

Notice Concerning Additional Acquisition of the Trust Beneficiary Interest in G-Bldg. Kichijoji 01

Mitsubishi Corp.-UBS Realty Inc., the Asset Management Company of Japan Retail Fund Investment Corporation (“JRF”), announced today that it has decided to acquire an additional trust beneficiary interest in G-Bldg. Kichijoji (the “Property”) as outlined below.

1. Summary of Acquisition

1)	Property type	Trust beneficiary right in real estate (additional acquisition of a 50% co-ownership interest)
2)	Property name	G-Bldg. Kichijoji 01
3)	Acquisition price	1,760 million yen
4)	Appraisal value	1,885 million yen (as of December 31, 2014)
5)	Contracts completion date	January 30, 2015
6)	Acquisition date	January 30, 2015
7)	Seller	DREAM Private REIT Inc.
8)	Acquisition funds	Cash on hand
9)	Payment	Full payment at closing

2. Reasons for Acquisition

JRF places the replacement of properties as one of its external growth strategies for the improvement of overall portfolio profitability and stability. JRF decided to conduct this acquisition using the proceeds from the disposition announced in the news release dated December 1, 2014, “Notice Concerning Disposition of Part of Ownership Interest in AEON MALL Kobe Kita,” and following the acquisition announced in the news release dated December 25, 2014, “Japan Retail Fund Investment Corporation to Acquire a Property in Naka-ku, Nagoya.”

As announced in the news release dated April 10, 2014, “Japan Retail Fund Investment Corporation to Acquire Property in Musashino-shi, Tokyo,” JRF has already acquired a 50% co-ownership interest in the Property and through the acquisition of an additional 50% co-ownership interest, JRF will have the entire ownership of the Property.

At the time of acquisition of the 50% co-ownership interest last year, as the tenants on the second to fourth floors (who have already vacated as of today), accounting for 54.9% of the total leasable area, have indicated their intention of cancelling their lease agreements, JRF has proactively pursued leasing of the Property from the time of its acquisition on the premise of the replacement of tenants.

Considering the competitive advantage of the Property, which offers a sales area of about 330 square meters on one floor in the Kichijoji area, where many of the commercial facilities are small-scale, and an excellent locational visibility at the corner lot of the back street of Tokyu Department Store that is lined with fashion brand stores and select shops, after making efforts to agree on the cancellation of the lease agreement with tenants on the first basement level and the first floor of the Property, effective December 29, 2014, JRF signed a new long-term whole-building lease agreement for a period of more than 10 years with one of the largest US apparel brands (the start of the lease is mid-March 2015).

JRF decided to acquire the property based on the comprehensive assessment that the Property is expected to provide stable profits over a long period of time as a result of achieving a whole-building lease agreement with a competitive tenant by leveraging the leasing capability of the asset management company, and that having the full ownership of the Property will provide greater management flexibility.

Map / Photograph



3. Property Summary

Property name	G-Bldg. Kichijoji 01		
Type of asset	Trust beneficiary right in real estate (50% co-ownership interest)		
Trustee	Sumitomo Mitsui Trust Bank, Limited		
Trust period	December 18, 2008 - March 31, 2024		
Location (address)	12-12, Kichijoji Honcho 2-chome, Musashino-shi, Tokyo, Japan		
Land			
Area	572.55 m ²		
Zoning	Neighborhood commercial district	Type of possession	Ownership
Building			
Structure / stories	4 stories above ground and 1 basement floor , RC-structure building with flat roof		
Total floor area	1,715.25 m ²		
FAR / building-to-land ratio	300% / 80%	Type	Retail and office
Completion date	February 28, 1995	Type of possession	Ownership
Design	Nomura Real Estate Development Co., Ltd., Class-1 architects' office		
Construction	TODA CORPORATION		
Constructional inspector	Tama East Construction Consulting Office (Tama-Tobu Kenchiku Shido Jimusho)		
PML	9.0% (Based on the earthquake risk analysis report prepared jointly by Engineering & Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	1,760 million yen		
Appraisal value	1,885 million yen (as of December 31, 2014)		
Appraiser	CBRE K.K.		
Tenant summary			
Number of tenant(s)	0 (1 after mid-March 2015)		
Annual rent	—		
Tenant leasehold /security deposit	(JRF has not obtained the necessary permission from the tenant to disclose the information regarding the lease contract that starts from mid-March 2015.)		
Total leased area	0 m ² (1,512.03m ² after mid-March 2015)	Occupancy rate (based on leased area)	0% (100% after mid-March 2015)
Total leasable area	1,474.98 m ² (Will be increased to 1,512.03 m ² after mid-March 2015 due to a single-tenant lease of the entire property.)		
Other	— (JRF has not obtained the necessary permission from the tenant to disclose the information of the lease contract that starts from mid-March 2015.)		
Collateral conditions	N/A		
Special notes	N/A		

(Note) The occupancy rate of the property is expected to increase from 0% at the time of the acquisition to 100% after mid-March 2015 based on the lease contract signed on December 29, 2014.

- Figures of less than one hundred yen are rounded down, and percentages are rounded to the nearest second decimal place.
- "Location" represents the address of each property or the registered address of the building.
- Descriptions of "land area," "structure/stories," "total floor area" and "completion date" are all based on descriptions in registry books.
- "Zoning" represents the classification of land by its use, stipulated in Section 1-1, Article 8 of the City Planning Act.
- Figures for "total leased area" and "total leasable area" are for the entire building.

4. Profile of the Seller

1) Name	DREAM Private REIT Inc.
2) Location	16-1, Hirakawacho 2-chome, Chiyoda-ku, Tokyo, Japan
3) Name and job title of the representative	Executive Officer: Takashi Tsuji
4) Business	Mainly asset management as a practice of making investment in specified assets
5) Capital	Not disclosed
6) Date established	July 6, 2012
7) Net assets	Not disclosed
8) Total assets	Not disclosed
7) Relationship with JRF / the Asset Management Company	
Capital relationship	The seller is an investment corporation that entrusts asset management to Diamond Realty Management Inc., which is wholly owned by Mitsubishi Corporation, the parent company of the Asset Manager (holding 51% majority interest).
Personal relationship	The Executive Officer of the seller is on a temporary transfer from Mitsubishi Corporation, the parent company of the Asset Manager (holding 51% majority interest), and also the President & CEO of Diamond Realty Management Inc., which serves as an asset manager of the seller.
Trade relationship	There are no trade relationships that need to be addressed between JRF/the Asset Manager and the seller.
Related parties	The seller falls under the category of related parties in the context of the Act on Investment Trusts and Investment Corporations (Act No. 198 of June 4, 1951).

(Note) This transaction falls under the category of transactions with interested parties, in the context of the Asset Manager's rules and regulations on business transactions with related parties. Therefore, this transaction has been affirmed by the compliance office of the Asset Manager in accordance with the bylaws of the Asset Manager, and also has been approved by the investment committee and the board of directors of the Asset Manager through discussions/deliberations. Approval of the transaction requires at least six out of eight directors voting in favor at the board of directors meeting.

5. Ownership History of Property to be Acquired

Owner history	Previous owner	Former owner
Name	DREAM Private REIT Inc.	Other than those that have special interest in JRF/the asset management company
Relationship with interested parties of JRF/the asset management company	The seller is an investment corporation that entrusts asset management to Diamond Realty Management Inc., which is wholly owned by Mitsubishi Corporation, the parent company of the Asset Manager (it has a 51% majority interest).	—
Background/reasons for acquisition	For long-term ownership purposes	—
Acquisition price	1,700 million yen	—
Acquisition date	April 10, 2014	—

6. Broker

None

7. Means of Payment

Full payment at closing

8. Planned Acquisition Schedule

Purchase Agreement Signing Date	January 30, 2015
Payment Date	January 30, 2015
Acquisition Date	January 30, 2015

9. Future Outlook

There will be no significant impact on our revenue forecast for the fiscal period ending February 2015 (the 26th period: September 1, 2014 – February 28, 2015) and the forecast will not be revised.

10. Appraisal Report Summary

Appraiser	CBRE K.K.
Appraisal Value	1,885 million yen
Value Date	December 31, 2014

Item	Value	Notes
Indicated value by income approach		
DC method	1,895 million yen	
Operating income	95 million yen	
Effective gross income	95 million yen	
Losses from vacancy, etc.	-0 million yen	
Operational cost	13 million yen	
Maintenance and management fee	3 million yen	
Utility cost	5 million yen	
Repair expenses	0 million yen	
Property manager fee	Not disclosed	As the disclosure of this information may negatively affect JRF's competitiveness and work to the detriment of unitholders, we have decided not to disclose the information, and include it under "other expenses."
Leasing cost	0 yen	
Property tax	2 million yen	
Insurance premium	Not disclosed	As the disclosure of this information may negatively affect JRF's competitiveness and work to the detriment of unitholders, we have decided not to disclose the information, and include it under "other expenses."
Other expenses	1 million yen	
Net Operating Income	81 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	0 million yen	
Net cash flow	81 million yen	
Capitalization rate	4.3%	
DCF method	1,885 million yen	
Discount rate	3.8%	
Terminal capitalization rate	4.2%	
Indicated value by cost approach	940 million yen	
Land ratio	90.8%	
Building ratio	9.2%	
Other matters of consideration	N/A	

[Reference]

Prospective Income and Expenditures for the Property (100% ownership/ Stabilized)

NOI(Net Operating Income)	155 million yen
NOI yield	4.5%
Depreciation	17 million yen
NOI yield after depreciation	4.0%

- NOI is based on the annual rent with the property operating at full capacity under the lease agreement valid as of today.
- NOI yield is calculated by dividing NOI by the acquisition price and rounding to the nearest second decimal place.
- Depreciation is the approximate estimate as of today.
- NOI yield after depreciation is calculated by dividing NOI after deducting depreciation by the acquisition price and rounding to the nearest second decimal place.

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 88 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: Mr. Fuminori Imanishi (Telephone Number: 81-3-5293-7080), Head of Retail Division at Mitsubishi Corp.-UBS Realty Inc.,

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