

Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units

Japan Retail Fund Investment Corporation (“JRF”) announced today that its Board of Directors have, at a meeting held on September 4, 2014, passed a resolution to issue new investment units and conduct a secondary offering of investment units, as outlined below.

1. Issuance of new investment units through a public offering

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| (1) | Number of Investment Units to be offered | : | <p>119,500 investment units of JRF (investment units of JRF are hereinafter referred to as “Investment Units”), consisting of (i) and (ii) below:</p> <p>(i) 117,000 Investment Units to be underwritten and purchased by the Japanese Underwriters (as defined in (5)(i) below) and the International Managers (as defined in (5)(ii) below) involved in the public offerings as described in (i) and (ii) of (5) below</p> <p>(ii) 2,500 Investment Units, the maximum number of Investment Units to be additionally issued pursuant to a purchase right to be granted to the International Managers in connection with the International Offering (as defined in (5) (ii) below)</p> |
| (2) | Amount to be paid in (issue value) | : | <p>To be determined</p> <p>(The amount to be paid in shall be determined at a Board of Directors meeting to be held on a date between Wednesday, September 17, 2014 and Friday, September 19, 2014 (the “Issue Price Determination Date”). Amount to be paid in (issue value) refers to an amount JRF shall receive from the Underwriters (as defined in (5)(ii) below) as payment proceeds per Investment Unit.)</p> |
| (3) | Total amount to be paid in (total issue value) | : | <p>To be determined</p> |
| (4) | Issue price (offer price) | : | <p>To be determined</p> <p>The issue price shall be determined at a Board of Directors meeting to be held on the Issue Price Determination Date, taking into consideration the level of demand and other factors, using as a tentative price a figure obtained by multiplying a number from 0.90 to 1.00 by the closing price of the Investment Units for ordinary trading at the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) on the Issue Price Determination Date (in the event of no closing price on such date being available, the closing price on the immediately preceding date) (any fraction of one yen shall be rounded down to the nearest yen).</p> |

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- (5) Offering method : Investment Units shall be offered simultaneously in Japan and overseas (the Japanese Public Offering, the International Offering, and the Overallotment Secondary Offering mentioned in “2. Secondary offering of Investment Units” (each as defined below) shall be collectively referred to as the “Global Offering” for which certain of the Japanese Underwriters (as defined below) and certain securities companies shall serve as joint global coordinators).
- (i) Japanese Public Offering
Investment Units shall be offered through a public offering in Japan (“Japanese Public Offering”), and all Investment Units for the Japanese Public Offering shall be underwritten and purchased by certain Japanese underwriters (collectively referred to as the “Japanese Underwriters”).
Certain of the Japanese Underwriters shall serve as joint lead managers.
- (ii) International Offering
Investment Units shall be offered in overseas markets, consisting mainly of the U.S. and European markets (provided, however, that offering in the U.S. market shall be restricted to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933) (referred to as the “International Offering” and, collectively with the Japanese Public Offering, the “Offerings”). Certain international managers (referred to as the “International Managers” and collectively with the Japanese Underwriters, the “Underwriters”), shall conduct the International Offering through the individual underwriting and purchase of all the Investment Units. Additionally, the International Managers shall be granted the right to purchase the Investment Units to be additionally issued as mentioned in (ii) of (1) above.
- (iii) The total number of Investment Units to be issued in the Offerings concerned shall be 119,500, consisting of 58,500 units for the Japanese Public Offering and 61,000 units for the International Offering (comprising 58,500 units to be underwritten and purchased by the International Managers and up to 2,500 units to be additionally issued pursuant to a purchase right to be granted to the International Managers), the ultimate details of which shall be determined on the Issue Price Determination Date, taking into consideration the level of demand and other factors.
- (6) Details of the underwriting agreements : The Underwriters shall, on the payment date stated in (9) below, pay JRF the total amount to be paid in (issue value), and any difference between the total amount of the issue price (total offer price) and the total amount to be paid in (issue value), arising in the Offerings, shall be retained by the Underwriters. No underwriting fee shall be paid by JRF to the Underwriters.
- (7) Subscription unit : One unit or more in multiples of one unit

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- (8) Subscription period : From the business day immediately following the Issue Price Determination Date to the second business day following the Issue Price Determination Date
- (9) Payment date : A date between Thursday, September 25, 2014 and Monday, September 29, 2014 which shall be five Japanese business days after the Issue Price Determination Date
- (10) Delivery date : The business day immediately following the payment date
- (11) A Board of Directors meeting to be held in the future shall determine the issue price (offer price), the amount to be paid in (issue value), the ultimate breakdown of the number of Investment Units (the number of Investment Units to be underwritten and purchased, mentioned in (i) of (1) above, and the number of Investment Units to be additionally issued pursuant to the purchase right, mentioned in (ii) of (1) above) for the Japanese Public Offering and for the International Offering and any other matter required for the issuance of the new Investment Units.
- (12) The Japanese Public Offering-related matters, among the above-mentioned items, shall be subject to the securities registration under the Financial Instruments and Exchange Act becoming effective.

2. Secondary offering of Investment Units (overallotment secondary offering) (please see “Reference” below)

- (1) Seller : A Japanese Underwriter
- (2) Number of Investment Units to be offered in the secondary offering : 2,500 Investment Units
The above-mentioned number of Investment Units to be offered in the secondary offering is the maximum number of Investment Units to be offered in an overallotment secondary offering that will be conducted by a Japanese Underwriter (the “Overallotment Secondary Offering”), taking into consideration the level of demand and other factors in the Japanese Public Offering. Depending on the level of demand and other factors, such number may decrease or such Overallotment Secondary Offering may not take place at all. The number of Investment Units to be offered in the Overallotment Secondary Offering shall be determined at a Board of Directors meeting to be held on the Issue Price Determination Date, taking into consideration the level of demand and other factors in the Japanese Public Offering.
- (3) Offer price : To be determined
(To be determined at a Board of Directors meeting to be held on the Issue Price Determination Date. The offer price shall be identical to the issue price (offer price) for the Japanese Public Offering)
- (4) Total offer value : To be determined
- (5) Offering method : Apart from the Japanese Public Offering, one of the Japanese Underwriters shall offer Investment Units in the secondary offering up to a maximum of 2,500 units to be borrowed from Mitsubishi Corporation, a holder of Investment Units, (such Investment Units shall be referred to as “Borrowed Units”), taking into consideration the level of demand and other factors in the Japanese Public Offering.
- (6) Subscription unit : One unit or more in multiples of one unit
- (7) Subscription period : Identical to the subscription period for the Japanese Public Offering
- (8) Delivery date : Identical to the delivery date for the Japanese Public Offering

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- (9) If the Japanese Public Offering is suspended, the Overallotment Secondary Offering shall also be suspended.
- (10) The offer price and other matters required for the Overallotment Secondary Offering shall be determined at a Board of Directors meeting to be held in the future.
- (11) The above-mentioned items shall be subject to the securities registration under the Financial Instruments and Exchange Act becoming effective.

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3. Issuance of new Investment Units through a third-party allotment

- (1) Number of Investment Units to be offered : 2,500 Investment Units
- (2) Amount to be paid in (issue value) : To be determined
(To be determined at a Board of Directors meeting to be held on the Issue Price Determination Date. The amount to be paid in (issue value) shall be identical to the amount to be paid in (issue value) for the Japanese Public Offering.)
- (3) Total amount to be paid in (total issue value) : To be determined
- (4) Allottee and number of Investment Units to be allotted : A Japanese Underwriter: 2,500 units
- (5) Subscription unit : One unit or more and in multiples of one unit
- (6) Subscription period (subscription date) : Tuesday, October 21, 2014
- (7) Payment date : Wednesday, October 22, 2014
- (8) Investment Units for which no application for subscription has been made during the subscription period (subscription date), mentioned in (6) above, shall not be issued.
- (9) The amount to be paid in (issue value) and any other matter required for the issuance of new Investment Units through the third-party allotment (such allotment, the “Third-Party Allotment”) shall be determined at a Board of Directors meeting to be held in the future.
- (10) If the Japanese Public Offering is suspended, the Third-Party Allotment shall also be suspended.
- (11) The above-mentioned items shall be subject to the securities registration under the Financial Instruments and Exchange Act becoming effective.

Reference

Taking into consideration the level of demand and other factors in the Japanese Public Offering, one of the Japanese Underwriters (the “Selling Japanese Underwriter”) may conduct a secondary offering in Japan of Investment Units, using a maximum of 2,500 units to be borrowed from Mitsubishi Corporation, a holder of Investment Units (the “Overallotment Secondary Offering”). The above number of Investment Units to be offered in the Overallotment Secondary Offering is the maximum number of Investment Units for the secondary offering. Depending on the level of demand and other factors, such number of Investment Units to be offered may decrease, or the Overallotment Secondary Offering itself may not take place at all.

In relation to the Overallotment Secondary Offering, JRF’s Board of Directors, at a meeting held on Thursday, September 4, 2014, adopted a resolution to issue 2,500 new Investment Units through a third-party allotment to the Selling Japanese Underwriter, with Wednesday, October 22, 2014 as the payment date, for the purpose of allowing the Selling Japanese Underwriter to acquire Investment Units for the purpose of required for returning the borrowed Investment Units.

During the period from the date following the last subscription period date for the Japanese Public Offering and the Overallotment Secondary Offering until Friday, October 17, 2014 (“Syndicate Cover Transaction Period”), the Selling Japanese Underwriter may purchase, on the Tokyo Stock Exchange, Investment Units in a quantity up to the number of Investment Units offered in the Overallotment Secondary Offering (“Syndicate Cover Transaction”), for the purpose of returning the borrowed Investment Units. All the Investment Units purchased by such Selling Domestic Underwriter through such Syndicate Cover Transaction will be used for returning the borrowed Investment Units. During the Syndicate Cover Transaction period, the Selling Japanese Underwriter may, based on its own judgment, not carry out any Syndicate Cover Transaction or may finish the Syndicate Cover Transaction before completing the acquisition of the number of Investment Units offered in the Overallotment Secondary Offering.

In addition, the Selling Japanese Underwriter may engage in stabilizing transactions in connection with the Japanese Public Offering and the Overallotment Secondary Offering, and may use all or part of the Investment Units purchased through such stabilizing transactions to return the Borrowed Units. Such Selling Japanese Underwriter also may sell to an International Manager the whole or part of the Investment Units purchased through the stabilizing

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transactions, for the purpose of having such Investment Units used for settling part of the International Offering.

As for the number of Investment Units to be determined by subtracting the number of Investment Units purchased through the Syndicate Cover Transaction and stabilizing transaction, to be used for returning the borrowed Investment Units, from the number of Investment Units offered in the Overallotment Secondary Offering, the Selling Japanese Underwriter intends to acquire such number of Investment Units through accepting the allotment under the Third-Party Allotment. Consequently, there may be cases where there will be no subscription for the whole or a part of the number of Investment Units to be issued through the Third-Party Allotment, resulting in a commensurate shortfall in the ultimate number of Investment Units to be issued through the Third-Party Allotment, due to forfeiture, or in the case that such issuance itself does not take place at all.

The transactions described above will be conducted by the Selling Japanese Underwriter upon consultation with the other Japanese Underwriters serving as joint lead managers.

4. Change in the number of Investment Units outstanding after the issuance of the new Investment Units

Current number of Investment Units outstanding	2,308,198	
Increase in the number of Investment Units outstanding due to the issuance of new Investment Units through the Offerings	119,500	(Note 1)
Total number of Investment Units outstanding after the issuance of new Investment Units through the Offerings	2,427,698	(Note 1)
Increase in the number of Investment Units outstanding due to the issuance of new Investment Units through the Third-Party Allotment	2,500	(Note 2)
Total number of Investment Units outstanding after the issuance of new Investment Units through the Third-Party Allotment	2,430,198	(Note 2)

(Note 1) Represents the case where the International Managers have exercised all the rights granted to such International Managers as mentioned in above (1) (ii), in “1. Issuance of new Investment Units through a public offering,” to purchase Investment Units to be additionally issued, resulting in the issuance of such Investment Units

(Note 2) Represents the case where the Selling Japanese Underwriter concerned has applied for all the Investment Units to be issued through the Third-Party Allotment, resulting in the issuance of such Investment Units

5. Objective and rationale for the issuance

After considering the market conditions and other factors, JRF decided to issue new Investment Units with the objective of diversifying its portfolio and increasing unitholder value through the acquisition of new specified assets (these assets fall under the category of assets as set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations).

6. Amount of funds to be raised, use of proceeds and scheduled timing of expenditure

- (1) Amount of funds to be raised (estimated net proceeds)
25,182,000,000 yen (maximum)

Note:

The above amount represents the total sum of 12,075,000,000 yen in anticipated proceeds from the Japanese Public Offering, 12,591,000,000 yen in maximum anticipated proceeds from the International Offering and 516,000,000 yen in maximum anticipated proceeds from the Third-Party Allotment. The above figures represent estimated amounts calculated based on the closing price of Investment Units for ordinary trading on the Tokyo Stock Exchange on Wednesday, August 20, 2014.

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- (2) Specific use of proceeds and scheduled timing of expenditure
JRF will use the proceeds from the Japanese Public Offering (12,075,000,000 yen) and the International Offering (12,591,000,000 yen) to partially fund its acquisition of new specified assets stated in the press release “Japan Retail Fund Investment Corporation to Acquire and Lease 5 Properties in Japan” issued on September 4, 2014.

The maximum proceeds from the Third-Party Allotment (516,000,000 yen) will be used to partially fund its acquisition of such new specified assets. Remaining net proceeds, if any, will be kept for the purpose of, among others, the future acquisition of other specified assets.

Note: The above figures are the estimates calculated based on the closing price of the ordinary trading at Tokyo Stock Exchange on Wednesday, August 20, 2014.

7. Designation of allottee

Not applicable

8. Others (Restrictions on sale and additional issuance)

- (1) With respect to the Global Offering, Mitsubishi Corp.-UBS Realty Inc. has agreed not to sell, without prior written consent of the joint global coordinators, any Investment Units held since before the Global Offering, during the period from the Issue Price Determination Date to a date 180 days from the delivery date with customary exceptions.
- (2) With respect to the Global Offering, Mitsubishi Corporation has agreed not to sell, without prior written consent of the joint global coordinators, any Investment Units held since before the Global Offering, during the period from the Issue Price Determination Date to a date 180 days from the delivery date (provided, however, that this shall not apply to any loan of Investment Units to a Japanese Underwriter in connection with the Overallotment Secondary Offering and certain other situations).
- (3) With respect to the Global Offering, JRF has agreed not to issue, without prior written consent of the joint global coordinators, any Investment Units during the period from the Issue Price Determination Date to a date 90 days from the delivery date (provided, however, that this shall not apply to the issuance of Investment Units through the Global Offering, Third-Party Allotment and any potential investment unit split).
- (4) For (1) and (3) above, certain Japanese Underwriters serving as the joint global coordinators retain the right to terminate part or all of the aforementioned agreements and to shorten the restriction periods concerned.

About JRF: JRF is the third listed Japanese Real Estate Investment Trust (“J-REIT”) and the first J-REIT to focus exclusively on retail properties. As of the date of this press release, JRF owns 84 properties containing approximately 3.1 million square meters of leasable space.

Please refer to our website at <http://www.jrf-reit.com/english/index.html> for further details.

Contacts: For further information relating to this press release as well as JRF and Mitsubishi Corp.-UBS Realty Inc., its Asset Manager, please feel free to contact:

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This translation is for informational purposes only, and the Japanese language press release should be referred to as the original.

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