

May 29, 2019

To all concerned parties:

Investment Corporation

Japan Retail Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 8953)

Representative: Shuichi Namba, Executive Director

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

Asset Management Company

Mitsubishi Corp.-UBS Realty Inc.

Representative: Katsuji Okamoto, President & CEO

Inquiries: Keita Araki, Head of Retail Division

TEL: +81-3-5293-7081

**Notice Concerning Revised Forecasts for Operating Results
for August 2019 (35th) Fiscal Period and February 2020 (36th) Fiscal Period
and Revised Forecasts for Distributions for February 2020 (36th) Fiscal Period**

Japan Retail Fund Investment Corporation (“JRF”) has revised forecasts for the operating results for the August 2019 (35th) fiscal period (March 1, 2019 to August 31, 2019) and February 2020 (36th) fiscal period (September 1, 2019 to February 29, 2020) and revised forecasts for the distributions for the February 2020 (36th) fiscal period (September 1, 2019 to February 29, 2020) announced on April 15, 2019 in the “Japan Retail Fund Investment Corporation Summary of Financial Results for the Six Months Ended February 28, 2019”. Details are as follows.

1. Revised Forecasts for Operating Results for August 2019 (35th) Fiscal Period (March 1, 2019 to August 31, 2019)

	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)	34,323	13,706	11,794	11,793	4,430	0
Revised forecast (B)	35,061	14,380	12,473	12,472	4,430	0
Change (B - A)	+738	+673	+679	+679	-	-
Rate of change ((B - A) / A)	+2.2%	+4.9%	+5.8%	+5.8%	-	-

(Note 1) Number of investment units issued at the end of the period is 2,618,017 units.

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

(Note 3) Regarding the distributions in the revised forecast, it is assumed that a total of 11,597 million yen are distributed (distributions per unit: 4,430 yen); calculated by adding 31 million yen of the reversal of retained earnings for temporary difference adjustment and deducting 906 million yen of the provision of reserve for dividends from 12,472 million yen in unappropriated retained earnings at the end of the period.

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

(Note 5) Regarding the distributions in the previous forecast, it is assumed that a total of 11,597 million yen are distributed (distributions per unit: 4,430 yen); calculated by adding 31 million yen of the reversal of retained earnings for temporary difference adjustment and deducting 227 million yen of the provision of reserve for dividends from 11,793 million yen in unappropriated retained earnings at the end of the period.

2. Revised Forecasts for Operating Results and Distributions for February 2020 (36th) Fiscal Period (September 1, 2019 to February 29, 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)	29,878	12,392	10,603	10,603	4,430	0
Revised forecast (B)	31,740	14,203	12,412	12,411	4,500	0
Change (B - A)	+1,861	+1,811	+1,808	+1,808	+70	-
Rate of change ((B - A) / A)	+6.2%	+14.6%	+17.1%	+17.1%	+1.6%	-

(Note 1) Number of investment units issued at the end of the period is 2,618,017 units.

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

(Note 3) Regarding the distributions in the revised forecast, it is assumed that a total of 11,781 million yen are distributed (distributions per unit: 4,500 yen); calculated by adding 31 million yen of the reversal of retained earnings for temporary difference adjustment and deducting 662 million yen of the provision of reserve for dividends from 12,411 million yen in unappropriated retained earnings at the end of the period.

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

(Note 5) Regarding the distributions in the previous forecast, it is assumed that a total of 11,597 million yen are distributed (distributions per unit: 4,430 yen); calculated by adding 15 million yen of the reversal of reserve for reduction entry of property and 979 million yen of the reversal of retained earnings for temporary difference adjustment to 10,603 million yen in unappropriated retained earnings at the end of the period.

[Reference] Target for the Future and Change in Distributions per unit and Reserve Balance

	Feb. 2019 (34th) fiscal period Actual	Aug. 2019 (35th) fiscal period Revised forecast	Feb. 2020 (36th) fiscal period Revised forecast	Targets for the future ^(Note1)
Distributions per unit (change from previous term)	4,430 yen	4,430 yen (-%)	4,500 yen (+1.6%)	Further increases to be pursued, with 4,500 yen as a minimum
Reserve balance ^(Note2) (change from previous term)	4,643 mn yen	5,519 mn yen (+18.8%)	6,149 mn yen (+11.4%)	Increase to approximately 7,000 million yen is planned for the Aug. 2020 (37th) fiscal period ^(Note3)

(Note 1) These are targets for the future and are not guaranteed.

(Note 2) Each reserve balance is after approval of distributions at the JRF's Board of Directors meeting in each period

(Note 3) Plans call for a portion of the gain on sales of 1,810 million yen in conjunction with assignment of the 40% quasi-co-ownership interest in trust beneficiary rights to Ito-Yokado Nishikicho, scheduled for the fiscal period ending August 2020 (37th) fiscal period, for reserves.

3. Reasons for Revision

As a result of the assignment of Ito-Yokado Nishikicho, announced today by Mitsubishi Corp.-UBS Realty Inc., JRF's asset management company, in the news release titled "Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Nishikicho," JRF expects to secure substantial gains on the sale, and those gains will be used to increase the distribution per investment unit for the fiscal period ending February 2020 (36th) fiscal period. Accordingly, the forecast of distributions was revised.

In conjunction with the revision of the forecast for distributions, we also revised the forecasts of operating results for the August 2019 (35th) and February 2020 (36th) fiscal periods.

These forecasts were revised primarily because of the acquisition of G-Bldg. Jingumae 09 announced today in the news release titled "Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan (G-Bldg. Jingumae 09)" and an increase in gains on the sale of real estate in conjunction with the assignment of a 15% quasi-co-ownership interest in real estate trust beneficiary rights to Ito-Yokado Nishikicho in the February 2020 (36th) fiscal period as well as contributions from G-Bldg. Jingumae 09 and an increase in gains on the sale of real estate in conjunction with the assignment of a 45% quasi-co-ownership interest in real estate trust beneficiary rights to Ito-Yokado Nishikicho in the February 2020 (36th) fiscal period.

The distributions per unit for the August 2019 (35th) fiscal period is unchanged, since the increase in net income during this fiscal year will be allocated to reserves for dividends.

4. Assumptions Underlying the Forecast of Operation for August 2019 (35th) Fiscal Period and February 2020 (36th) Fiscal Period

Item	Assumption
Accounting period	August 2019 (35th) Fiscal Period (March 1, 2019 to August 31, 2019) (184 days) February 2020 (36th) Fiscal Period (September 1, 2019 to February 29, 2020) (182 days)
Assets owned	<ul style="list-style-type: none"> The assumption is based on JRF's 100 properties comprising the 101 properties JRF owned as of February 28, 2019 plus m-city Kashiwa acquired as announced on April 17, 2019 in the press release titled "Notice Concerning Determination of Acquisition Date of a Trust Beneficiary Right in the Real Estate in Japan (m-city Kashiwa)" and the property scheduled to be acquired as announced on May 29, 2019 in the press release titled "Notice Concerning Acquisition of Trust Beneficiary Right in Real Estate in Japan (G-Bldg. Jingumae 09)", minus three properties, 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama and Narupark, planned to be disposed of in August 2019, and considering quasi-co-ownership interest in real estate trust beneficiary rights to Ito-Yokado Nishikicho as announced on May 29, 2019 in the press release titled "Notice Concerning Disposition of Trust Beneficiary Right in Ito-Yokado Nishikicho." Except the changes described above, we assume that no other (anticipated) changes (new property acquisitions and sales of owned properties etc., excluding reconstruction of current properties) of the acquisitions of new properties and dispositions of current portfolio properties, etc., will occur prior to the end of the February 2020 (36th) fiscal period.
Issue of units	<ul style="list-style-type: none"> The number of investment units issued at the end of the August 2019 (35th) fiscal period and February 2020 (36th) fiscal period is 2,618,017 units, assuming that there will not be any additional issuance of new investment units or repurchase/cancellation of own investment units.
Interest-bearing debt	<ul style="list-style-type: none"> Interest-bearing debt as of February 28, 2019 stood at 404,725 million yen, which comprises short-term borrowings of 8,000 million yen, long-term borrowings of 359,225 million yen and investment corporation bonds (including Green Bonds) of 37,500 million yen. Meanwhile, following debt refinancing, for which a loan agreement was concluded on February 22, 2019 and took effect on March 29, 2019, the interest-bearing debt outstanding as of the date of this document stood at 404,725 million yen, which comprises short-term borrowings of 5,500 million yen, long-term borrowings of 361,725 million yen and investment corporation bonds (including Green Bonds) of 37,500 million yen. Out of the interest-bearing debt outstanding as of the date of this document, short-term debts in the amount of 5,500 million yen and long-term debts in the amount of 35,500 million yen are to be repaid in the August 2019 (35th) and February 2020 (36th) fiscal periods before maturity. We assume that we will repay them through funding including debt financing.

<p>Operating revenues</p>	<ul style="list-style-type: none"> • With respect to gain on sales of property, we assume that gain on sales of property of 4,524 million yen are recorded for the August 2019 (35th) fiscal period from the disposition of 8953 Osaka Shinsaibashi Building, AEON Sendai Nakayama and Ito-Yokado Nishikicho (15% quasi-co-ownership interest). Also, we assume that gain on sales of property of 2,016 million yen are recorded for the February 2020 (36th) fiscal period from the disposition of Ito-Yokado Nishikicho (45% quasi-co-ownership interest). • 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. • The rent level and estimated rents for the parts of properties that are vacant for KAWASAKI Le FRONT, which is undergoing a large-scale renewal, are calculated taking into account the renewal plan as of the date of this document.
-------------------------------	--

Operating expense	<ul style="list-style-type: none"> • We assume that we will incur loss on sales of property of 1,039 million yen for the August 2019 (35th) fiscal period from the disposition of Narupark • We assume that taxes and public charge of 2,771 million yen and 2,627 million yen in the August 2019 (35th) fiscal period and February 2020 (36th) fiscal period, respectively. • With respect to fixed asset taxes, city planning taxes and depreciable assets taxes (“fixed asset taxes and other taxes”) on properties owned by JRF, the tax amount assessed and payable for the corresponding accounting periods has been calculated as rental expenses. However, should any need arise for settlement, such as a need to pay settlement amount for fixed asset taxes and other taxes, in relation to new property acquisitions to be made during the year in which the period falls (“amounts equivalent to fixed asset taxes and other taxes”), such amounts are taken into account in the purchase price of the properties and therefore are not recorded as expenses for the period. Accordingly, with respect to fixed asset taxes and other taxes pertaining to m-city Kashiwa (acquired) and G-bldg. Jingumae 09 to be acquired in 2019, the tax amount assessed and payable for the relevant accounting period will be recorded as rental expenses from 2020 onwards. We have assumed the amounts equivalent to fixed asset taxes and other taxes included in the acquisition cost of 2 properties to be equivalent to 34 million yen in total. • We assume that repair and maintenance will be 2,307 million yen for the August 2019 (35th) fiscal period and 794 million yen for the February 2020 (36th) fiscal period. Of the repair and maintenance expenses, we assume that repair and maintenance expenses of KAWASAKI Le Front, which is undergoing a large-scale renovation, will be 1,721 million yen for the August 2019 (35th) fiscal period and 414 million yen for the February 2020 (36th) fiscal period. • We assume that depreciation will be 5,553 million yen for the August 2019 (35th) fiscal period and 5,413 million yen for the February 2020 (36th) fiscal period. • We assume that property management fees will be 701 million yen for the August 2019 (35th) fiscal period and 715 million yen for the February 2020 (36th) fiscal period, and building management fees will be 1,573 million yen for the August 2019 (35th) fiscal period and 1,588 million yen for the February 2020 (36th) fiscal period. • We assume that we will incur 210 million yen for loss on disposal of fixed assets related to the large-scale renovation at KAWASAKI Le FRONT in the August 2019 (35th) fiscal period and 56 million yen for loss on disposal of fixed assets related to the system update, etc. at mozo wonder city in the February 2020 (36th) fiscal period. With respect to the loss on disposal of fixed assets 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	<ul style="list-style-type: none"> • We assume that non-operating expenses (including interest expense, loan-related costs, corporate bonds interest, amortization of unit issuance costs, etc.) will be 1,906 million yen for the August 2019 (35th) fiscal period and 1,791 million yen for the February 2020 (36th) fiscal period.

Distributions per unit	<ul style="list-style-type: none"> Distributions per unit is calculated in accordance with the cash distribution policy stipulated in the Articles of Incorporation of JRF. Regarding the distributions for the August 2019 (35th) fiscal period, it is assumed that a total of 11,597 million yen are distributed (distributions per unit: 4,430 yen); calculated by adding 31 million yen of the reversal of retained earnings for temporary difference adjustment and deducting 906 million yen of the provision of reserve for dividends from 12,472 million yen in unappropriated retained earnings at the end of the period. Regarding the distributions for the February 2020 (36th) fiscal period, it is assumed that a total of 11,781 million yen are distributed (distributions per unit: 4,500 yen), calculated by adding 31 million yen of the reversal of retained earnings for temporary difference adjustment and deducting 662 million yen of the provision of reserve for dividends from 12,411 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 fiscal period ending August 31, 2017 (31st) fiscal period.
Distributions in excess of profit per unit	<ul style="list-style-type: none"> We do not plan to make distributions in excess of profits for the moment.
Other	<ul style="list-style-type: none"> We assume that the standard tax rate of consumption tax and local consumption tax will rise to 10% effective October 1, 2019. We assume that there will be no amendment of laws, accounting standards and the tax system in Japan that will impact the aforementioned forecasts and no unforeseen, significant changes will occur in general economic trends and property market movements in Japan.