

**Notice Concerning the Settlement of the Lawsuit Brought against JRF
to Reduce the Rent of 8953 Osaka Shinsaibashi Building**

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953) announced today that a settlement was reached today at the Osaka District Court concerning the lawsuit brought by the tenant Tokyu Hands Inc. (hereinafter called the “Tenant”) of its property, 8953 Osaka Shinsaibashi Building (hereinafter called the “Property”), through Mitsubishi UFJ Trust and Banking Corporation, the trustee of the Property (hereinafter called the “Trustee”), as described below.

1. Background of Settlement

On November 1, 2011, a lawsuit was filed against JRF to reduce the rent and parking fee for a period from December 2009 to December 26, 2010 by 20% compared to the current level, and to reduce the rent and parking fee after December 27, 2010 by 30% compared to the current level as announced in the press release “Notice regarding the Case Brought against JRF to Reduce the Rent of 8953 Osaka Shinsaibashi Building” released on November 24, 2011.

We had been insisting in judiciary proceedings and through the Trustee that the request of the Tenant to reduce the rent violated the provision for rent revision in the Building Lease Agreement dated February 4, 1999, and the request lacked validity. But this time we were recommended to reach a settlement considering the appraisal of third parties from the Osaka District Court, and we think it is better to establish a settlement rather than to continue with litigation because we were offered considerable concessions.

2. Details of Settlement

- (1) Change of the rent : To reduce the rent and parking fee for a period from December 1, 2014 (Settlement Day) by 10.45% compared to the current level.
- (2) Revision of rent : The monthly rent and parking fee can be revised every three years after the first revision date on December 1, 2017.
- (3) Payment of settlement : JRF will pay JPY 438 million to the Tenant as a settlement fee through Mitsubishi UFJ Trust and Banking Corporation, the trustee of the Property.

JRF has estimated JPY 63 million as suspense receipt according to the provision for rent revision in the Building Lease Agreement for the fiscal period ending February 2017 (26th fiscal period from September 1, 2014 to February 28, 2015). The payment of settlement of JPY 438 million will be deducted from this suspense receipt and thus an extraordinary loss of JPY 375 million will be booked for this fiscal period.

3. Future outlook

The effect of this lawsuit on the performance of JRF for the fiscal period ending February 28, 2015 will be JPY -375 million. However, we will not revise the forecast considering the effect of partial sale of the property (gain on sale of JPY 784 million and decrease in the NOI (after depreciation) from the sale of JPY -48 million) announced in “Notice Concerning Disposition of a Part of Ownership Interest in AEON MALL Kobe Kita” today and that fact that the rest of the net amount will be allocated to some other future activities relating to stabilizing our portfolio. We will announce when we decide the future activities.

Furthermore, there is no immediate impact on our operating results for the fiscal period ending August 2015 (the 27th period running from March 1, 2015 to August 31, 2015), and thus we will not revise the forecast.

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 release, JRF owns 87 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.

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