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To all concerned parties:

Investment Corporation

Japan Retail Fund Investment Corporation

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Notice Concerning Revised Forecasts for Operating Results
for August 2020 (37th) Fiscal Period

Japan Retail Fund Investment Corporation (“JRF”) has revised forecasts for the operating results for the August 2020 (37th) fiscal period (March 1, 2020 to August 31, 2020) announced on April 13, 2020 in the “Japan Retail Fund Investment Corporation Summary of Financial Results for the Six Months Ended February 29, 2020”. Details are as follows.

1. Revised forecasts for operating results for February 2020 (37th) fiscal period (March 1, 2020 to August 31, 2020)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (yen) (exclusive of distributions in excess of retained earnings)	Distributions in excess of retained earnings per unit (yen)
Previous forecast (A)	31,600	13,959	12,254	12,253	4,500	—
Revised forecast (B)	30,617	13,661	11,945	11,944	4,500	—
Change (B - A)	△983	△297	△308	△308	—	—
Rate of change ((B - A) / A)	△3.1%	△2.1%	△2.5%	△2.5%	—	—

(Note 1) Number of investment units issued at the end of the period is 2,602,483* units.

*The number of investment units after subtraction of the 15,534 own investment units resolved to be cancelled at a meeting of the board of directors of JRF held on August 7, 2020 from the number of 2,618,017 investment units issued as of August 7, 2020. For details, please refer to the “Notice Concerning Determination of Matters Regarding Cancellation of Own Investment Units (Cancellation of own investment units pursuant to Article 80, Paragraph 2 and Paragraph 4 of the Act on Investment Trusts and Investment Corporation of Japan)” announced on August 7, 2020.

(Note 2) Figures of less than one unit are truncated and “rate of change” is calculated by rounding to the first decimal place.

(Note 3) Distributions in the revised forecasts for the August 2020 (37th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 11,944 million yen, and after reversal of retained earnings for temporary difference adjustment amounting to 31 million yen and provision of reserve for reduction entry of property of 265 million yen, for dividends amounting to a total of 11,711 million yen (distributions per unit 4,500 yen).

(Note 4) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.

(Note 5) Distributions in the previous forecasts for the August 2020 (37th) fiscal period are assumed to consist of retained earnings at the end of the period amounting to 12,253 million yen, and after reversal of retained earnings for temporary difference adjustment amounting to 31 million yen and provision of reserve for reduction entry of property of 503 million yen, for dividends amounting to a total of 11,781 million yen (distributions per unit 4,500 yen).

2. Reasons for revision

JRF has revised forecasts for the operating results and the distributions for the August 2020 (37th) fiscal period announced by it in the “Japan Retail Fund Investment Corporation Summary of Financial Results for the Six Months Ended February 29, 2020” dated April 13, 2020, in anticipation of a risk of decrease in operating revenues, which did not take into account the declaration of a state of emergency due to the spread of infection with the novel coronavirus (“COVID-19”). After the declaration of a state of emergency, many tenants took measures for suspension of their business, mainly in April and May, and some tenants requested temporary rent reductions, and negotiations with the tenants have continued.

The end of the rent negotiations with the tenants associated with the impact of COVID-19 is now in sight, and it has become possible to make a reasonable calculation of the operating results for the August 2020 (37th) fiscal period taking into account the impact of the declaration of a state of emergency. Taking this impact and the impact of the establishment of the total number of investment units to be cancelled as announced in the “Notice Concerning Determination of Matters Regarding Cancellation of Own Investment Units” into account, we have now revised the forecasts for the operating results for the August 2020 (37th) fiscal period.

The main factor in the revision of the forecasts is the reduction in rent and other operating revenues due to the impact of COVID-19.

The distributions per unit are unchanged as the reserve for reduction entry of property will be reduced from 503 million yen to 265 million yen to respond to the reduced net income for the August 2020 (37th) fiscal period.

Also, the forecast operating results for the February 2021 (38th) fiscal period are unchanged.

3. Assumptions Underlying the Forecast of Operation for August 2020 (37th) Fiscal Period

Item	Assumption
Accounting period	August 2020 (37th) Fiscal Period (March 1, 2020 to August 31, 2020) (184 days)
Assets owned	- The assumption is based on JRF's 101 properties comprising the 100 properties JRF owned as of February 29, 2020, one property assumed to be disposed of as announced on May 29, 2019 in the press release titled “Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Nishikicho,” one property as announced on January 16, 2020 in the press release titled “Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan (Machinoma Omori),” as well as one property as announced on March 27, 2020 in the press release titled “Notice Concerning Acquisition of Trust Beneficiary Right and Partial Disposition of Trust Beneficiary Right in Real Estate in Japan.” - We also assume that no other (anticipated) changes (new property acquisition and disposition of owned properties, etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current properties, etc. will occur prior to the end of the August 2020 (37th) fiscal period.

Issue of units	The number of investment units issued at the end of the fiscal period is 2,602,483 units. The above number is the number of investment units after subtraction of the 15,534 own investment units resolved to be cancelled at a meeting of the board of directors of JRF held on August 7, 2020 from the number of 2,618,017 investment units issued as of August 7, 2020. There will not be any additional issuance of new investment units or repurchase/ cancellation of own investment units. For details, please refer to the “Notice Concerning Determination of Matters Regarding Cancellation of Own Investment Units” announced on August 7, 2020.
Interest-bearing debt	- Interest-bearing debt as of February 29, 2020 stood at 404,725 million yen, which comprises long-term borrowings of 360,225 million yen and investment corporation bonds (including Green Bonds) of 44,500 million yen. Meanwhile, following a new short term borrowing, for which a loan agreement was concluded on February 28, 2020 and took effect on March 4, 2020, debt refinancing, for which a loan agreement was concluded on March 16, 2020 and took effect on March 19 and April 2, 2020, and debt refinancing, for which a loan agreement was concluded on March 27, 2020 and took effect on April 2 and April 7, 2020, and debt refinancing, for which a loan agreement was concluded on April 24, 2020 and took effect on April 30, 2020, and debt refinancing, for which a loan agreement was concluded on July 27, 2020 and took effect on July 31, 2020, the interest-bearing debt outstanding as of the date of this document stood at 411,725 million yen, which comprises a short-term borrowing of 7,000 million yen, long-term borrowings of 360,225 million yen and investment corporation bonds (including Green Bonds) of 44,500 million yen. - Out of the interest-bearing debt outstanding as of the date of this document, there are no interest-bearing debts that repayment period will be reached during the period ending August 2020 (37th).
Operating revenues	- With respect to gain on sales of property, we assume that gain on sales of property of 1,787 million yen will be recorded for the August 2020 (37th) fiscal period from the disposition of Ito-Yokado Nishikicho (40% quasi-co-ownership of trust beneficiary right). - Rent and other operating revenues are calculated based on the lease contracts effective as of the date of this document. - The rent level and estimated rents for the parts of properties that are vacant are calculated taking into account the negotiations with our tenants and other relevant factors that took place until the date of this document. - We assume that there will be no arrears or nonpayment of rent by our tenants.

Operating expense	• We assume that taxes and public charge of 2,671 million yen in the August 2020 (37th) fiscal period, respectively. • With respect to property taxes, city planning taxes and depreciable assets taxes (“taxes on property and equipment”) on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as property related expenses. However, should any need arise for settlement, such as a need to pay settlement amount for taxes on property and equipment, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to taxes on property and equipment”), such amounts are taken into account in the acquisition cost of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to taxes on property and equipment pertaining to the properties acquired in 2020 (Machinoma Omori and G-Bldg. Daikanyama 02), the tax amount assessed and payable for the relevant accounting period will be recorded as property related expenses from 2021 onwards. We have assumed the amounts equivalent to taxes on property and equipment included in the acquisition cost of Machinoma Omori and G-Bldg. Daikanyama 02 to be equivalent to 62 million yen in total. • We assume that repair and maintenance will be 500 million yen for the August 2020 (37th) fiscal period. Of the repair and maintenance, we assume that repair and maintenance of KAWASAKI Le Front, which has undergone a large-scale renovation, will be 131 million yen for the August 2020 (37th) fiscal period. • We assume that depreciation will be 5,455 million yen for the August 2020 (37th) fiscal period. • We assume that property management fees will be 581 million yen for the August 2020(37th) fiscal period, and building management fees will be 1,586 million yen for the August 2020 (37th) fiscal period. • We assume that we will incur losses of 43 million yen in the August 2020 (37th) fiscal period, respectively, on disposal of property related to the facility update, etc. at each property. With respect to the loss on disposal of property described above, those related to properties whose estimated useful lives are determined to be subject to review as a result of the change in the estimate from an accounting perspective will be treated as depreciation.
Non-operating expenses	• We assume that non-operating expenses (including interest expense, loan-related costs, interest expenses on investment corporation bonds, etc.) will be 1,716 million yen for the August 2020 (37th) fiscal period.

Distributions per unit	- Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. - Distributions in the revised forecast for the August 2020 (37th) fiscal period, it is assumed that a total of 11,711 million yen will be distributed (distributions per unit: 4,500 yen), calculated by adding 31 million yen from the reversal of retained earnings for temporary difference adjustment and deducting 265 million yen from the provision of reduction entry of property from 11,944 million yen in unappropriated retained earnings at the end of the period. - It is assumed that retained earnings for temporary difference adjustment will be reversed in at least a 50-year equal payment (31 million yen) each fiscal period starting in the 31st fiscal period ended August 2017. - Because amounts of tax loss carryforwards will be removed after the August 2020 (37th) fiscal period, it is assumed that additional taxable income that results from the different treatment when the accounting profit is larger than taxable income will be avoided by reversing retained earnings for temporary difference adjustment.
Distributions in excess of profit per unit	We do not plan to make distributions in excess of profits for the moment.
Other	We assume that there will be no amendments to laws, accounting standards and the tax systems, etc. that affect the above forecast figures in Japan. We also assume that there will be no unforeseen significant changes in general economic trends and property market movements in Japan.