. As far as ongoing efforts to replace assets are concerned, our plan is to continue with the disposition of properties preceding asset replacement in the 38th period. Taking each of the aforementioned factors into consideration, we anticipate earnings per unit, or EPU, will come in at 4,300 yen. DPU is forecast to reach 4,500 yen after completing a partial reversal of reserves.

Amid uncertainties surrounding the effects of COVID-19, forecasts for each period take into account information available as of the beginning of April. Due to the difficulties in evaluating the impact on JRF's financial results going forward at this time, we have not incorporated the effects of subsequent events including the government's emergency declaration. Should the impact of COVID-19 sharply exceed expectations in the future, we will disclose details of revised forecasts as appropriate.

To achieve the medium-term target for normalized DPU, assess the impact of COVID-19 and conduct appropriate measures

Medium-term target for normalized DPU



⁽¹⁾ Please refer to page 33 for the notes to this page

As indicated here on page 5, JRF announced details of its new medium-term DPU target in the previous period. In specific terms, the Investment Corporation is looking to secure a maximum normalized DPU of 5,000 yen in the 43rd August 2023 period. Despite the current impact of COVID-19, the targeted maximum amount and timing for this normalized DPU remain unchanged.

Looking ahead, JRF will continue to pursue internal growth, reduce debt costs, utilize free cash, and curtail other expenses in a bid to achieve its target DPU.

Moving on, I would like to elaborate on our growth strategy.

In the short time, consider and implement various actions by utilizing approx. 37 billion yen of free cash

Repurchase of own investment units

By acquiring investment units below intrinsic value, engage in improving unitholder value

Strong financial base

Commitment line⁽¹⁾
60bn yen

High stability of DPU

Reserve balance⁽¹⁾
6.8bn yen

Funds for growth investments

Free cash balance⁽²⁾
37bn yen

Details of implementation (Scheduled)⁽³⁾

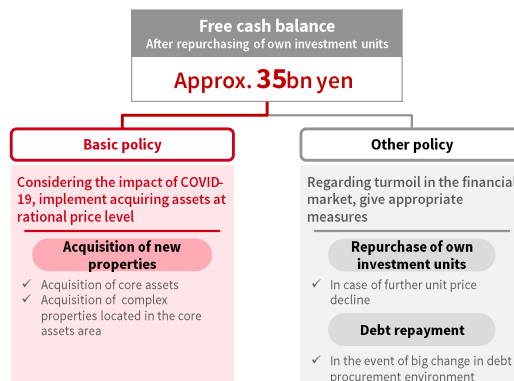
Total number of investment units to be repurchased	25,000 units (maximum)
Total amount of investment units to be repurchased	2,000mn yen (maximum)
Repurchase period	Apr. 14, 2020 ~ June 5, 2020

Effects of repurchase of own investment units⁽⁴⁾

Effect to the EPU	+30 yen (normalized period)
Effect to the NAV	+900 yen
Impact on the LTV	+0.1% (Finance impact is limited)

Short-term measures

By utilizing large amount of free cash, implement acquiring high quality assets through identifying real estate market trends



* Please refer to page 33 for the notes to this page

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Taking into consideration the ongoing impact of COVID-19, we have established clearly defined lines between our short-term as well as medium- to long-term strategies going forward.

From a short-term perspective, we intend to implement and consider a wide range of measures while utilizing our current free cash of roughly 37 billion yen.

As a first step, we have decided to repurchase our own investment units.

JRF maintains a robust financial position backed by a long-term commitment line of 60 billion yen, the largest among real estate investment trusts in Japan. Underpinned by reserves totaling 6.8 billion yen, JRF is distinguished by its high distribution stability. As I mentioned a moment ago, the Investment Corporation also maintains a free cash balance of roughly 37 billion yen to fund its growth investment activities in the future.

Despite having put in place a platform of stability and growth, JRF's investment unit price has fallen roughly 50% as of the end of March 2020 compared with the beginning of the year. While acknowledging the uncertainty that surrounds the impact of COVID-19, we believe that the value of JRF's fundamentals, which boast both stability and growth potential based on a substantial free cash balance, is not properly reflected in its current investment unit price. Based on each of these factors, we have taken the decision to repurchase our own investment units on

the understanding that a repurchase at the current level will help increase unitholder value.

Taking into consideration the impact on our finances, we have set the maximum repurchase amount at 2 billion yen. As far as timing is concerned, we plan to undertake the repurchase and retirement of investment units during the 37th period. In the event of a repurchase to the maximum amount, the positive impact on EPU is projected to exceed 30 yen over a normalized period. JRF's net asset value, or NAV, is also estimated to increase by 900 yen.

Amid the potential for the real estate purchase and sale market to become increasingly soft, we will prioritize the acquisition of high-quality assets when utilizing free cash in the future. We will of course take into consideration the impact of COVID-19 at the time of asset acquisition. With this in mind, we will focus on acquiring high-quality properties at a reasonable price. When targeting a property, we will naturally look to acquire such straight-forward retail facilities as Machinoma Omori. We will also continue to consider the purchase of mixed-use facilities including G-Bldg. Daikanyama 02, which is comprised of shops and offices.

Meanwhile, we will assess the need to repurchase additional own units in the event of a continued decline in our investment unit price. In addition to the repayment of debt, we will look to align future measures to the market environment should the indirect financial market deteriorate more than expected.

No basic strategy change - focus on urban type assets, mainly core assets

Current perspective

The background for our focus on urban type assets remains largely unchanged even after COVID-19 has calmed, due to a general change

Background for our focus on urban type assets

Japanese perspective

- ✓ Population concentration in urban areas
- ✓ Railway-centered society

Urban growth factors

- ✓ Inbound consumption are mainly in urban areas
- ✓ Suburban areas are more affected by EC
- ✓ Increase in leisure time

Future strategy

Continue asset replacement with the strategy, focus on urban type assets

- Considering the impact of COVID-19, acquire selected core assets for mid-long term competitiveness
- Sell sub assets with declining competitiveness for mid-long term
- In case of changing in the perspective focusing on urban type assets, make flexible and drastic changes to the portfolio strategy

As identified during previous financial results presentations, JRF's medium- to long-term growth strategy is to build a portfolio that focuses on urban type assets and therefore prioritize mainly "Core" assets. There is no change to this basic strategy. While the initial decision to adopt a strategic focus on urban type assets was due to comprehensive changes in demographics and the shift to a railway-centered society, our ongoing commitment reflects the understanding that further major changes are unlikely to occur going forward, even after the COVID-19 threat has dissipated. Naturally, and as mentioned just a moment ago, we will closely monitor the effects of COVID-19 when acquiring new properties. As far as our future investment activities are concerned, we will adopt a stringent screening process and work to secure assets that will remain competitive over the medium to long term.

Meanwhile, in the event of a substantial change in the assumptions and scenario described in this presentation, we will transition to a flexible and bold portfolio strategy in similar fashion to the way JRF and the MCUBS Group have adapted to drastic changes in the past.

Faced with a crisis of global proportions, we will place the utmost importance on increasing unitholders' value and respond in an agile manner while monitoring current conditions.

This then concludes my portion of the presentation. I would now like to hand the microphone to Mr. Araki, Head of the Asset Management Company's Retail Division.

Financial highlights of Feb. 2020 (36th) period

Japan Retail Fund Investment Corporation

Asset

No. of properties	100 properties
Asset size ⁽¹⁾	877.2 bn yen
Appraisal value	988.1 bn yen
Unrealized gain ⁽²⁾	162.1 bn yen
NOI yield ⁽³⁾	4.8 %
NOI yield after depreciation ⁽³⁾	3.6 %

Debt

Interest-bearing debt	404.7 bn yen
LTV ratio (excluding tenant leasehold and security deposits)	45.0 %
LTV ratio (including tenant leasehold and security deposits)	50.3 %
Average debt cost	0.86 %
Average loan term remaining until maturity	4.3 years

Equity

Market capitalization ⁽⁴⁾	536.9 bn yen
NAV per unit ⁽⁵⁾	223,600 yen
Distribution per unit	<div>Feb. 2020 (36th) period</div> <div>Actual</div> <div>4,500 yen</div>
	<div>Aug. 2020 (37th) period</div> <div>Forecast</div> <div>4,500 yen</div>
	<div>Feb. 2021 (38th) period</div> <div>Forecast</div> <div>4,500 yen</div>

- (1) Total acquisition price
(2) Appraisal value at the end of period - Book value at the end of period
(3) Feb. 2020 (36th) actual figures on an annualized basis divided by acquisition price
(4) As of the end of Feb. 2020
(5) (Net assets + Unrealized profits and losses - Total distribution) / Total units outstanding





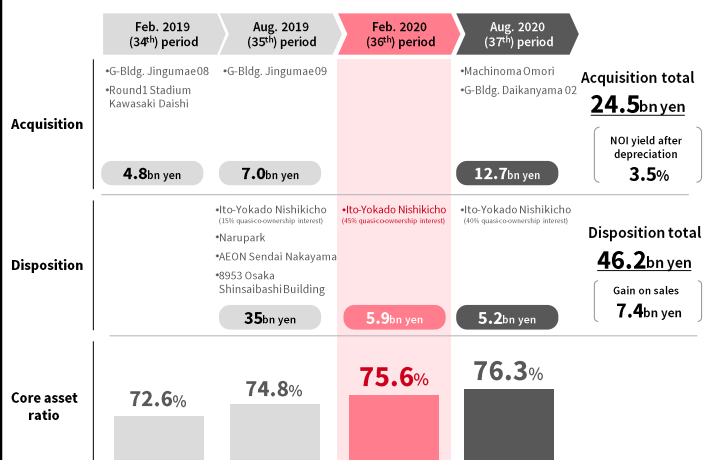
Operating Results

Thank you, Mr. Okamoto.

In my capacity as Head of the Asset Management Company's Retail Division, I would like to comment on JRF's operating and financial results as well as forecasts.


By acquiring two core assets, steady progress in asset replacement


Progress of asset replacement



* Please refer to page 33 for the notes to this page

Newly announced acquisition

Machinoma Omori (Ota-ku, Tokyo)	
	
Residential Station Acquisition from sponsor	
Acquisition price (Scheduled)	9,100mn yen
Appraisal value	9,360mn yen
NOI yield	4.6%
NOI yield after depreciation	3.6%

G-Bldg. Daikanyama 02 (Shibuya-ku, Tokyo)	
	
Prime Acquisition from outside contractors	
Acquisition price (Scheduled) ⁽¹⁾	3,600mn yen
Appraisal value	4,000mn yen
NOI yield ⁽²⁾	4.3%
NOI yield after depreciation ⁽²⁾	3.7%

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Currently, JRF is engaging in the replacement of assets in a bid to improve the quality of its portfolio. This entails the disposition of “Sub” assets, focusing mainly on general merchandise stores, and the acquisition of urban type “Core” assets situated in prime locations. As a part of these endeavors, the Investment Corporation announced details of its decision to newly acquire two “Core” assets in the February 2020 period.

In specific terms, JRF has taken steps to acquire Machinoma Omori, a retail facility located in a densely populated residential area in Ota Ward in close proximity to Shinagawa Station, one of Tokyo’s main business areas. Situated in an excellent location in a thriving retail trade area with a population of approximately 500,000 within a three-kilometer radius, Machinoma Omori is a one-stop retail property that supports lifestyles within the community. Beginning with the major LIFE supermarket chain, and roughly 40 tenants including a drug store and 100-yen shop, the property is a model from each of the tenant diversification and stability perspectives.

As a property purchased from Mitsubishi Corporation Urban Development, Inc., an affiliate of JRF’s sponsor company, the acquisition of Machinoma Omori was achieved through sponsor company support.

As the second of the “Core” asset purchases announced in this instance, JRF has decided to acquire G-Bldg. Daikanyama 02, the Investment Corporation’s third

acquisition in the area. This property is situated in a prime location in the heart of central Daikanyama, one of Japan's leading retail areas, roughly one-minute walk from Daikanyama Station. Comprising nine tenants including restaurants, a beauty salon, and office space on the top third floor, G-Bldg. Daikanyama 02 is distinguished by its tenant diversification and ability to quickly adapt to changes in operating conditions.

In carrying out the aforementioned purchase, JRF has agreed to dispose of a section of the land with leasehold interest in Arkangel Daikanyama in exchange for a portion of land at G-Bldg. Daikanyama 02. As a part of the exchange, plans are in place to post a reduction entry with the total gain of approximately 440 million yen deducted from the price of the acquisition property. Following the completion of this exchange scheme, the net operating income, or NOI, yield of the property is projected to come in at 4.3%. Taking into consideration the potential for additional rental income growth, the NOI yield after reduction entry reaches 4.5% on an appraisal value basis.

As indicated on this page, JRF has undertaken the disposition of properties in advance, against the backdrop of a robust real estate replacement market, while adopting a stringent screening approach toward the acquisition of urban type "Core" assets with reasonable yields situated in prime locations. At a total acquisition price of 24.5 billion yen, the NOI yield after depreciation comes in at 3.5%, higher than the 3.3% target.

Going forward, focusing on real estate market trends and flexibly executing asset replacement



Asset replacement policy

- No policy change in the sale of sub assets and acquisition of core assets
- Watching real estate market trends
- No change in the timing of the completion of asset replacement (during FY 2021)



Acquisition

- Calculate prices taking into account the impact of COVID-19
- Acquire competitive assets at reasonable prices over the medium to long term
- Identifying real estate market trends and changing the speed of acquisition accordingly
- Also looking into acquisition of complex facilities located in the core assets area



Disposition

- Maintain the appraisal value based perspective at the sale of assets
- On the other hand, closely watching real estate market trends to avoid missing the timing of the sale
- Possibility of accelerating sale of assets more than initially expected

As Mr. Okamoto explained at the start of this presentation, and in the absence of a comprehensive change in the structure of society, JRF's medium- to long-term strategy is unlikely to waver. This comprehensive structural change includes a concentration in Japan's population to urban areas or the shift to a railway-centered society. Given these circumstances, our policy toward the replacement of assets also remains intact. Based on the aforementioned, we will continue to proceed with existing plans and dispose of "Sub" assets while acquiring urban type "Core" assets in a bid to complete the replacement of assets to a value of approximately 100 billion yen over the three-year period to fiscal 2021.

At this point, I would like to touch briefly on the current real estate purchase and sale market.

Only a short period has passed since COVID-19 dramatically began curbing social activities from March. While difficult to arrive at a definitive conclusion about trends in the real estate purchase and sale market, we have seen scatterings of multiple property settlements, which we suspect coincides with the closing of companies' March fiscal years. At the same time, we have witnessed certain real estate purchasers postpone their decisions to acquire properties as a result of prevailing conditions. This is in contrast to the needs of certain holders of real estate, who are looking to liquidate their assets for a variety of reasons including the refinancing of maturing debt. Taking each of the aforementioned factors into consideration, and a temporary softening in the timing of transactions, the

opportunity exists to purchase prime real estate. As a matter of fact, we have seen a sharp upsurge in the volume of retail property information over the past month. For several years after the Lehman shock in 2008, JRF acquired a substantial volume of prime real estate comprised mainly of urban type “Core” assets at relatively inexpensive yields. These acquisitions underpin the profitability of the Investment Corporation’s current portfolio. At present, however, we are carefully evaluating the effects of COVID-19 on each property under consideration. At the same time, we are taking prudent steps to ascertain the stability of future cash flows based on the continuity and substitutability of tenants. Each of these considerations form the underlying conditions for acquiring a property at an appropriate and reasonable price.

While acknowledging the soft nature of the market in the short term, we feel confident that demand for the acquisition of real estate remains unchanged. Combined with the existence of several players who are bolstering their activities against the backdrop of this environment, we will continue to pursue disposition opportunities when the timing is right.

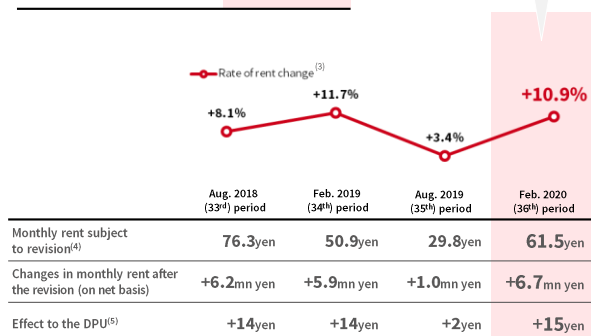
Continue to achieve rent increases by resolving rent gap

Summary of rent revisions

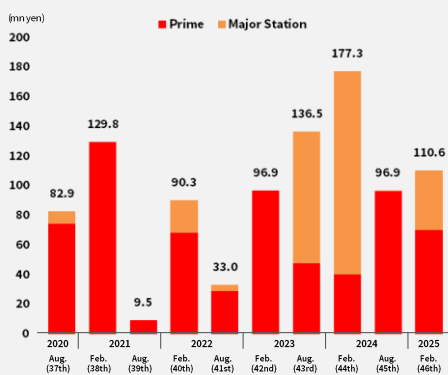
Rent gap of Core assets (Prime/Major Station) ⁽¹⁾	-5.0%
Effect to the DPU due to rent gap resolved ⁽²⁾	+201yen

Example of rent increase

G-Bldg. Minami Ikebukuro 01	24.3%
G-Bldg. Umeda 01	19.3%
CUTE CUBE HARAJUKU	14.8%



Monthly rent subject to revision in the next 5 years⁽⁴⁾



* Please refer to page 33 for the notes to this page

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JRF continued to secure increases in rents at the urban type “Core” assets in which it largely invests as lease agreements fell due for renewal throughout the February 2020 period. These increases in rents at urban type properties reflect the need for existing tenants to renew their agreements as a result of robust sales, and demand from new tenants to open stores.

Meanwhile, and as identified at the start of this presentation, we have witnessed certain changes in consumer behavior amid the spread of COVID-19 from the latter half of January in Japan. In addition to the temporary closure of schools, pressures to refrain from leaving the home, work remotely, and engage in other social distancing initiatives are dramatically limiting the scope of people’s activities, especially in urban areas. Areas of consumption are increasingly centering on locations close to the home. As far as items purchased are concerned, we are seeing a drop in non-essential goods as well as luxury items, and a surge in daily necessities including groceries and sanitary products. Moreover, inbound consumption has declined substantially. This largely reflects the drop in inbound visitors as a result of restrictions on travel and entry. While inbound consumption only accounts for a few percentage points of Japan’s total annual retail sales, the impact on tenants of properties in prime locations, who cater specifically to the needs of inbound visitors, is beginning to leave its mark.

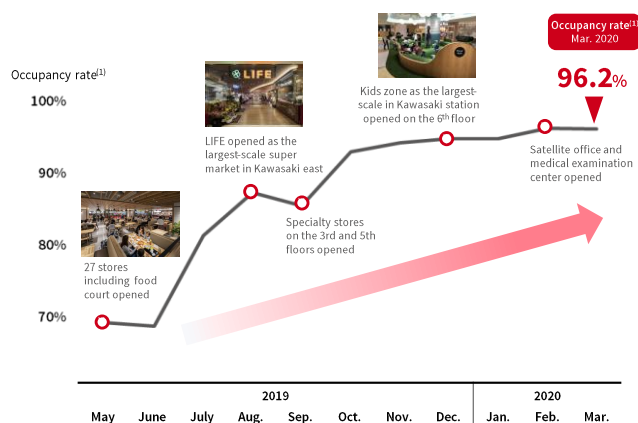
Furthermore, and in light of the aforementioned requests by the Tokyo Metropolitan government and surrounding prefectures to refrain from leaving the

home, a number of large-scale retail and other facilities including street-level stores are beginning to voluntarily shutter their doors. For its part, JRF voluntarily closed 2 facilities in Greater Tokyo and another 2 facilities in Kanagawa Prefecture on March 28 and 29. An additional 3, 2, 1, and 1 facilities were closed in Greater Tokyo, Kanagawa Prefecture, Chiba Prefecture, and Osaka, respectively, on April 4 and 5. Most recently, the Japanese government declared a state of emergency on April 7. As a result, we are expecting the general populace to further refrain from leaving the home, especially in the seven prefectures affected by the state of emergency through to May 6 in the first instance. After properly ascertaining the requests and recommendations of the government, JRF will take all appropriate action.

As you are all well aware, the floor space leased by JRF is largely occupied by tenant companies in the retail sector. As we have also indicated in the past, demand for redevelopment and continuous operations is extremely strong. With this in mind, we recognize that the ability and manner in which tenants, who are especially affected by COVID-19, respond to the current emergency and conditions will determine retail property revenue trends after the pandemic dissipates. Taking into consideration these downside risks, we have factored in declines in revenue of approximately 800 million yen and 200 million yen for the 37th and 38th periods, respectively. We have also set aside expenditures in line with the status of each tenant beginning with a downturn in sales-based rent. Our thoughts are to utilize these adjustments to forecasts as we prepare for a drop in rents.

Phased renovation in progress, aquarium to open in this summer

Progress of renewal plan



(1) Based on the contracted area occupied in the total leasable area of the property at the end of each period
 (2) Ratio of total of fixed rent, minimum guaranteed rent and common maintenance fee, accounted for the entire tenant total rent
 (3) Sales of publicly disclosed tenants only are calculated based on assumed sales

Evolution of tenant composition

Integrated tenant composition



Rent structure with low volatility

Rent structure at fixed rent ratio⁽²⁾ of 93%

No change in the estimated normalized NOI

Ability to attract customers with daily commodity tenants

Steadily attracting customers at supermarkets and food courts

Limited impact of consumption tax hike and COVID-19

Current sales⁽³⁾ (vs. forecast)(Sep.2019 – Feb. 2020)

Sep.	Oct.	Nov.	Dec.	Jan.	Feb.
120%	91%	103%	113%	101%	99%

Aquarium is scheduled to open this summer

Scheduled to open in 2020 summer



A substantial undertaking, renovations at KAWASAKI Le FRONT encompass 72 blocks. Beginning with the opening of the food court at the end of April last year, work continues to progress smoothly. As of the end of March this year, 65 of the 72 blocks have opened, with occupancy already coming in at 96.2%. Housed in the 9th and 10th floors, the aquarium is finally scheduled to open in the summer of 2020. In the leadup to its debut, construction work remains firmly in line with plans.

As far as the composition of tenants is concerned, demand for multiuse space as well as the ratio of service providers are increasing in line with shifts in consumer trends. In addition to the opening of satellite offices by tenants, we have witnessed the opening of a health examination center that specializes in medical checkups.

Turning to profitability following the completion of renovations at KAWASAKI Le FRONT, and as we projected at the time of our last financial results presentation, the ratio of fixed rents came in higher than original assumptions. As a result, annual net operating income, or NOI, climbed 0.1 billion yen compared with initial forecasts, and the NOI yield improved from 6.2% to 6.5%. Accounting for each of the aforementioned factors and a fixed rent ratio reaching 93% for the facility as a whole, revenue stability at KAWASAKI Le FRONT is extremely high.

Aggressively promoting activities with utilizing IT technologies

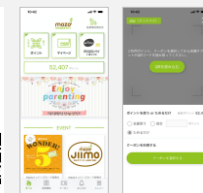
Analysis of the flow of people at two properties in Omotesando

- Beacon placed at GYRE and La Porte Aoyama
- Analyzing the flow of people by utilizing the GPS locator installed in smartphones
- Identifying behavioral characteristics of visitors and places visited in the area
- Coupons and event information are distributed through push notification system

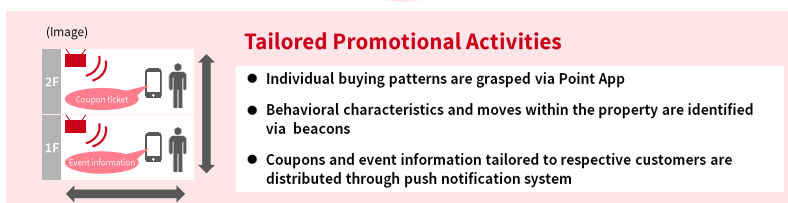


Introduction of Loyalty Point App at mozo Wonder City

- “mozo App” was launched on February 26, 2020
- Loyalty points are granted by using QR code
- Payment via smartphone tied up with credit cards is also available
- Coupons are distributed exclusively to app users



By combining these initiatives in the same property



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In addition to investing in real estate that has the “ability to attract people,” JRF harnesses this ability to actively engage in the management of retail properties.

Here on this page, I would like to provide details of two activities that we initiated during the current fiscal year utilizing IT technologies.

First, we placed beacons at GYRE and La Porte Aoyama, two properties located in Omotesando. Utilizing the GPS locator installed in smartphones, we are using these beacons to track and analyze the flow of people within each facility. At mozo wonder city, we launched a proprietary JRF app. In addition to granting loyalty points using a QR code, steps have been taken to provide various services. Through this app, users can make payments via smartphones linked to credit cards and receive coupons on an exclusive basis.

As an original service, this app has only been available for the past one month. Despite this limited period, the number of app downloads has already reached around 20,000. Our target is to lift this number to 50,000 after one year. Building on our success to date, plans are in place to rollout this app to Kyoto Family and KAWASAKI Le FRONT going forward.

Looking ahead, JRF will combine these various new IT-based activities to ascertain customers’ buying patterns, and to analyze movements within each facility. This information will then be used to assist in future tenant leasing and

placement, as the basis for distributing coupons, event data and other information to customers, and to increase profitability at retail properties.

Financial stability based on best-in-class commitment line among J-REITs and sponsors' credit

Commitment line

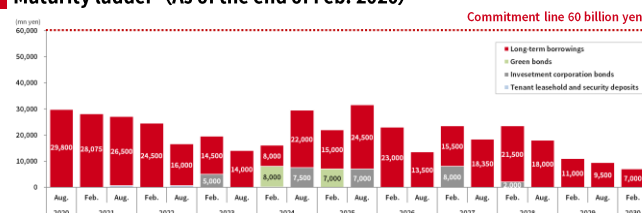
	Commitment line 1	Commitment line 2
Maximum amount	50bn yen	10bn yen
Contract period	3 years	2 years
longest borrowing period	5 years	3 years
Lender	MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Ltd. Mizuho Bank, Ltd.	Sumitomo Mitsui Banking Corporation

**Total Amount
60bn yen**
The largest set
amount in J-REITs⁽¹⁾

Financial Indices as of Feb. 2020 (36th) period

	Aug. 2019 (35th) period	Feb. 2020 (36th) period
Credit ratings (R&I)	AA- (Stable)	AA- (Stable)
LTV (excluding tenant leasehold and security deposits)	44.9%	45.0%
LTV (including tenant leasehold and security deposits)	50.3%	50.3%
LTV (based on appraisal value) (excluding tenant leasehold and security deposits)	40.7%	41.0%
LTV (based on appraisal value) (including tenant leasehold and security deposits)	45.6%	45.8%
Average debt cost ⁽²⁾	0.92%	0.86%
Average loan term remaining until maturity ⁽²⁾	4.3years	4.3years
Long-term borrowing ratio ⁽²⁾	100.0%	100.0%
Fixed-interest ratio ⁽²⁾	93.3%	93.3%

Maturity ladder (As of the end of Feb. 2020)



(1) As of April 10, 2020

(2) Calculation including the tenant leasehold and security deposits except

JRF maintains commitment lines totaling 60 billion yen with borrowing periods of 3 and 5 years. These figures are best-in-class and the most favorable terms and conditions among real estate investment trusts in Japan. Moreover, JRF is taking positive steps to ensure a robust financial condition by leveraging the high credit standing of its sponsors. From a credit rating perspective, JRF has received a double-A minus rating, once again a top-class assessment among J-REITs. The Investment Corporation's loan-to-value, or LTV, ratio on an appraisal value basis excluding tenant leasehold and security deposits comes in at 41%. If we include tenant leasehold and security deposits, JRF's LTV ratio on an appraisal value basis reaches 45.8%. With this in mind, we remain confident that the Investment Corporation maintains more than enough reserves.

Cutting debt cost due to refinance

Refinancing activities (Nov.2019 – Apr.2020)

	Before	After	
Amount	31,000mn yen	31,000mn yen	Effect to the DPU ⁽²⁾ +28yen
Avg. term	8.0 years	9.0 years	
Avg. debt cost ⁽¹⁾	1.00%	0.53%	

Borrowings maturing within 7 periods (Long-term fixed borrowing only) (As of Apr. 2020)

	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	Total
Amount	0yen	21,575mn yen	17,000mn yen	17,000mn yen	21,000mn yen	14,500mn yen	22,000mn yen	113,075mn yen
Avg. term	-	8.5 years	8.4 years	8.6 years	8.3 years	8.4 years	7.5 years	8.3 years
Avg. debt cost ⁽¹⁾	-	1.16%	1.12%	1.21%	1.11%	1.06%	0.86%	1.08%

If refinanced at 0.7%, effect to the DPU⁽³⁾ **+82yen**

(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 Feb. 2020 (36th) period

(3) Calculated by multiplying the difference between the average interest rate and 0.7% by the total amount of borrowings for 6 months and dividing by the investment units as of the end of Feb. 2020 (36th) period

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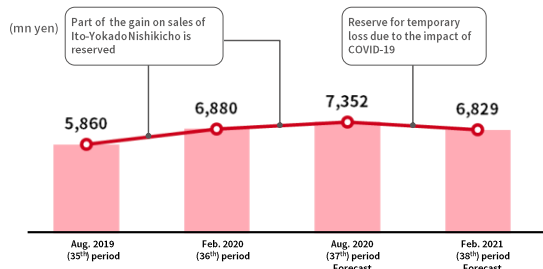
Buoyed by the credit rating of the Fund and the strong standing of the MC-UBS Group, JRF continued to employ its sector-leading debt procurement capabilities to forcefully cut its debt cost during the February 2020 period.

In the period under review, JRF refinanced debt totaling 31 billion yen. In lifting the average term of this debt to 9 years and reducing the average debt cost to 0.53%, successful steps have been taken to boost DPU by 28 yen.

JRF is looking to refinance borrowings maturing over the six periods, or three years, from the February 2021 period at a conservative average debt cost of 0.7%. In this event, DPU is projected to improve by 82 yen.

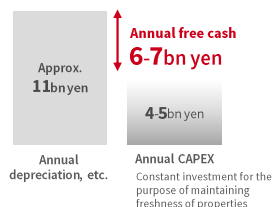
Using reserves to maintain the DPU and flexibility utilize free cash

Transition in reserve balance⁽¹⁾⁽²⁾



Utilization of free cash

Free cash flow generation capability⁽³⁾



Free cash balance⁽⁴⁾

Approx. 35bn yen

Future utilization

Address temporary drop in earnings caused by changes in external environment

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

Future utilization

Based on the understanding of the real estate market trends
Used to acquire new properties

When the investment unit price drops significantly
Used to repurchase of own investment units

When the indirect financial market is deteriorated
Used to repay debt

⁽⁵⁾ Please refer to page 34 for the notes to this page

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As uncertainty surrounding the effects of COVID-19 continue to mount, we recognize the important need to secure some modicum of stability, overcome this harsh operating environment, and protect the interest of investors as the asset management company. Against this backdrop, JRF's abundant reserves and free cash provide a source of considerable strength.

Owing to the disposition of Ito-Yokado Nishikicho over the 36th and 37th periods, JRF is looking to post a substantial gain on sale and further increase its reserves. Plans are in place to employ these reserves to offset the decline in revenue over the period that the Investment Corporation disposes of properties prior to the replacement of assets, as well as the temporary downturn in revenue attributable to COVID-19. Based on this use of reserves, and as we mentioned earlier in this presentation, JRF is looking to pay a DPU of 4,500 yen in each of the 37th and 38th periods.

From a balance sheet perspective, free cash stood at 35 billion yen as of the end of February 2020 after deducting the planned payment of distributions from cash and deposits, other items including tenant leasehold and security deposits, and 2 billion yen earmarked for the repurchase of own investment units.

As far as the application of this free cash is concerned, we will focus mainly on the acquisition of new properties. We will take advantage of opportunities to purchase high-quality real estate while carefully evaluating the property market.

Depending on trends in our investment unit price, we will look to repurchase additional own investment units. Taking into consideration any deterioration in indirect financial market conditions, we will also adopt a flexible approach toward the repayment of loans.

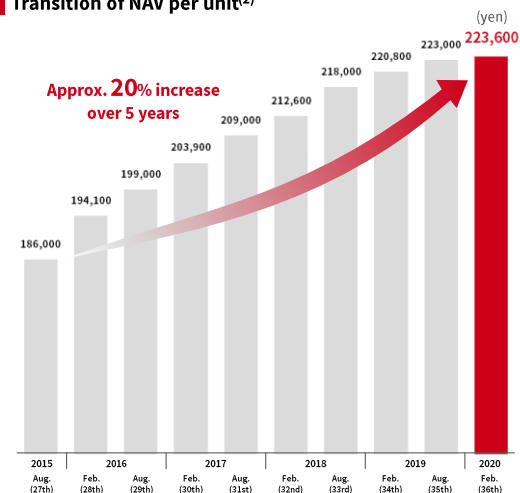
One of the largest pools of unrealized gain among J-REITs of approx. 160 billion yen, and continued increase in NAV per unit

Breakdown of appraisal value

	Appraisal value	Unrealized profits and losses
Prime	382,700 mn yen	68,505 mn yen
Major Station	136,980 mn yen	26,366 mn yen
Residential Station	227,210 mn yen	39,594 mn yen
Core	746,890 mn yen	134,465 mn yen
Secondary core	117,890 mn yen	17,503 mn yen
Sub	123,410 mn yen	10,161 mn yen
Total	988,190 mn yen	162,128 mn yen

Despite a portion of unrealized gains from the sale of assets being realized, **unrealized profits and losses increased by 652 million yen**

Transition of NAV per unit⁽²⁾



Breakdown of Cap Rates⁽¹⁾

	Aug. 2019 (35th) period	Feb. 2020 (36th) period	Change
Prime	3.27 %	3.22 %	- 0.05 points
Major Station	4.42 %	4.32 %	- 0.10 points
Residential Station	4.96 %	4.96 %	+0.01 points
Core	4.00 %	3.95 %	- 0.05 points
Secondary core	5.34 %	5.16 %	- 0.18 points
Sub	5.01 %	5.01 %	- 0.00 points
Total Ave.	4.30 %	4.26 %	- 0.04 points

(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

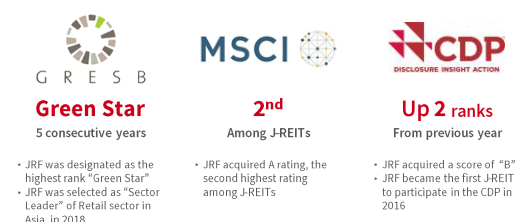
JRF maintains one of the largest pools of unrealized gains among J-REITs. In specific terms, unrealized gains for the portfolio as a whole totaled 162.1 billion yen in the February 2020 period. Despite a portion of unrealized gains from the sale of assets being realized, unrealized profits increased by 652 million yen compared with the previous period.

In addition, the CAP rate for JRF's entire portfolio continues to decline.

Based on the aforementioned, NAV per unit continues to increase, climbing 20% over the past 5 years.

Our continued efforts on ESG are highly appreciated

External party evaluations



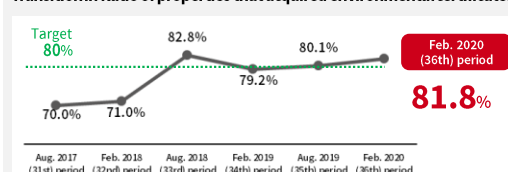
Environmental certification



Inclusion in ESG indices as constituent



Transition in Ratio of properties that acquired environmental certificates



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

(Note) The inclusion of JRF in any msci index, and the use of msci logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of JRF by msci or any of its affiliates. Themsci indexes are the exclusive property of msci. msci and themsci index names and logos are trademarks or service marks of msci or its affiliates.

JRF remains committed to vigorously engaging in ESG activities. Based on its wide-ranging activities, the Investment Corporation is held in high esteem.

As far as external party evaluations are concerned, JRF received the highest Global Real Estate Sustainability Benchmark, or GRESB, Green Star rating for a 5th consecutive year. The Investment Corporation also acquired an MSCI "A" rating, the second highest rating among J-REITs, while receiving a CDP score of "B," two ranks higher than the previous year. In a bid to maintain these high evaluations, JRF acquired Development Bank of Japan, or DBJ, and Comprehensive Assessment System for Built Environment Efficiency, or CASBEE, certifications for 4 and 5 new properties, respectively. As a result, the ratio of environmentally certified properties has risen to 81.8%.

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Financial Results and Forecasts

Moving on, I would now like to comment on JRF's financial results and forecasts.

Without wishing to cover the same ground, I would first like to explain how we have factored the effects of COVID-19 into our forecasts for the 37th and 38th periods as a result of changes in people's movements and consumption patterns since March.

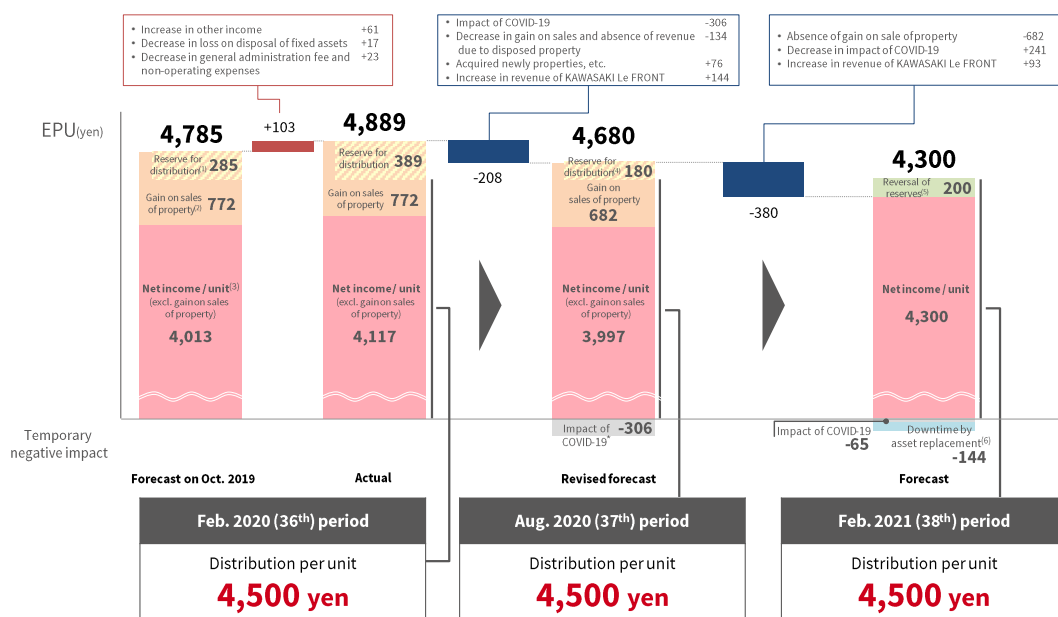
Despite minor changes from period to period, about 97% of JRF's rent revenue is fixed with 3% linked to sales.

Turning to the 37th period, we have estimated a reduction in sales-based rent of 300 million yen as a conservative stress factor and allowed for a further rent drop of 500 million yen. Accounting for each of these factors, we have set aside an amount totaling 800 million yen to cover any downside risk during the current period.

While we anticipate those tenants with whom we maintain sales-based rent arrangements will experience a recovery in the 38th period, we are factoring in an amount of roughly 200 million yen to cover the downside risk attributable to COVID-19.

Financial Summary

Japan Retail Fund Investment Corporation



* Calculating by figures based on the sales until April 6, 2020 and progress for the rent negotiation with tenants divided by total units outstanding as of Feb. 2020 (36th) period
 The impact of state of emergency declaration is not included as the calculation is difficult to identify as of preparing this material
 * Please refer to page 34 for the note to this page

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As far as the Investment Corporation's distribution is concerned, JRF has announced its intention to provide a DPU of 4,500 yen for the 36th period. For the 37th period, JRF's DPU has been revised to 4,500 yen compared with the previous announcement of 4,600 yen. As the first time to comment on the 38th period, we are projecting a DPU of 4,500 yen. Returning specifically to the 37th period, JRF is in a position to provide an EPU of 4,600 yen after posting a substantial gain on sale of properties. Given the uncertainty surrounding the current operating environment, we have set the 37th period distribution at 4,500 yen with plans to allocate a portion of the gain on sale to reserves.

At this juncture, I would like to elaborate on the factors that have or are expected to impact distributions from period to period.

In accordance with large-scale renewal work at KAWASAKI Le FRONT, steady progress has been made with the opening of stores throughout the 36th period. In addition, JRF posted a gain on sale of approximately 2 billion yen in connection with the second of three staggered tranches in the disposition of Ito-Yokado Nishikicho, a property in the "Sub" asset category. Accounting for each of these factors, EPU came in at 4,889 yen in the period under review, up 103 yen compared with the forecast announced in October 2019. Looking at a breakdown of this 103 yen increase, 61 yen is attributable to an increase in other income including promotion expenses received from tenants and insurance income to cover typhoon damage. An additional 17 yen is the result of a decrease in loss on

disposal of fixed assets, with 23 yen from the decrease in general administration fees and non-operating expenses.

Turning to the 37th period, JRF is projecting an EPU of 4,680 yen, down 208 yen compared with the period under review. While anticipating positive contributions from an upswing in revenue as a result of the purchase of Machinoma Omori and the acquisition of G-Bldg. Daikanyama 02 through an exchange of properties, as well as the progress made in large-scale renewal work at KAWASAKI Le FRONT, which are estimated to add 76 yen and 144 yen to EPU, respectively, this forecast decrease of 208 yen largely reflects the amount set aside as downside risk to cover the impact of COVID-19 of roughly 800 million yen, which we anticipate will push down EPU by 306 yen, and the decrease in gain on sale as well as absence of revenue compared with the previous period after the third progressive disposition of Ito-Yokado Nishikicho undertaken at the beginning of the period, which we estimate will have a negative effect of 134 yen.

Looking further ahead to the 38th period, EPU is anticipated to total 4,300 yen, down 380 yen compared with the 37th period. While decreases in the costs associated with COVID-19 and increases in revenue from KAWASAKI Le FRONT are projected to boost EPU by 241 yen and 93 yen, respectively, this will be more than offset by the absence of the gain on sale of Ito-Yokado Nishikicho, which we project will push down EPU by 682 yen.

As has already been mentioned, forecasts for each period take into account uncertainties surrounding the effects of COVID-19 and are based on information available to management as of the beginning of April. Due to the difficulties in evaluating the impact on JRF's financial results going forward at this time, we have not incorporated the effects of subsequent events including the government's emergency declaration. Should the impact of COVID-19 sharply exceed expectations in the future, we will disclose details of revised forecasts as appropriate.

In closing, I would like to reiterate my thoughts on JRF and the status of assets under management.

The threat we face today is unprecedented. While experiencing the temporary closure of facilities where people tend to accumulate, nationwide calls to suspend the academic year, requests for major companies in city centers to allow employees to work from the home, and an appeal from the government for people to refrain from going outdoors on the weekend especially in Japan's three main prefectures, the scope and nature of efforts to contain the spread of COVID-19 are far from uniform. As a result, there are considerable disparities in the impact on JRF's nationwide network of 100 properties depending on the location and tenant profile.

Cognizant of the need to remain vigilant as the virus expands, we also believe that people will continue to limit their movements and cutback on purchases of non-essential items for some time to come.

Taking into consideration concerns surrounding the ability of tenants to maintain their stores as a principal place of business and engage in the sale and provision of goods and services, the tradeoff between tenant continuity and the role of JRF as a property owner is entering a critical phase.

As the manager responsible for overseeing the funds of investors, we have taken the necessary steps to address any contingencies that may arise. This includes the stable management of assets with the aim of maximizing medium- to long-term profit, the buildup and application of abundant reserves and free cash, the establishment of a sector-leading commitment line, the development of robust sponsor support, and the creation of a management structure that is capable of swiftly analyzing operating conditions and acting as appropriate.

Despite the threat of an uncertain environment for the foreseeable future, we will continue to adopt a speedy and flexible approach while keeping in mind a myriad of possible events. As we work toward increasing the performance of the Fund, we ask for your continued support and understanding.

This then concludes the presentation. We thank you for your interest and attention.

February 2020 (36th) Period P/L Performance

Japan Retail Fund Investment Corporation

	Aug. 2019 Period (35 th) (Actual)	Feb. 2020 Period (36 th) (Actual)	Change	Oct. 15, 2019 (Revision of forecast)	Change
Operating revenue	35,432	32,007	-3,424	31,855	+152
Gain on sales of real estate, etc.	4,574	2,022	-2,552	2,022	+0
Operating expenses	20,712	17,444	-3,267	17,556	-111
Loss on sales of real estate, etc.	1,023	—	-1,023	—	—
(Rent NOI excl. gain and loss on sale)	19,910	21,044	+1,134	20,847	+196
Operating income	14,719	14,563	-156	14,299	+263
Non-operating revenue	2	2	+0	—	+2
Non-operating expenses	1,906	1,764	-142	1,769	-5
Ordinary income	12,815	12,801	-14	12,529	+271
Net income	12,814	12,800	-14	12,529	+271
Allocation to reserve	1,248	1,050	-197	779	+271
Reversal of reserve	31	31	+0	31	—
Total distribution	11,597	11,781	+183	11,781	—
Units outstanding	2,618,017 units	2,618,017 units	—	2,618,017 units	—
DPU	4,430 yen	4,500 yen	+70 yen	4,500 yen	—
FFO per unit ⁽¹⁾	5,661 yen	6,170 yen	+509 yen	6,071 yen	+99 yen
FFO pay out ratio ⁽²⁾	78.3 %	72.9 %	—	74.1 %	—
Capital expenditures	3,990	4,217	+226	5,333	-1,116
Maintenance	1,526	1,737	+210	2,429	-692
Enhancement	2,464	2,479	+15	2,903	-423
Repair expenses	2,261	826	-1,434	852	-25
Total	6,252	5,044	-1,208	6,185	-1,141
Depreciation	5,557	5,377	-180	5,387	-9

⁽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 Feb. 2020 (36th) Period (Compared to previous period)

	(mnyen)
Operating revenues	-3,424
✓ Absence of gain on sales properties in previous period ⁽¹⁾	-2,552
✓ Decrease in rent revenue, etc. related to disposed properties in the previous period ⁽¹⁾	-1,214
✓ Contribution, in full, of rent revenue, etc. of acquired properties in the previous period ⁽²⁾	+133
✓ Increase in rent revenue, etc. due to renewal of KAWASAKI Le FRONT	+231
✓ Increase in rent revenue, etc. due to renewal of GYRE	+28
✓ Increase in rent revenue, etc. due to renewal of mozo wonder city	+98
✓ Other properties ⁽³⁾ (rent -88, utility charge received -73, tenant contributions received +21, card fee income +9, penalty income +76, others -94)	-149
Operating expenses	-3,267
✓ Absence of loss on sales property in previous period ⁽¹⁾	-1,023
✓ Decrease in expenses related to disposed properties in the previous period ⁽¹⁾	-590
✓ Contribution, in full, of expenses of acquired properties in the previous period ⁽²⁾	+21
✓ Decrease in repair expenses, etc. due to renewal of KAWASAKI Le FRONT	-1,383
✓ Decrease in repair expenses, etc. due to renewal of GYRE	-72
✓ Increase in expenses such as card fees for mozo wonder city	+24
✓ Other properties ⁽³⁾ (BM fee +14, repair expense -91, utility charge -97, promotion expense -9, loss on disposal of fixed assets -20, depreciation +19)	-185
✓ Decrease in general administration fees (AM fee -28, non-recoverable consumption tax -58)	-57
Operating income	-156
✓ Decrease in interest payments, etc.	-142
Ordinary income	-14
Net income	-14

- (1) 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho and Narupark
 (2) m-city Kashiwa and G-Bldg., Jingumae09
 (3) Properties excluding the following from the properties owned during Feb. 2020 (36th) period,
 (8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama, Ito-Yokado Nishikicho, Narupark, m-city Kashiwa, G-Bldg., Jingumae09, KAWASAKI Le FRONT, GYRE and mozo wonder city)

Major factors behind change during Feb. 2020 (36th) Period (Compared to the revised forecast as of October 15, 2019)

	(mnyen)
Operating revenues	+152
✓ Increase in rent revenue, etc. due to renewal of KAWASAKI Le FRONT	+26
✓ Increase in promotion expenses received, etc. of mozo wonder city	+81
✓ Other properties ⁽¹⁾ (rent +6, utility charge received -30, card fee income +15, others +66)	+43
Operating expenses	-111
✓ Increase in repair expenses, etc. due to renewal of KAWASAKI Le FRONT	+59
✓ Increase in PM fee, etc. of mozo wonder city	+9
✓ Other properties ⁽¹⁾ (BM fee -9, repair expense -52, utility charge -35, card fee +9, other expense -10, loss on disposal of fixed assets -12, depreciation -7)	-122
✓ Decrease in general administration fees (non-recoverable consumption tax -30)	-56
Operating income	+263
✓ Decrease in interest payments, etc.	-7
Ordinary income	+271
Net income	+271

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

Forecasts for the Coming Two Periods

Japan Retail Fund Investment Corporation

	Feb. 2020 Period (36th) (Actual)	Aug. 2020 Period (37th) (Forecast)	Change	Feb. 2021 Period (38th) (Forecast)	Change
Operating revenue	32,007	31,600	-407	30,476	-1,124
Gain on sales of real estate, etc.	2,022	1,786	-235	—	-1,786
Operating expenses	17,444	17,641	+196	17,563	-77
Loss on sales of real estate, etc.	—	—	—	—	—
(Rent NOI excl. gain and loss on sale)	21,044	20,770	-274	21,444	+673
Operating income	14,563	13,959	-604	12,912	-1,046
Non-operating revenue	2	—	-2	—	—
Non-operating expenses	1,764	1,705	-59	1,653	-51
Ordinary income	12,801	12,254	-547	11,259	-995
Net income	12,800	12,253	-547	11,258	-995
Allocation to reserve	1,050	503	-547	—	-503
Reversal of reserve	31	31	—	522	+491
Balance of reserve ⁽¹⁾	6,880	7,352	+472	6,829	-522
Total distribution	11,781	11,781	—	11,781	—
Units outstanding	2,618,017 units	2,618,017 units	—	2,618,017 units	—
DPU	4,500 yen	4,500 yen	—	4,500 yen	—
FFO per unit ⁽²⁾	6,170 yen	6,080 yen	-90 yen	6,381 yen	+301 yen
FFO pay out ratio ⁽³⁾	72.9 %	74.0 %	—	70.5 %	—
Capital expenditures	4,217	3,665	-552	2,428	-1,236
Maintenance	1,737	2,542	+804	2,357	-184
Enhancement	2,479	1,123	-1,356	70	-1,052
Repair expenses	826	682	-143	683	+0
Total	5,044	4,348	-696	3,112	-1,235
Depreciation	5,377	5,453	+76	5,447	-6

(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

Forecasts for the Coming Two Periods

Japan Retail Fund Investment Corporation

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

	(mn yen)
Operating revenues	-407
✓ Rent reduction risks due to COVID-19	-827
✓ Decrease in gain on sales of Ito-Yokado Nishikicho	-235
✓ Decrease in rent revenue, etc. related to disposed Ito-Yokado Nishikicho	-178
✓ Increase in rent revenue, etc. related to newly acquired 2 properties and disposed 1 property ⁽¹⁾	+449
✓ Increase in rent revenue, etc. due to renewal of KAWASAKI Le FRONT	+181
✓ Other properties ⁽²⁾ (rent -12, utility charge received +81, card fee income -58, penalty income +194)	+202
Operating expenses	+196
✓ Decrease in expenses related to disposed Ito-Yokado Nishikicho	-62
✓ Increase in expenses related to newly acquired 2 properties and disposed 1 property ⁽¹⁾	+249
✓ Decrease in repair expenses, etc. due to renewal of KAWASAKI Le FRONT	-255
✓ Other properties ⁽²⁾ (property-related tax +57, BM fee +33, repair expense +120, utility charge +98, PM fee -17, promotion expense -31, card fee -47, commission paid +22, other expense +7, loss on disposal of fixed assets +7)	+245
✓ Increase in general administration fees (AM fee +29, non-recoverable consumption tax -10)	+18
Operating income	-604
✓ Decrease in interest payments, etc.	-56
Ordinary income	-547
Net income	-547

(1) Acquisition: Machinoma Omori, GBldg, Daikanyama02 Disposition: Arkangel (Daikanyama) (Land with leasehold interest)
(2) Properties excluding the following from the properties owned during Feb. 2020 (36th) period.
(Ito-Yokado Nishikicho, KAWASAKI Le FRONT)

Major factors behind change during Feb. 2021 (38th) period (compared to forecast for Aug. 2020 (37th) period)

	(mn yen)
Operating revenues	-1,124
✓ Decrease in rent reduction risks due to COVID-19	+632
✓ Absence of gain on sales of Ito-Yokado Nishikicho	-1,786
✓ Increase in rent revenue, etc. due to renewal completion at KAWASAKI Le FRONT	+128
✓ Other properties ⁽¹⁾ (rent +119, utility charge received -51, tenant contributions received -67, card fee income +35, penalty income -301, others +167)	-98
Operating expenses	-77
✓ Decrease in repair expenses, etc. due to renewal completion of KAWASAKI Le FRONT	-103
✓ Other properties ⁽¹⁾ (property-related tax -19, repair expense +126 (incl. restoration expense +249), utility charge -45, PM fee +73, promotion expense +18, card fee +20, commission paid -7, other expense -48, loss on disposal of fixed assets -12, depreciation -19)	+86
✓ Decrease in general administration fees (non-recoverable consumption tax -48)	-60
Operating income	-1,046
✓ Decrease in interest payments, etc.	-51
Ordinary income	-995
Net income	-995

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

February 2020 (36th) Period B/S Performance

Japan Retail Fund Investment Corporation

	Aug. 2019 Period (35 th) (Actual)	Feb. 2020 Period (36 th) (Actual)	Change
Total assets (1)	900,799	899,888	- 911
Total liabilities	466,805	464,590	- 2,214
Interest-bearing liability (2)	404,725	404,725	—
Tenant leasehold and security deposits (3)	48,594	47,978	- 616
Net assets	433,994	435,298	+ 1,303
LTV ((2)+(3)) / (1)	50.3 %	50.3 %	-0.0 points
LTV (2) / (1)	44.9 %	45.0 %	+0.0 points
Long-term borrowings ratio	100.0 %	100.0 %	—
Fixed interest rate ratio	93.3 %	93.3 %	—
Average debt cost	0.92 %	0.86 %	- 0.06 points
Number of properties	100 properties	100 properties	—
Aggregate acquisition price	883,234	877,288	- 5,945
Unrealized profits and losses	+ 161,476	+ 162,128	+ 652
Book value	832,643	826,061	- 6,582
Appraisal value	994,120	988,190	- 5,930
<Reference: Balance of reserve> * Balance of reserve after approval of distributions at the JRF board directors meeting for each period			
Balance of reserve	5,860	6,880	+ 1,019
Reserve for dividends	2,864	3,915	+ 1,050
Reserve for reduction entry of property	15	15	—
Reserve for temporary difference adjustments	2,981	2,949	- 31

Million yen unless otherwise noted

Major factor behind change during Feb. 2020 (36th) period (Compared to previous period)

Total assets	(mn yen)
✓ Disposition of existing property	-4,501
✓ Increase in cash and bank deposits	+6,349
✓ Depreciation, loss on disposal of fixed assets	-5,435
✓ Decrease in construction in progress account	-840
✓ Capital expenditures	+4,217
✓ Decrease in other assets	-229
Total liabilities	-2,214
✓ Decrease in tenant leasehold and security deposits	-616
✓ Decrease in consumption tax payable	-523
✓ Decrease in accrued expense	-285
✓ Decrease in deposits received	-611
Net assets	+1,303
✓ Increase in reserve for dividends	+1,216
✓ Deferred gains and losses on hedges	+100
✓ Decrease of retained earnings	-14

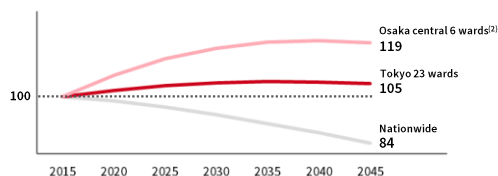


Appendix

Demographics

- Total population of Japan decline is forecasted from 2015
- Population increase is expected in urban areas of Tokyo and Osaka

Population outlook for Japan (2015=100)⁽¹⁾



(1) Ministry of Internal Affairs and Communications, Statistic Bureau, "Census", National Institute of Population and Social Security Research, "Population & Household Projection"
 (2) Osaka City (Kita-ward, Chuoh-ward, Fukushima-ward, Nishi-ward, Tennoji-ward, Naniwa-ward)

E-commerce

- The EC penetration rate in Japan is lower than global levels due to its commercial convenience
- EC will penetrate across suburban areas with low commercial convenience
- Needs for making retail facilities showrooms will increase along with the penetration of EC

EC penetration rate & market size by country⁽³⁾

	EC penetration	EC market size
Japan	6.2%	9.2tn yen
US	10.1%	56.6tn yen
UK	17.0%	9.2tn yen
China	23.7%	61.9tn yen

EC penetration rate forecast in Japan⁽⁴⁾

	2020	2025	2030	2035
Japan	7.1%	9.2%	11.3%	13.4%

(3) Japan: Ministry of Economy, Trade and Industry, "FY 2018 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
 (4) NU Research Institute

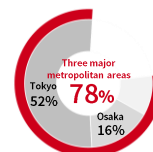
Inbound tourism

- The number of Japan-bound tourists has been ever-increasing
- Inbound tourism consumption amounts to 4.8 trillion yen in 2019, while the EC market in Japan is 9.2 trillion yen in size
- Most of the markets of inbound tourism consumption concentrates in urban areas of three metropolitan cities, mainly in Tokyo and Osaka

Number of Japan-bound tourists and their consumption⁽⁵⁾

	2011	2019
Tourists	6.2mn	31.8mn
Consumption	0.8tn yen	4.8tn yen

Japan-bound tourists' consumption by prefecture⁽⁶⁾

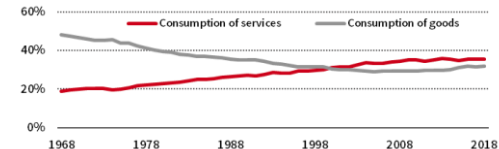


(5) JNTO
 (6) RESAS Analysis system of local economy, VISA Worldwide Japan

Increase in leisure time

- Along with aging society, there are growing needs from retired workers to spare time to engage in hobbies, etc.
- Needs for healthcare and gym facilities are also increasing based on the growing health-consciousness
- Time consumption needs around business areas, terminal stations, and residents are also increasing as business worker's leisure time expands due to overtime work limitation and rise in paid leave utilization

Transition in household consumption⁽⁷⁾



(7) The Ministry of Internal Affairs and Communications, Statistic Bureau
 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

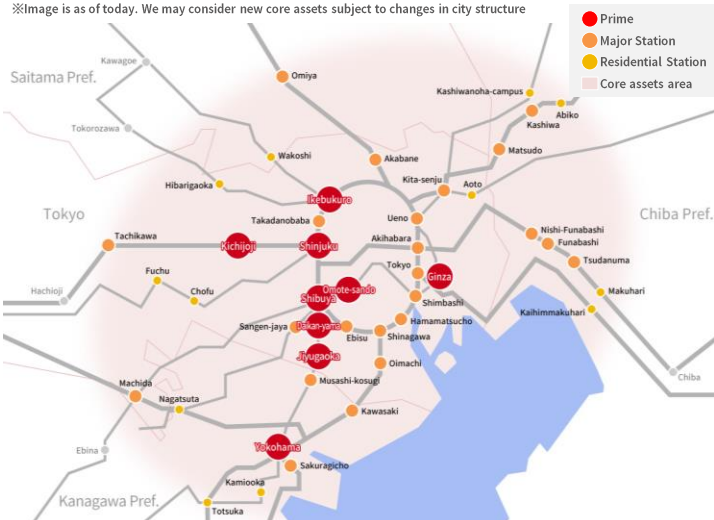
Building a portfolio with a focus on urban type assets, mainly Core assets

Portfolio segmentation

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

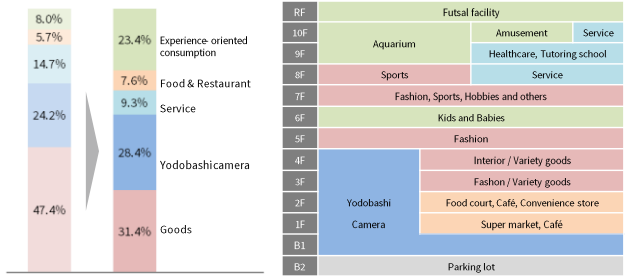
Example of core assets location (Tokyo area)

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



The point of renewal plan

- Marui, one of the key tenants, vacated in April 2018
- Renewal project focusing on spaces originally occupied by Marui and other specialty stores is underway from July 2018
- Tenant replacement and renewal of facilities environment due to MD revision
- Plan to attract tenants, which relate to experience-oriented consumption, such as aquarium on upper floors



Before renewal After renewal

(Note) Based on contract area

Renewal Floor



Super market



Food court



Interior / Variety goods



Kids and Babies



Fashion

Attraction of new aquarium utilizing AI and IoT technology

Aim for significant visitor expansion

- Expect 1 million annual visitors (more than 10% of entire visitors)⁽¹⁾
- Excellent attractiveness compared to other entertainment contents (Reference) Movie theatre 0.6million, planetarium 0.1 million⁽²⁾
- Expect customers from south and west since Kawasaki area will be the only area with an aquarium

Planning

Aqua Live Investment

A specialized group led by aquarium producer Shinya Sakano who has been involved in the launch of many aquariums

Operations

SASEBO PEARL SEA

It operates Saikai National Park Kujukushima Aquarium "Umi Kirara" in Sasebo-shi, Nagasaki Pref.

<Image of aquarium⁽³⁾>

(1) Estimated figure of annual average visitors calculated by tenant
(2) Based on an estimate formulated from properties held by JRF for movie theater, based on hearing survey by asset management company for planetarium
(3) These are indicative renderings and may differ from the actual development

Project schedule

	Aug. 2019 (35 th) period		Feb. 2020 (36 th) period		Aug. 2020 (37 th) period	
Opening timing ⁽¹⁾	April 27 2019	August 3 2019	September 2019	December 2019	February 2020	2020 Summer
Opening tenants	Food court Specialty stores	Super market	Specialty stores	Specialty stores	Specialty stores	Aquarium Amusement

1 27 stores including one of the largest food court in Kawasaki east exit serving approx. 350 seats



2 LIFE opened as the largest-scale super market in Kawasaki east



3 11 stores on the 3rd and 5th floors reopened after renovation



4 Satellite office and medical examination center opened



(1) Based on current renewal plan

Location of property

- Market population is 2 times larger than large-size retail facility standards of 0.5 million in 5km area
- JR Kawasaki Station is a large terminal station which serves the 11th largest number of passengers in JR East Japan
- Neighboring office, hospital, and residence is connected on the 2nd floor providing direct access to JR Kawasaki Station



P.4

- (1) Balance of reserve after approval of distributions at the JRF's Board of Directors meeting for each period
- (2) Calculated by dividing by the issued investment units as of Feb. 2020 (36th) period
- (3) Calculated by deducting the amortization of reserve amount of reserve for temporary difference adjustments from the provision of reduction entry of property
- (4) Gain on sales of real estate / Total units as of Feb. 2020 (36th) period
- (5) (Net income - gain on sales of real estate) / Total units as of Feb. 2020 (36th) period
- (6) Calculated by deducting the amortization of reserve amount of reserve for temporary difference adjustments from the reversal amount of reserve for dividend
- (7) Includes reversal of reserve for temporary difference adjustment to avoid additional tax burden due to tax association discrepancy
- (8) Calculated by the difference of total acquisition price of core assets acquired (including scheduled acquisition) 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 Feb. 2020 (36th) period. Acquisition price of G-Bldg, Daikanyama 02, is the total amount of whole building and partial acquisition cost of land (1,933 million yen) and gains from exchange difference for the replacements of lands (333 million yen)

P.5

- (1) The forecasts described herein do not guarantee
- (2) Calculated by dividing by the issued investment units as of Feb. 2020 (36th) period
- (3) 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
- (4) Depreciation and amortization outstanding - Capital expenditures

P.6

- (1) As of the end of Feb. 2020 (36th) period
- (2) Estimated balance after distribution for Feb. 2020 (36th) period
- (3) JRF will terminate the transaction regarding the repurchase of own investment units when either the total number of repurchased own investment units or the total repurchase amount reaches the maximum amount, or when the repurchase period ends. After the completion of the repurchasing of own investment units, JRF plans to cancel all repurchased own units in this fiscal period (Aug. 2020 (37th) period)
- (4) Assuming investment units buyback at the price 109,000 yen as the end of day April 7, 2020 until reaching the total acquisition amount (the total number of units acquired is estimated to be 18,348) and cancel all acquired units in the Aug. 2020 (37th) period. The forecasts described herein do not guarantee

P.11

- (1) JRF will acquire trust beneficiary interests in respect of the entire ownership of the building and co-ownership interest of 48.57% in the underlying land through a sale and purchase transaction, and acquire trust beneficiary interests in the remaining co-ownership interest of 51.43% in the land by exchanging the quasi-co-ownership interest of 45.04% of the trust beneficiary right in real estate. The sum of i) the planned price for the acquisition property through purchase and ii) the amount corresponding to the price for the acquisition property through exchange is stated
- (2) It is intended, under the Exchange Transaction, for reduction entry to be made in respect of the acquisition property through exchange, and the total gains on sales from the transfer of the disposition property will be deducted from the acquisition price of the acquisition property through exchange. Calculated by the acquisition price after these deduction

P.13

- (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 March, 2020
- (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 the end of Feb. 2020 (36th) period. The monthly rents subjects are fixed-term leasing contracts in Core assets (Prime / Major station) that will be renewed after March, 2020
- (3) Increase/decrease rate is represented by (monthly rent after revision - monthly rent before revision) / monthly rent before revision (excluding rents specified in unsigned leasing contracts)
- (4) Represented by the aggregated rents for blocks of the fixed-term leasing contracts, which will expire and renew in Core assets
- (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 Feb. 2020 (36th) period

P.18

- (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) The forecasts described herein do not guarantee
- (4) Estimated balance after repurchase of own investment units

P.22

- (1) Calculated by deducting the amortization of reserve amount of reserve for temporary difference adjustments from the provision of reduction entry of property
- (2) Gain on sales of real estate / Total units as of Feb. 2020 (36th) period
- (3) (Net income - gain on sales of real estate) / Total units as of Feb. 2020 (36th) period
- (4) Calculated by deducting the amortization of reserve amount of reserve for temporary difference adjustments from the reversal amount of reserve for dividend
- (5) Includes reversal of reserve for temporary difference adjustment to avoid additional tax burden due to tax association discrepancy
- (6) Calculated by the difference of total acquisition price of core assets acquired (including scheduled acquisition) 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 Feb. 2020 (36th) period. Acquisition price of G-Bldg. Daikanyama 02, is the total amount of whole building and partial acquisition cost of land (1,933 million yen) and gains from exchange difference for the replacements of lands (333 million yen)

Think bold today for a brighter tomorrow.



Japan Retail Fund Investment Corporation

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