

Japan Retail Fund Investment Corporation

Supplemental Material on a Series of Press Releases

December 1, 2014 Notice Concerning Disposition of Part of Ownership Interest in AEON MALL Kobe Kita

December 1, 2014 Notice Concerning the Settlement of the Lawsuit Brought against JRF to Reduce the Rent of 8953 Osaka Shinsaibashi Building

December 25, 2014 Japan Retail Fund Investment Corporation to Acquire a Property in Naka-ku, Nagoya

January 27, 2015 Notice Concerning Additional Acquisition of the Trust Beneficiary Interest in G-Bldg. Kichijoji 01



Disposition of 30% ownership on December 5, 2014 "AEON MALL Kobe Kita"



Acquisition on December 26, 2014 "G-Bldg. Nagoya Sakae 01"



Anticipated additional acquisition of 50% ownership on January 30, 2015 "G-Bldg. Kichijoji 01"

Implementation of suitable portfolio management for persistent growth in unitholder value

Summary

- Property replacement for further diversification and improvement of portfolio profitability
- The settlement of the lawsuit for stabilizing lease contract and securing flexibility on property management
- Stabilizing DPU level by utilizing gain on disposition

Property replacement

Utilizing gain on disposition

Acquisition of 2 urban prime properties





G-Bldg. Nagoya Sakae 01

G-Bldg. Kichijoji 01 (50% co-ownership interest) (Note1)

# of properties	Total acquisition price	Average NOI yield (after depreciation)
2 properties	3,660 million JPY	4.0%

G-Bldg. Nagoya Sakae 01

- Urban retail property located in Sakae, Nagoya one of the major shopping districts in Nagoya region
- ✓ The main tenant is a leading American sportswear brand

G-Bldg. Kichijoji 01

- ✓ Additional acquisition of urban retail property located in Kichijoji, Tokyo – one of Tokyo's major commercial areas
- ✓ Long-term lease contract with the one of the largest apparel brand in the United States by utilizing leasing capability of the asset management company (Note 2)

Disposition of Part of Ownership Interest (30%) in AEON MALL Kobe Kita



Gain on disposition **784** million JPY^(Note 3)

AEON MALL Kobe Kita (30% co-ownership interest)

# of properties	Disposition price	NOI yield (Note 4) (after depreciation)
1 property	4,950 million JPY	3.2%

Background of disposition

- √ Mitigation of concentration on specific tenant
- ✓ Limited revenue contribution

 NOI yield (after depreciation) (Note4)

AEON MALL Kobe Kita 3.2% < Portfolio average 3.7%

 Realization of gain on disposition against a backdrop of favorable real estate market

Settlement of the lawsuit regarding rent reduction request without significant impact on revenue forecast



Payment of settlement **438** million JPY

Osaka Shinsaibashi 8953 Building

Background of settlement

- ✓ Elimination of future risks by stabilizing lease condition
- Securing flexibility on property management of urban property in the Shinsaibashi area

Impact to profit and loss

- ✓ Payment of settlement utilizing gain on disposition
 - An extraordinary loss of 375 million JPY (Note 5) will be booked for this fiscal period and will be absorbed by part of gain on disposition of AEON MALL Kobe Kita
 - The rest of gain on disposition after deducting extraordinary loss will be allocated to some other future activities relating to stabilizing our portfolio
- Decrease in rental revenue after the settlement has been already incorporated in the announced forecasts for the current and following periods

(Note) Please refer to next page.

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[Note]

- (Note 1) JRF already holds a 50% co-ownership interest in the property. With the acquisition of an additional 50% co-ownership interest, JRF will have the full ownership of the property.
- (Note 2) Occupancy rate as of the date of the additional acquisition (January 30, 2015) is 0%. However, a new lease contract was signed on December 29, 2014 and the occupancy rate is expected to increase to 100% from mid-March 2015.
- (Note 3) Gain on disposition is the difference between disposition price and book value of 788 million yen, less estimated expenses on disposition of 4 million yen.
- (Note 4) NOI yield (after depreciation) is calculated as follows:
 - NOI yield (after depreciation) = (operating revenue operating expense) / acquisition price * Rounded to the nearest second decimal place.
 - "Newly acquired properties": NOI is based on the annual rent with the property operating at full capacity under the lease agreement valid as of today and depreciation is the approximate estimate as of today.
 - "AEON MALL Kobe Kita": Based on the total amount of operating income for the fiscal period ended February 2014 (24th period) and the fiscal period ended August 2014 (25th period).
 - "Portfolio average": Based on the amount of operating income for the fiscal period ended August 2014 (25th period).
- (Note 5) JRF has estimated 63 million yen as suspense receipt according to the provision for rent revision in the Building Lease Agreement for the fiscal period ending February 2017.

 The payment of settlement money of 438 million yen will be deducted from this suspense receipt and thus an extraordinary loss of JPY 375 million will be booked for this fiscal period.

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