

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953)  
 News Release – January 23, 2017

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### **Notice Concerning Acquisition of Trust Beneficiary Interest in G-Bldg. Tenjin Nishi-dori 01**

Mitsubishi Corp.-UBS Realty Inc. (the "Asset Manager"), the asset manager of Japan Retail Fund Investment Corporation ("JRF"), determined today to acquire a trust beneficiary interest in G-Bldg. Tenjin Nishi-dori 01 (the "Property") as outlined below.

#### **1. Overview of acquisition**

1) Property type	Trust beneficiary right in real estate
2) Property name	G-Bldg. Tenjin Nishi-dori 01 <sup>(Note)</sup>
3) Location	8-22 Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka Prefecture
4) Acquisition price	4,850 million yen
5) Acquisition date	April 5, 2017 (scheduled)
6) Appraisal value	5,000 million yen (as of January 1, 2017)
7) Contract completion date	January 31, 2017 (scheduled)
8) Seller	SOHGOH REAL ESTATE CO., LTD.
9) Acquisition funds	Cash on hand (scheduled)
10) Payment	Full payment at closing

(Note) Name to be used for management purposes after the acquisition; the property is currently named West Side Tenjin.

## 2. Reason for acquisition

JRF will acquire the Property for the purpose of further diversifying portfolio assets, increasing the stability and the profitability of its portfolio as well as increasing the proportion of urban-type retail properties in its portfolio.

JRF considered the following factors when making this decision.

### Highlight of Acquisition

The Property is a multi-tenant retail property facing Tenjin Nishi-dori, one of the busiest streets in the Tenjin area, which is the largest downtown in Kyushu.

### Attractiveness of market

- Large-sized commercial facilities concentrate in Tenjin area, primarily around Tenjin Station; Tenjin area has an extensive trade zone that can attract customers from whole Kyushu Area, primarily on weekends

### Attractiveness of location

- The Property is located on the intersection of "Meiji-dori," a major road in Tenjin area and also a business area lined with office buildings, and a well-received commercial district "Tenjin Nishi-dori," lined with commercial facilities including fast fashion roadside stores and restaurants, and thus, has high visibility from pedestrians
- The Property is an approximately 4-minute walk from "Tenjin Station," which boasts the largest number of passengers among all stations on Fukuoka City Subway Airport Line and an approximately 6-minute walk from "Nishitetsu-Fukuoka (Tenjin) Station" on Nishitetsu Omuta Line

### Attractiveness of facility

- The first and second floors have been leased to Fukuoka Tenjin Store of Camera no Kitamura for 23 years since its opening and upper floors are leased to restaurants

Property photo



Wide-area map



Narrow-area map



### 3. Overview of the Property

Property name		G-Bldg. Tenjin Nishi-dori 01			
Type of asset		Trust beneficiary right in real estate			
Trust beneficiary		Resona Bank, Limited			
Trust period		December 20, 2007 — April 30, 2027 (scheduled)			
Location (address)		8-22 Tenjin 2-chome, Chuo-ku, Fukuoka-shi, Fukuoka, Japan			
Land	Area	460.09m <sup>2</sup>			
	Zoning	Commercial district	Type of possession	Ownership	
Building	Structure / stories	9 floors above ground and one basement floor, SRC-structure with flat roof			
	Total floor area	3,238.87 m <sup>2</sup>			
	FAR/building-to-land ratio	700% / 80%	Type	Retail / Office	
	Completion date	November 27, 1989	Type of possession	Ownership	
	Design	Matsushima Kenchiku Kankyo Sekkei Co., Ltd.			
	Construction	Consortium of Taisei Corporation and Tokai Kogyo Co., Ltd.			
	Constructional inspector	Fukuoka-shi			
	PML	0.7% (Based on the earthquake risk analysis report jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)			
Acquisition price		4,850 million yen			
Appraisal value		5,000 million yen (as of January 1, 2017)			
Appraiser		CBRE K.K.			
Tenant summary		Number of tenant(s) (main tenant)	8 (Camera no Kitamura) <sup>(Note 1)</sup>		
		Annual rent	235 million yen		
		Tenant leasehold / security deposit	239 million yen		
		Total leased area	2,666.39 m <sup>2</sup>	Occupancy rate (floor area basis)	100%
		Total leasable area	2,666.39 m <sup>2</sup>		
	Major tenant	Period of contract	Not disclosed <sup>(Note 2)</sup>		
		Type of contract	Not disclosed <sup>(Note 2)</sup>		
		Revision of rent	Not disclosed <sup>(Note 2)</sup>		
		Early termination	Not disclosed <sup>(Note 2)</sup>		
Collateral conditions		N / A			
Special notes		<ul style="list-style-type: none"><li>As of today, JRF has received a notice to terminate the lease on February 28, 2017 from the tenant occupying the 3rd floor (11.0% of total leasable area).</li><li>With respect to the defects of the building and equipment pointed out in the engineering report regarding the property, the seller agrees to cure all of such defects, at the responsibility and expense of the seller, before the acquisition of this property by JRF.</li></ul>			

- Amounts of less than one million yen are rounded down, and percentages are rounded to the nearest first decimal place.
- "Location" represents the address of each property or the registered address of the building.
- "Land area" is 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.
- "Number of tenant(s)" represents the total number of lease contracts effective as of today.
- "Annual rent" is calculated by multiplying the total of monthly rent, monthly common charges, monthly parking charges and signboard fees by 12 (months) based on the lease and other relevant contracts effective as of today.
- "Tenant leasehold / security deposit," "Total leased area" and "Total leasable area" represent the total amount/area based on the lease contracts effective as of today.

(Note 1) JRF plans to lease the Property from Resona Bank, Limited, the trustee, under a master lease; it will then sublet it to each of the tenants described above.

(Note 2) Not disclosed as the tenants have not agreed to the disclosure.

#### 4. Overview of Seller

1) Name	SOHGOH REAL ESTATE CO., LTD.
2) Location	31-19 Shiba 2-chome, Minato-ku, Tokyo
3) Title & name of representative	Keijiro Sekioka (Representative Director)
4) Line of business	1. Sales, purchase, exchange and leasing of real estate 2. Management, intermediary and appraisal of real estate 3. Maintenance and cleaning of inside and outside of building 4. Security services 5. Land reclamation 6. Design, management, execution and contract of civil engineering and construction works 7. Sales and import/export of civil engineering and construction equipment and building materials 8. Sales and import/export of housing equipment 9. Mortgage and other loans and loan guarantee 10. Agency business of property and casualty insurance and insurance based on Automobile Liability Security Act 11. Life insurance solicitation 12. Possession and purchase and sales of securities 13. Sales of cigarettes, revenue and postage stamps, food and drink 14. Type II Financial Instrument business 15. Sales, leasing and rental of furniture, household goods, bedding, office appliances, office supplies and electronic devices 16. Any other auxiliary and/or related businesses to the items described above
5) Capital	100 million yen (as of August 8, 2016)
6) Date established	December 7, 2001
7) Net Assets	2,379 million yen
8) Total Assets	49,850 million yen
9) Major shareholder and shareholding ratio	Haseko Corporation (99%)
10) Relationship with JRF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	Neither JRF nor the Asset Manager have any capital, personal or business relationships to note with the company. Also, there are no relationships to note between interested parties and affiliated companies of JRF or the Asset Manager and those of the company.
Related parties	The company does not fall under the category of a related party of JRF or the Asset Manager. Also, none of the related parties and affiliated companies of the company fall under the category of related parties of JRF or the Asset Manager.

#### 5. Ownership history of the Property to be acquired

The Property will not be acquired from a seller that falls under the category of a related party of JRF or the Asset Manager.

#### 6. Overview of Brokerage

##### (1) Overview of Broker

1) Name	HASEKO REAL ESTATE Inc.
2) Location	31-19 Shiba 2-chome, Minato-ku, Tokyo
3) Title & name of representative	Hideki Nakata (Representative Director and President)

4) Line of business	General distribution of real estate properties 1. Purchase, sale, exchange, leasing of real estate properties, and mediating or functioning as an agent of these transactions 2. Planning, design, construction and sale of renovated condominiums 3. Operating, management of and planning on real estate properties 4. Businesses ancillary to the above
5) Capital	100 million yen
6) Date established	August 5, 1994
7) Relationship with JRF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	Neither JRF nor the Asset Manager has any capital, personal or business relationships to note with the company. Also, there are no relationships to note between interested parties and affiliated companies of JRF or the Asset Manager and those of the company.
Related parties	The company does not fall under the category of a related party of JRF or the Asset Manager. Also, none of the related parties or affiliated companies of the company fall under the category of related parties of JRF or the Asset Manager.

(2) Brokerage fee and other fee amount and breakdown

HASEKO REAL ESTATE Inc., described in (1), acted as an agent for the above acquisition of the Property. The breakdown of brokerage fees for the transaction is not disclosed as HASEKO REAL ESTATE Inc. has not agreed to the disclosure.

7. Matters concerning forward commitment, etc.

Under the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators", the acquisition of the Property is considered to be a "forward commitment, etc." by an investment corporation, which is defined as a postdated sales and purchase agreement which provides for the delivery and settlement to take place one month or more from the effective date of the agreement or any other related agreements.

JRF plans to acquire the Property using cash on hand and is required to pay 20% of the expected purchase price as a penalty fee in case it fails to fulfill the forward commitment, etc.

8. Payment

Full payment at closing

9. Acquisition schedule

Decision-making date	January 23, 2017
Purchase agreement signing date	January 31, 2017 (scheduled)
Payment date	April 5, 2017 (scheduled)
Acquisition date	April 5, 2017 (scheduled)

10. Future outlook

The impact of the acquisition of the Property on our forecasts for the fiscal periods ending February 2017 and August 2017 is minimal. As a result, the forecasts will not be revised.

# 11. Appraisal report summary

Property name	G-BLDG. Tenjin Nishi-dori 01
Appraiser	CBRE K.K.
Appraisal value	5,000 million yen
Value date	January 1, 2017

Item	Value	Notes
Indicated value by income approach	5,000 million yen	
DC method	4,950 million yen	
Operating income	263 million yen	
Effective gross income	267 million yen	
Loss from vacancy, etc.	4 million yen	
Operational cost	57 million yen	
Maintenance and management fee	8 million yen	
Utility cost	27million yen	
Repair expenses	0 million yen	
Property manager fee	Not disclosed	As the disclosure of this item may negatively affect JRF's competitiveness and business to the detriment of its unitholders, we have decided not to disclose this information here, and have included it under "Other expenses" instead.
Leasing cost	0 million yen	
Property tax	16 million yen	
Insurance premium	Not disclosed	As the disclosure of this item may negatively affect JRF's competitiveness and business to the detriment of its unitholders, we have decided not to disclose this information here, and have included it under "Other expenses" instead.
Other expenses	0 million yen	
Net operating income	205 million yen	
Operating profit from lump-sum payments	2 million yen	
Capital expenditure	4 million yen	
Net income	203 million yen	
Capitalization rate	4.1%	
DCF method	5,000 million yen	
Discount rate	3.7%	
Terminal capitalization rate	4.1%	
Indicated value by cost approach	2, 840 million yen	
Land ratio	93.4%	
Building ratio	6. 6%	
Other matters of consideration	N / A	

【Reference】

Prospective income and expenditures for the Property

Prospective income & expenditures	
NOI (Net Operating Income)	203 million yen
NOI yield	4.2%
Depreciation	25 million yen
NOI yield after depreciation	3.7%

- NOI is based on annual income from existing lease contracts effective as of today.
- NOI yield is calculated by dividing NOI by the acquisition price and rounding to the nearest first 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 first 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. 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 release should be referred to as the original.*