

Notice Concerning Disposition of Three Properties

Mitsubishi Corp. - UBS Realty Inc. (the “Asset Manager”), the asset manager of Japan Retail Fund Investment Corporation (“JRF”), determined today to dispose of three properties (the “Properties”) as outlined below.

1. Summary of Disposition

| Property name | Asset to be disposed (scheduled) | Disposition price (million yen) | Book value (million yen) (Note 1) | Difference between disposition price and book value (million yen) (Note 1) | Purchaser | Contract date | Disposition date (scheduled) |
|---|--|---------------------------------|--------------------------------------|---|--------------------------------|----------------|------------------------------|
| Kishiwada CanCan Bayside Mall | Trust beneficiary right in real estate | 1,900 | 7,165 | -5,265 | Kishiwada Property Godo Kaisha | August 2, 2016 | August 5, 2016 |
| AEON MALL Higashiura | | 13,870 (Note 3) | 7,027 | 5,687 | Not disclosed (Note 2) | August 2, 2016 | August 2, 2016 |
| Neyagawa (Land with leasehold interest) | Real estate (Note 4) | | 1,154 | | Yamada Denki Co., Ltd | August 2, 2016 | August 2, 2016 |
| Total | | 15,770 | 15,347 | 423 | | | |

(Note 1) Estimated book value as of the (scheduled) disposition date.

(Note 2) Not disclosed as the purchaser has not agreed to the disclosure of information.

(Note 3) The total value of disposition prices of the two properties. The disposition prices of each property are not disclosed as the purchasers have not agreed to the disclosure of information.

(Note 4) While this property is owned as real estate trust beneficiary rights, the transaction is conducted in a manner in which the actual real estate property will be transferred from a seller, Mitsubishi UFJ Trust and Banking Corporation (the trustee).

2. Purpose of Disposition

Highlights

- (1) Dispose Kishiwada CanCan Bayside Mall, the property which JRF determined that it would be difficult to restore the profitability due to increasing competition**
- (2) Maximize profits and stabilize the level of distributions by disposing suburban properties with uncertainties under the current strong real estate market**
- (3) Secure capacity for future acquisition of urban and other prime assets**

JRF, through its portfolio management, promotes to optimize the composition of its assets by responding to the changes in Japan's demographic situation, consumption structure and behavior, and aims to increase the investment value for unitholders through the enhancement of profitability and stability of the portfolio. JRF is undertaking measures for further increase in asset size, property replacement, and enhancement of the value of existing properties for further growth.

Kishiwada CanCan Bayside Mall is expected to face a decline in profitability due to the increasingly intense competitive environment and the relatively lower market position compared to neighboring commercial facilities, despite the fact that JRF has been making effort to develop renewals plans to improve the value of the property after the closure of the core tenant. Under such circumstances, the following three options were examined: (i) facility renewal and continued ownership, (ii) disposition before leasing the vacant space previously occupied by the core tenant, and (iii) disposition after renewal. As a result, JRF determined that the most appropriate way would be to dispose of the property at this point after some parts of the space occupied by the previous core tenant are leased to new tenants, although some loss from such disposition is expected.

Meanwhile, considering the surrounding competitive environment, future demographic trends and restraints on the asset management, JRF determined that, with regard to AEON MALL Higashiura and Neyagawa (Land with leasehold interest), the disposition at the time when the real estate market is strong would maximize gains. JRF intends to stabilize the level of distributions by disposing these properties simultaneously with Kishiwada CanCan Bayside Mall.

Some of the proceeds from the disposition of these three properties will be allocated to the acquisition of G-Bldg. Takadanobaba 01, as announced by the news release titled as "Notice Concerning Additional Acquisition of the Trust Beneficiary Interest in G-Bldg. Takadanobaba 01", while the remainder will be allocated to future acquisition of urban and other prime assets with an aim to improve the unitholders' value through asset replacement.

3. Future outlook

For the revenue forecast for the fiscal period ending August 2016 (the 29th period: March 1, 2016 to August 31, 2016) with the impact of the disposition of these three properties, please refer to the news release titled as "Notice Concerning Revised Forecasts for Operating Results for August 2016 (29th) Fiscal Period" dated today.

In addition, impacts on the revenue forecast for the fiscal period ending February 2017 (the 30th period: September 1, 2016 to February 28, 2017) will be marginal, therefore, the forecast for the period remain unchanged.

4. Description of Properties to be Disposed

• Kishiwada CanCan Bayside Mall

| | |
|--------------------|--|
| Property name | Kishiwada CanCan Bayside Mall |
| Type of asset | Trust beneficiary right in real estate |
| Trustee | Sumitomo Mitsui Trust Bank, Limited. |
| Trust period | September 30, 2021 |
| Type of building | EAST Tower: retail, parking / WEST Tower: retail, movie theater, parking |
| Location (address) | 2-1, Minatomidorimachi, Kishiwada-shi, Osaka |

| | | | | | | |
|--|---|--|----------------------|--|----------------------|------------------|
| Land | Area | 47,512.71m ² (Note 1) | | | | |
| | Type of possession | Ownership | Zoning | Light-industrial district | | |
| Building | Structure/stories | EAST Tower: 5 stories (with a basement floor) steel framed with flat roof WEST Tower: 4 stories (with a basement floor) steel framed with flat roof | | | | |
| | Total floor area | Total: 76,653.06 m ² EAST Tower: 45,658.54 m ² WEST Tower:30,994.52 m ² | | | | |
| | Type of possession | Ownership | Completion date | EAST Tower: February 26, 1997 WEST Tower: September 1, 1999 | | |
| Appraisal value | | 1,790 million yen (as of July 1, 2016) | | | | |
| Appraiser | | CBRE K.K. | | | | |
| Tenant summary (as of the end of June, 2016) | Number of tenant(s) (major tenant(s)) | 90 (EAST Tower: UNIQLO / WEST Tower: UNITED CINEMAS) | | | | |
| | Total rental business revenue (Note 2) | 670 million yen | | | | |
| | Tenant leasehold / security deposit | 380 million yen | | | | |
| | Total leased area | 19,283.27 m ² | | | | |
| | Total leasable area | 38,266.11 m ² | | | | |
| | Occupancy rate (based on leased area) | August 31, 2014 | February 28, 2015 | August 31, 2015 | February 29, 2016 | June 30, 2016 |
| | | 98.8% | 93.6% | 94.9% | 90.4% | 50.4% |
| Collateral conditions | | N/A | | | | |
| Special notes | | N/A | | | | |

(Note 1) Based on the land lease contract for a business use, a part of the land (1,545 m²) is leased to a building owner

(Note 2) Total rental business revenue for the fiscal period ended February 2016 (the 28th period: September 1, 2015 to February 29, 2016)

- "Location" represents the address of each property or the registered address of the building.
- "Land area", "structure/stories", "total floor area" and "completion date" are 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.
- Amounts of less than one million yen are rounded down, and percentages are rounded to the first decimal place. The same shall apply hereinafter.

• AEON MALL Higashiura

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|--------------------|--------------------|---|-----------------|---------------------|
| Property name | | AEON MALL Higashiura | | |
| Type of asset | | Trust beneficiary right in real estate | | |
| Trustee | | Mitsubishi UFJ Trust and Banking Corporation | | |
| Trust period | | July 17, 2031 | | |
| Type of building | | Department store, movie theater, office, parking | | |
| Location (address) | | 13-2, Aza-asahi, Oaza-ogawa, Higashiuracho, Chita-gun, Aichi | | |
| Land | Area | 95,952.5 m ² (Note 1) | | |
| | Type of possession | Leasehold (including partial land sublease right) ^(Note1) | Zoning | Commercial district |
| Building | Structure/stories | 4 stories above ground, steel construction with deck roof, 5 stories above ground, steel construction with deck roof | | |
| | Total floor area | 126,639.21 m ² | | |
| | Type of possession | Ownership | Completion date | July 18, 2001, etc. |
| Appraisal value | | 10,600 million yen (as of February 29, 2016) | | |
| Appraiser | | Japan Real Estate Institute | | |

| | | | | | | |
|--|--|---|----------------------|--------------------|----------------------|------------------|
| Tenant summary (as of the end of June, 2016) | Number of tenant(s) (major tenant(s)) | 1 (AEON) | | | | |
| | Total rental business revenue (Note2) | 480 million yen | | | | |
| | Tenant leasehold / security deposit | 598 million yen | | | | |
| | Total leased area | 129,124.73 m ² | | | | |
| | Total leasable area | 129,124.73m ² | | | | |
| | Occupancy rate (based on leased area) | August 31, 2014 | February 28, 2015 | August 31, 2015 | February 29, 2016 | June 30, 2016 |
| | | 100% | 100% | 100% | 100% | 100% |
| Collateral conditions | | N/A | | | | |
| Special notes | | <ul style="list-style-type: none"> On behalf of AEON MALL Co., Ltd., the land lease right holder and the lessor, a provisional registration for a right of claim for a leasehold right was made on the subleased land (excluding the land with the lot number of 63-1, Aza-Sarushinden-Niku, Oaza-Ogawa, Higashiura, Chita-gun, Aichi). As of the date of this document, any consent for the subleasing from AEON MALL Co., Ltd. to the trustee has not been obtained from one of the 85 owners of the above subleased land, and procedures to obtain such consent are under way. | | | | |

(Note1) The land is consisted of the premises for the main building and those for the parking building. The former (86,320.55m²) is the leased land to the trustee (including the subleased land of 73,253.48m²) and the latter (9,631.95m²) is the subleased land to the trustee.

(Note2) Total rental business revenue for the fiscal period ended February 2016 (the 28th period: September 1, 2015 to February 29, 2016)

• Neyagawa (Land with leasehold interest)

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|--|--|--|----------------------|---------------------------|----------------------|------------------|
| Property name | | Neyagawa (Land with leasehold interest) | | | | |
| Type of asset | | Trust beneficiary right in real estate | | | | |
| Trustee | | Mitsubishi UFJ Trust and Banking Corporation | | | | |
| Trust period | | September 30, 2021 | | | | |
| Type of building | | - | | | | |
| Location (address) | | 327-1, Taiseicho, Neyagawa-shi, Osaka | | | | |
| Land | Area | 11,430.04 m ² | | | | |
| | Type of possession | Ownership | Zoning | Light-industrial district | | |
| Appraisal value | | 1,710 million yen (as of February 29, 2016) | | | | |
| Appraiser | | Daiwa Real Estate Appraisal Co., Ltd. | | | | |
| Tenant summary (as of the end of June, 2016) | Number of tenant(s) (major tenant(s)) | 1 (Yamada Denki) | | | | |
| | Total rental business revenue | — (Note) | | | | |
| | Tenant leasehold / security deposit | — (Note) | | | | |
| | Total leased area | — (Note) | | | | |
| | Total leasable area | 11,430.04 m ² | | | | |
| | Occupancy rate (based on leased area) | August 31, 2014 | February 28, 2015 | August 31, 2015 | February 29, 2016 | June 30, 2016 |
| | | 100% | 100% | 100% | 100% | 100% |
| Collateral conditions | | N/A | | | | |
| Special notes | | The land is included in “Sara-gun Jyori Iseki”, one of the well-known places containing a buried cultural property as provided in the Law for the Protection of Cultural Properties. If any engineering work is carried out within the land, a notification and exploratory drilling are required up to 60 days before the commencement of such engineering work. In the event that any buried cultural property is unearthed as a result of such exploratory drilling, a full-fledged drilling investigation is required. | | | | |

(Note) Not disclosed as the tenant has not agreed to the disclosure of information.

5. Overview of Purchaser

• Kishiwada CanCan Bayside Mall

| | |
|---|---|
| Name | Kishiwada Property Godo Kaisha |
| Location | 2-1-1 Marunouchi, Chiyoda-ku, Tokyo |
| Title & name of representative | Executive Director: Kishiwada Holding 1 General Incorporated Association Function Manager: Masakazu Hongo |
| Line of business | 1. Acquisition, holding, leasing, and management of real estate 2. Acquisition, holding and disposition of trust beneficiary rights in a real estate property 3. All other business incidental or relating to any business of the foregoing items |
| Capital | 150,000 yen (as of July 1, 2016) |
| Date established | November 10, 2014 |
| Net assets | Not disclosed as the purchaser has not agreed to the disclosure of information |
| Total assets | |
| Major shareholder and shareholding ratio | |
| Relationship with JRF / the Asset Manager | |
| Capital relationship | There are no capital relationships to note between JRF/the Asset Manager and the company. In addition, there are no noteworthy capital relationships between interested parties and affiliated companies of JRF / the Asset Manager and those of the company. |
| Personal relationship | There are no personal relationships to note between JRF/the Asset Manager and the company. |
| Trade relationship | There are no trade relationships to note between JRF/the Asset Manager and the company. |
| Related parties | The company does not fall under the category of a related party of JRF and the Asset Manager. In addition, none of the related parties and affiliated companies of this company fall under the category of the related parties of JRF and the Asset Manager. |

• AEON MALL Higashiura

Not disclosed as the purchaser has not agreed to the disclosure of information including the legal form of the company. In addition, there is no capital, personal, or business relationships to note between JRF/the Asset Manager and the purchaser. The company does not fall under the category of a related party of JRF and the Asset Manager.

• Neyagawa (Land with leasehold interest)

| | |
|--|--|
| Name | Yamada Denki Co., Ltd. |
| Location | 1-1, Sakae-cho, Takasaki, Gunma |
| Title & name of representative | Noboru Yamada, Chairman of the Board Mitumasa Kuwano, President and COO |
| Line of business | Sale of home electrical appliances and information equipment, etc. |
| Capital | 71,058 million yen (as of March 31, 2016) |
| Date established | June 1, 1978 |
| Net assets | 557,222 million yen (as of March 31, 2016) |
| Total assets | 1,146,722 million yen (as of March 31, 2016) |
| Major shareholder and shareholding ratio | Tecc Planning Co., Ltd. (6.75%) (as of March 31, 2016) |

| Relationship with JRF / the Asset Manager | |
|---|--|
| Capital relationship | There are no capital, personal relationships to note between JRF/the Asset Manager and the company. In addition, there are no noteworthy capital relationships between interested parties and affiliated companies of JRF / the Asset Manager and those of the company. |
| Personal relationship | There are no personal relationships to note between JRF/the Asset Manager and the company. |
| Trade relationship | Yamada Denki Co., Ltd., the purchaser, is a tenant of this property and the properties owned by JRF (“G-Bldg. Kichijoji 02”, “Makuhari Plaza”, “Tecc Land Fukuoka Shime Honten” and “pivo Izumi Chuo”. There are no noteworthy capital, personal or business relationships between interested parties and affiliated companies of JRF / the Asset Manager and those of the company |
| Related parties | The company does not fall under the category of a related party of JRF and the Asset Manager. In addition, none of the related parties and affiliated companies of this company fall under the category of the related parties of JRF and the Asset Manager. |

6. Brokerage Profile

Not applicable.

7. Payment

Full payment at the time of transfer.

8. Schedule of Disposition

| | | |
|-----------------------------------|----------------------------|---|
| Decision-making date | August 2, 2016 | |
| Disposition contract signing date | August 2, 2016 | Kishiwada CanCan Bayside Mall, AEON MALL Higashiura, Neyagawa (Land with leasehold interest) |
| Payment date | August 2, 2016 | AEON MALL Higashiura, Neyagawa (Land with leasehold interest) |
| | August 5, 2016 (scheduled) | Kishiwada CanCan Bayside Mall |
| Property transfer date | August 2, 2016 | AEON MALL Higashiura, Neyagawa (Land with leasehold interest) |
| | August 5, 2016 (scheduled) | Kishiwada CanCan Bayside Mall |

9. Appraisal Report Summary

• Kishiwada CanCan Bayside Mall

| | |
|-----------------|-------------------------------|
| Property name | Kishiwada CanCan Bayside Mall |
| Appraiser | CBRE K.K |
| Appraisal value | 1,790 million yen |
| Value date | July 1, 2016 |

| Item | Value | Notes |
|---|-------------------|---|
| Indicated value by income approach | 1,790 million yen | |
| DC method | 1,810 million yen | |
| Operating income | 1,099 million yen | |
| Effective gross income | 1,144 million yen | |
| Loss from vacancy, etc. | 45 million yen | |
| Operational cost | 915 million yen | |
| Maintenance and management fee | 271 million yen | |
| Utility cost | 322 million yen | |
| Repair expenses | 7 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, the Asset Manager has decided not to disclose the information, and include it under "other expenses." |
| Leasing cost | 7 million yen | |
| Property tax | 95 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, the Asset Manager has decided not to disclose the information, and include it under "other expenses." |
| Other expenses | 211 million yen | |
| Net operating income | 183 million yen | |
| Operating profit from lump-sum payments | 9 million yen | |
| Capital expenditure | 77 million yen | |
| Net income | 115 million yen | |
| Capitalization rate | 6.4% | |
| DCF method | 1,790 million yen | |
| Discount rate | 5.9% | |
| Terminal capitalization rate | 6.2% | |
| Indicated value by cost approach | 5,250 million yen | |
| Land ratio | 55.2% | |
| Building ratio | 44.8% | |
| Other matters of consideration | N/A | |

• AEON MALL Higashiura

| | |
|-----------------|-----------------------------|
| Property name | AEON MALL Higashiura |
| Appraiser | Japan Real Estate Institute |
| Appraisal value | 10,600 million yen |
| Value date | February 29, 2016 |

| Item | Value | Notes |
|---|--------------------|---|
| Indicated value by income approach | 10,600 million yen | |
| DC method | 10,600 million yen | |
| Operating income | 762 million yen | |
| Effective gross income | 762 million yen | |
| Loss from vacancy, etc. | 0yen | |
| Operational cost | 104 million yen | |
| Maintenance and management fee | 0 million yen | |
| Utility cost | 0 yen | |
| Repair expenses | 0 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, the Asset Manager has decided not to disclose the information, and include it under "other expenses." |
| Leasing cost | 0 yen | |
| Property tax | 98 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, the Asset Manager has decided not to disclose the information, and include it under "other expenses." |
| Other expenses | 5 million yen | |
| Net operating income | 657 million yen | |
| Operating profit from lump-sum payments | 11 million yen | |
| Capital expenditure | 52 million yen | |
| Net income | 617 million yen | |
| Capitalization rate | 5.8% | |
| DCF method | 10,600 million yen | |
| Discount rate | 5.4% | |
| Terminal capitalization rate | 6.1% | |
| Indicated value by cost approach | 8,080 million yen | |
| Land ratio | 28.3% | |
| Building ratio | 71.7% | |
| Other matters of consideration | N/A | |

• Neyagawa (Land with leasehold interest)

| | |
|-----------------|---|
| Property name | Neyagawa (Land with leasehold interest) |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. |
| Appraisal value | 1,710 million yen |
| Value date | February 29, 2016 |

| Item | Value | Notes |
|---|-------------------|----------|
| Indicated value by income approach | 1,710 million yen | |
| DC method | - | |
| Operating income | - | |
| Effective gross income | - | |
| Loss from vacancy, etc. | - | |
| Operational cost | - | |
| Maintenance and management fee | - | |
| Utility cost | - | |
| Repair expenses | - | |
| Property manager fee | - | |
| Leasing cost | - | (Note 1) |
| Property tax | - | |
| Insurance premium | - | |
| Other expenses | - | |
| Net operating income | - | |
| Operating profit from lump-sum payments | - | |
| Capital expenditure | - | |
| Net income | - | |
| Capitalization rate | - | |
| DCF method | 1,710 million yen | |
| Discount rate | 5.0% | |
| Terminal capitalization rate | - | |
| Indicated value by cost approach | - | |
| Land ratio | - | (Note 2) |
| Building ratio | - | |
| Other matters of consideration | N/A | |

(Note 1) The figures are not indicated, since DC Method is not adopted in the appraisal value.

(Note 2) The figures are not indicated, since DCF Method is not adopted in the appraisal value.

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. 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. Keita Araki (Telephone Number: 81-3-5293-7080), Head of Retail Division at Mitsubishi Corp.-UBS Realty Inc.

Investor Relations: Telephone Number: 81-3-5293-7081

E-mail: jrf-8953.ir@mc-ubs.com

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