

Japan Retail Fund Investment Corporation to Acquire 4 Properties in Japan

Mitsubishi Corp.-UBS Realty Inc. (hereinafter referred to as the “Asset Manager”), the asset management company of Japan Retail Fund Investment Corporation (hereinafter referred to as “JRF”) announced today its planned acquisition of real estate trust beneficiary rights in Japan (hereinafter referred to as “Anticipated Properties”) as outlined below.

1. Summary of Anticipated Properties

Among the Anticipated Properties, we have decided to acquire G-Bldg. Naha-shintoshin 01 on March 17, 2017, G-Bldg. Midotsuji 01 on March 31, 2017, MARINE & WALK YOKOHAMA on March 24 and May 1, 2017, and G-Bldg. Shinsaibashi 03 (Bldg. B) on March 17, 2017 and by December 31, 2017.

| Property name | Location | Seller | Anticipated acquisition price (A) (¥ million) (Note 1) | Appraisal value/ Researched value (B) (¥ million) | (A/B) | NOI yield (before depreciation) (Note 2) | NOI yield (after depreciation) (Note 2) | Anticipated acquisition date (Note 3) |
|---|---------------------------------|--|--|---|-------|--|---|--|
| G-Bldg. Midotsuji 01 ^(Note 4) | Chuo-ku, Osaka-shi, Osaka | Not disclosed ^(Note 5) | 9,975 | 10,600 | 94.1% | 3.2% | 3.0% | March 31, 2017 |
| G-bldg. Shinsaibashi 03 (Bldg. B) (additional acquisition of an adjacent building) ^(Note 6) | Chuo-ku, Osaka-shi, Osaka | Mitsubishi Corporation Urban Development, Inc. | 8,200 (Note 7) | 9,370 | 87.5% | 4.7% | 4.6% | March 17, 2017, by December 31, 2017 (Note 8, 9) |
| MARINE & WALK YOKOHAMA ^(Note 6) | Naka-ku, Yokohama-shi, Kanagawa | Mitsubishi Corporation Urban Development, Inc. | 11,300 | 13,600 | 83.1% | 5.3% | 4.0% | March 24, 2017, May 1, 2017 (Note 10) |
| G-Bldg. Naha-shintoshin 01 | Naha-shi, Okinawa | YDN Leasing LLC | 5,650 | 6,820 | 82.8% | 6.5% | 5.7% | March 17, 2017 |
| Total | 4 properties | | 35,125 | 40,390 | 87.0% | 4.8% | 4.1% | |

(Note 1) All anticipated acquisition prices are subject to change by consultation between the sellers and JRF in case there are changes in the status of the trust properties (including but not limited to change in lease conditions with tenants).

(Note 2) For details of the calculation method for “NOI yield (before depreciation)” and “NOI yield (after depreciation),” refer to “[Reference] Definitions of Individual Calculation Formulas” below.

(Note 3) Anticipated acquisition dates are subject to change.

(Note 4) Name to be used for management purposes after the acquisition; the property is currently named HHK Midotsuji Building.

(Note 5) Not disclosed as the permission has not been obtained from the sellers.

(Note 6) We executed purchase agreements for trust beneficiary interest in G-Bldg. Midotsuji 01 and G-Bldg. Naha-shintoshin 01 on February 27, 2017 and a basic agreement for MARINE & WALK YOKOHAMA on February 27, 2017 and a basic agreement and memorandum of understanding related to the basic agreement for G-Bldg. Shinsaibashi 03 (Bldg. B) on December 7, 2016 and February 27, 2017 respectively and agreed with the sellers of each property on the purchase and sale of trust beneficiary in the properties. For more information on the basic agreements, please see below (Note 7).

(Note 7) The non-binding basic agreements for G-Bldg. Shinsaibashi 03 (Bldg. B) (which also includes a memorandum of understanding related to the basic agreement. Hereinafter the same) and MARINE & WALK YOKOHAMA contain conditions for acquisition of the properties including (but not limited to) below.

- i. Execution of due diligence (investigation of property) including engineering, seismic and environmental reviews and completion of the due diligence with results satisfactory to us.
- ii. All rights that can disturb owning or using property or trust beneficiary interest in the property (including but not limited to security interest, usufructuary right and seizure of property and excluding lease contracts with tenants) are to be removed by the date of transaction on the seller’s expense.

(Note 8) G-Bldg. Shinsaibashi 03 (Bldg. B) consists of the anticipated land and the building thereon marked as ① (“G-Bldg. Shinsaibashi 03 (Bldg. B main building)”) and the anticipated land marked as ② (“G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest)”) in “3. Description of Anticipated Properties G-Bldg. Shinsaibashi 03 (Bldg. B) (1) Property Summary <Schematics of the acquisitions>” below. We plan to acquire the main building for ¥7,800 million and the land with leasehold interest for ¥400 million.

(Note 9) We plan to acquire the main building on March 17, 2017. With regard to the land with leasehold interest, we plan to acquire the property by December 31, 2017, however, we have agreed with the seller that if it can be reasonably determined that the building on G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) owned by a third party (the “Third Party’s Building”) can be rebuilt, or if we and the seller decide that it is reasonable to postpone the acquisition of the land with leasehold interest and we and the seller agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date. In addition, if it can be reasonably determined by us that the Third Party’s Building can be rebuilt on the conditions that are satisfactory to us, we may negotiate in good faith with the seller to purchase the new building.

(Note 10) As for MARINE & WALK YOKOHAMA, we plan to acquire a 20% quasi-co-ownership interest in the trust beneficiary right in the property at an anticipated acquisition price of ¥2,260 million on March 24, 2017, and the remaining 80% quasi-co-ownership interest at an anticipated acquisition price of ¥9,040 million on May 1, 2017.

Note:

This press release is intended as general information for the announcement regarding JRF’s acquisition and lease of real estate trust beneficiary rights in Japan, and has not been prepared for the purpose of solicitation of investment.

2. Rationale for Acquisition

We aim to enhance the quality of our portfolio so as to adapt to changes in social structure and the retail environment as well as further strengthen our portfolio base in terms of portfolio size^(Note) of ¥847.2 billion and geographical and tenants diversification.

The acquisition of properties this time is to acquire urban retail properties and optimize our portfolio composition, aiming to build a portfolio that can adapt to changes in social structure and the retail environment.

(Note) Total acquisition price as of November 30, 2016

Acquisition Highlights

- Retail properties located in the Midosuji/ Shinsaibashi-suji areas, the largest commercial districts in western Japan
- A multi-tenant retail property located in the Minato Mirai 21 area that leverages our sponsor network
- Retail properties located in densely populated areas, with the potential for further population growth and solid consumer demand

The earnings forecasts have been revised to reflect the acquisition of the Anticipated Properties and related financing. For details of these revisions, refer to the press release titled “Notice Concerning Revised Forecasts for Operating Results for February 2017 (30th) Fiscal Period and August 2017 (31st) Fiscal Period and Forecasts for Operating Results and Distributions for February 2018 (32nd) Fiscal Period” dated today.

For details of the Anticipated Properties, refer to “3. Description of Anticipated Properties.”

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3. Description of Anticipated Properties

G-Bldg. Midosuji 01

(1) Property Summary

| | | | | | |
|-------------------------------------|--------------------------------------|--|--|---|--|
| Type of asset | | Trust beneficiary right in real estate | Summary of building structure evaluation | Evaluator | Tokio Marine & Nichido Risk Consulting Co., Ltd. |
| Anticipated acquisition date | | March 31, 2017 | | Evaluation date | January 2017 |
| Anticipated acquisition price | | 9,975 million yen | | Immediate repair cost | 0 yen |
| Summary of trust beneficiary rights | Date of trust beneficiary rights set | November 29, 2016 | | Short-term repair cost | 0 yen |
| | Trustee | Sumitomo Mitsui Trust Bank, Limited | Long-term repair cost | 86,372,000 yen/12 years (7,197,666 yen/year on average) | |
| | Trust period end | March 31, 2027 | | | |
| Land | Location (address) | 10-25 Minamisenba 3-chome, Chuo-ku, Osaka-shi, Osaka | Building | Structure/stories | 4 stories above ground and a basement floor, S-structure building with flat roof |
| | Area ^(Note) | 1,143.90m ² | | Date built | March 22, 2007 |
| | Zoning | Commercial district | | Total floor area | 3,778.67m ² |
| | FAR/building-to-land ratio | 1,000%/80% | | Type | Shops, office |
| | Type of possession | Ownership | | Type of possession | Ownership |
| | | | PML | 0.6% (based on seismic report jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation) | |
| Collateral conditions | | None | Property manager | | Keihan Ryutsu Systems |
| Special notes: ・ None | | | | | |

(Note) Including an area (approx. 56.9m²) regarded as public road.

(2) Summary of Leases for Anticipated Properties

| Tenant | Category | Number of tenant(s) | Total leased area (occupancy rate) | Annual rent (excluding consumption tax) (¥ million) | Period of contract | Tenant leasehold /security deposit (¥ million) |
|--|-------------|---------------------|------------------------------------|---|---------------------------------|--|
| HERMÈS, HARRY WINSTON | Goods sales | 2 | 2,446.00m ² (100.0%) | Not disclosed ^(Note) | Not disclosed ^(Note) | Not disclosed ^(Note) |
| Renewal and revision of contract: • Not disclosed ^(Note) | | | | | | |
| Others: • Not disclosed ^(Note) | | | | | | |

(Note) Not disclosed as the permission has not been obtained from the tenants.

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(3) Appraisal Report Summary

| | | |
|-----------------|--------------------|--|
| Appraiser | CBRE, K.K. | |
| Appraisal value | 10,600 million yen | |
| Valuation date | February 1, 2017 | |

| Item | Value | Comment |
|---|--------------------|---|
| Indicated value by income approach | 10,600 million yen | |
| DCF method | 10,300 million yen | |
| Operating income | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is not disclosed. |
| Effective gross income | Not disclosed | |
| Loss from vacancy, etc. | Not disclosed | |
| Operational cost | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is not disclosed. |
| Maintenance and management fee | 40 million yen | |
| Utilities cost | 28 million yen | |
| Repair expenses | 3 million yen | |
| Property management fee | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Leasing cost | 0 yen | |
| Taxes | 44 million yen | |
| Damage insurance premium | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Other expenses | 2 million yen | |
| Net operating income | 391 million yen | |
| Operating profit from lump-sum payments | 4 million yen | |
| Capital expenditure | 3 million yen | |
| Net income | 391 million yen | |
| Capitalization rate | 3.8% | |
| DCF method | 10,600 million yen | |
| Discount rate | 3.4% | |
| Terminal capitalization rate | 3.6% | |
| Indicated value by cost approach | 8,840 million yen | |
| Land ratio | 94.7% | |
| Building ratio | 5.3% | |

| | |
|---|-----|
| Other matters the appraiser has taken into consideration in appraisal | N/A |
|---|-----|

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(4) Characteristics of G-Bldg. Midosuji 01



Neighborhood photos^(Note)



(Note) JRF has no plans to acquire properties other than the anticipated properties in the neighborhood photos.

Highlights

A retail property located in the Midosuji area where the flagship stores of major international luxury brands in Western Japan are concentrated

➤ Appeal of the market

- The area around "Shinsaibashi Station" and along Midosuji is unique in Osaka as the flagship stores of many major international luxury brands are located there
- Chuo Ward in Osaka is one of the largest shopping districts in Western Japan, ranked 4th in terms of annual retail sales^(Note) and 1st in terms of fashion related sales (excluding wholesale) among all municipalities in Japan

➤ Appeal of the location

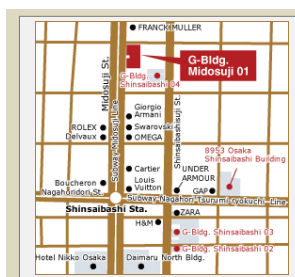
- Located on the corner lot facing Midosuji, an approx. five-minute walk from Shinsaibashi Station on Osaka Municipal Subway Midosuji Line and Nagahori Tsurumi-ryokuchi Line

➤ Appeal of the facility

- The tenants include two flagship stores of major international luxury brands (HERMÈS and HARRY WINSTON) in Western Japan
- A highly visible landmark building with a wide facade facing Midosuji

(Note) Based on the "Economic Census for Business Activity (2012)".

Aerial view



● Properties in our portfolio. Hereinafter the same.

| | | | | | |
|-------------------------------|------------------------------|--|--|--|---|
| Anticipated acquisition price | Appraisal value | | | ¥10,600 million | |
| ¥9,975 million | Location (address) | | | 10-25 Minamisenba 3-chome, Chuo Ward, Osaka-shi, Osaka | |
| NOI yield | Time of initial construction | | | March 22, 2007 | |
| 3.2% | Land area | | | 1,143.90m ² | Gross floor area 3,778.67m ² |
| NOI yield after depreciation | Number of tenants | | | 2 | Key tenants |
| 3.0% | | | | | HERMÈS, HARRY WINSTON |

Note:

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G-Bldg. Shinsaibashi 03 (Bldg. B)

(1) Property Summary

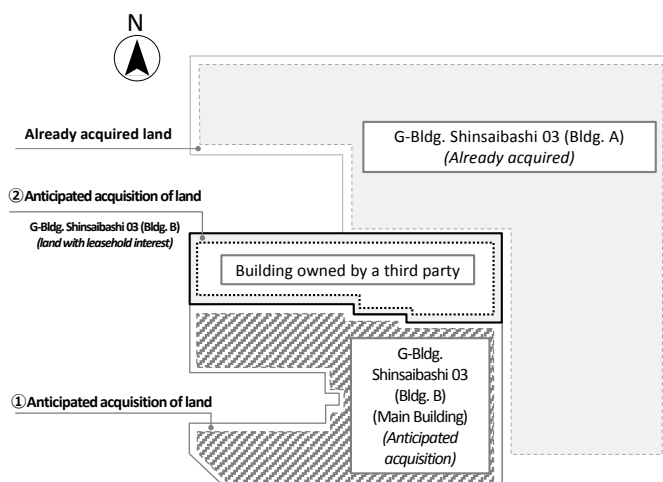
| | | | | |
|-------------------------------------|--|---|------------------------|---|
| Type of asset | Trust beneficiary right in real estate | | Evaluator | Tokio Marine & Nichido Risk Consulting Co., Ltd. |
| Anticipated acquisition date | March 17, 2017, by December 31, 2017 | | Evaluation date | January 2017 |
| Anticipated acquisition price | 8,200 million yen | | Immediate repair cost | 0 yen |
| Summary of trust beneficiary rights | Date of trust beneficiary rights set | September 30, 2016 | Short-term repair cost | 0 yen |
| | Trustee | Mitsubishi UFJ Trust and Banking Corporation | Long-term repair cost | 8,372,000 yen/12 years (697,666 yen/year on average) |
| | Trust period end | September 30, 2026 | | |
| Land ^(Note) | Location (address) | 2-14 Shinsaibashi-suji 1-chome, Chuo-ku, Osaka-shi, Osaka, etc. | Structure/stories | 2 stories above ground, S-structure building with flat roof |
| | Area | 437.85m ² | Date built | June 16, 2000 |
| | Zoning | Commercial district | Total floor area | 537.58m ² |
| | FAR/building-to-land ratio | 500%/80% | Type | Shops |
| | Type of possession | Ownership | Type of possession | Ownership |
| | | | PML | 7.9% (based on seismic report jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation) |
| Collateral conditions | None | | Property manager | Keihan Ryutsu Systems |

Special notes:

- We plan to acquire the land marked as ① in the below <Schematics of the acquisition> and the building thereon at an acquisition price of ¥7,800 million on March 17, 2017, and we plan to acquire the land marked as ② in the below <Schematics of the acquisition> at an acquisition price of ¥400 million by December 31, 2017. However, with respect to the land marked as ②, if it can be reasonably determined that the Third Party's Building in the schematics of the acquisition can be rebuilt, or if we agree with the seller that it is reasonable to postpone the purchase and sale of the land marked as ② and we and the seller agree to postpone the date of acquisition, it will be postponed until a later date agreed upon by the seller and us. In addition, if it can be reasonably determined that the Third Party's Building can be rebuilt with conditions that are satisfactory to us, we may negotiate in good faith with the seller to purchase the new building.

(Note) Mitsubishi Corporation Urban Development, Inc., which is the owner of the building on ②, and Mitsubishi UFJ Trust and Banking Corporation, which is the current owner and trustee of the land marked as ② plan to execute a lease agreement for the land marked as ② (138.96m²) on or before the date we acquire the land marked as ②.

<Schematics of the acquisition>



(Note) Above Schematics of the acquisition was created by the Asset Manager to help understanding the current situation of the property's building and land, and the actual shape and ratio of each building and land's size may differ from the image.

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(2) Summary of Leases for Anticipated Properties ^(Note 1)

| Tenant | Category | Number of tenant(s) | Total leased area (occupancy rate) | Annual rent (excluding consumption tax) (¥ million) | Period of contract | Tenant leasehold /security deposit (¥ million) |
|--|-------------------|-----------------------|------------------------------------|---|--------------------|--|
| TSURUHA Drug and others | Goods sales, etc. | 3 ^(Note 1) | 688.16m ² (100.0%) | 401 ^(Note 2) | — | 200 ^(Note 2) |
| Renewal and revision of contract: < TSURUHA Holdings, Inc. > • Not disclosed ^(Note 3) | | | | | | |
| Others: • Not disclosed ^(Note 3) | | | | | | |

(Note 1) Includes land lease contract for G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest)

(Note 2) Total of all tenants. Figures include planned land lease contract between the current owner of the property on the land (Mitsubishi Corporation Urban Development, Inc.) and the current owner and trustee of the land (Mitsubishi UFJ Trust and Banking Corporation).

(Note 3) Not disclosed as the permission has not been obtained from the tenants.

(3) Research Report Summary ^(Note 1, 2)

| | |
|------------------|-------------------|
| Researcher | CBRE, K.K. |
| Researched Value | 9,370 million yen |
| Valuation date | February 1, 2017 |

| Item | Value | Comment |
|---|-------------------|---|
| Indicated value by income approach | 9,170 million yen | |
| DCF method | 9,020 million yen | |
| Operating income | 361 million yen | |
| Effective gross income | 366 million yen | |
| Loss from vacancy, etc. | 4 million yen | |
| Operational cost | 20 million yen | |
| Maintenance and management fee | 1 million yen | |
| Utilities cost | 0 yen | |
| Repair expenses | 0 million yen | |
| Property management fee | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Leasing cost | 2 million yen | |
| Taxes | 14 million yen | |
| Damage insurance premium | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Other expenses | 1 million yen | |
| Net operating income | 341 million yen | |
| Operating profit from lump-sum payments | 1 million yen | |
| Capital expenditure | 0 million yen | |
| Net income | 342 million yen | |
| Capitalization rate | 3.8% | |
| DCF method | 9,170 million yen | |
| Discount rate | 3.5% | |
| Terminal capitalization rate | 4.0% | |
| Indicated value by cost approach | 6,680 million yen | |
| Land ratio | 98.9% | |
| Building ratio | 1.1% | |

| | |
|---|-----|
| Other matters the researcher has taken into consideration in research | N/A |
|---|-----|

(Note 1) Researched values have been calculated based on the assumption that the current owner of the property on the land (Mitsubishi Corporation Urban Development, Inc.) and the current owner and trust beneficiary of the land (Mitsubishi UFJ Trust and Banking Corporation) will enter into a land lease contract for the anticipated land marked as ② in the above <Schematics of the acquisition> by the anticipated acquisition date.

(Note 2) Appraisal value for G-Bldg. Shinsaibashi 03 (Bldg. B main building) by CBRE, K.K. is 8,930 million yen (valuation date: February 1, 2017) and researched value for G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) based on the same assumption as described above (Note 1) that a land lease contract will be signed is 409 million yen (valuation date: February 1, 2017). With regard to G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), we will obtain an appraisal report at the time of acquisition.

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(4) Characteristics of G-Bldg. Shinsaibashi 03 (Bldg. B)

Highlights

A retail property located along Shinsaibashi-suji Shopping Street, one of the most popular shopping districts in Japan with high traffic volume, and adjacent to G-Bldg. Shinsaibashi 03 (Bldg. A)



➤ Appeal of the market

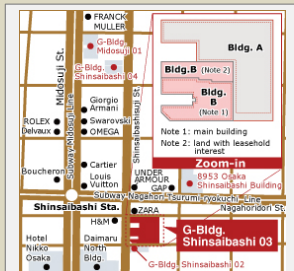
- Shinsaibashi-suji Shopping Street is an area where a variety of fast fashion retailers, amusement facilities, restaurants and general stores are concentrated

➤ Appeal of the location

- An approx. one-minute walk from Shinsaibashi Station on Osaka Municipal Subway Midosuji Line and Nagahori Tsurumi-ryokuchi Line
- JRF owns more than half of a block of the buildings facing Shinsaibashi-suji shopping street, including this property and G-Bldg. Shinsaibashi 03 (Bldg. A), which is adjacent to this property and has Uniqlo as its tenant

➤ Appeal of the facility

- Located on a corner lot with a highly visible wide facade facing Shinsaibashi Shopping Street
- One of the tenants is a drug store (TSURUHA Drug) that is attractive to inbound travelers
- Optimize management costs by integrating the management of G-Bldg. Shinsaibashi 03 Bldg. A, Bldg. B (main building) and Bldg. B (Land with leasehold interest)

| | | | | | | |
|--|-------------------------------|-------------------|------------------------------|---------------------|--|--|
|  | Anticipated acquisition price | | Appraisal value | | ¥9,370 million | |
| | ¥8,200 million | | Location (address) | | 2-14 Shinsaibashisuji 1-chome, Chuo Ward, Osaka-shi, Osaka, etc. | |
| | NOI yield | | Time of initial construction | | June 16, 2000 | |
| | 4.7% | | Land area | | 437.85m ² | Gross floor area 537.58m ² |
| NOI yield after depreciation | | Number of tenants | | 3 ^(Note) | Key tenants | TSURUHA Drug |
| 4.6% | | | | | | |

Note: Including land lease contract for Bldg. B (Land with leasehold interest).

Note:

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MARINE & WALK YOKOHAMA

(1) Property Summary

| | | | | | |
|---|--------------------------------------|---|--|------------------------|--|
| Type of asset | | Trust beneficiary right in real estate | Summary of building structure evaluation | Evaluator | ERI Solution Co., Ltd. |
| Anticipated acquisition date ^(Note) | | March 24, 2017 May 1, 2017 | | Evaluation date | February 6, 2017 |
| Anticipated acquisition price ^(Note) | | 11,300 million yen | | Immediate repair cost | 0 yen |
| Summary of trust beneficiary rights | Date of trust beneficiary rights set | March 24, 2017 | | Short-term repair cost | 0 yen |
| | Trustee | Sumitomo Mitsui Trust Bank, Limited | Building | Long-term repair cost | 193,330,000 yen/20 years (9,666,500 yen/year on average) |
| | Trust period end | March 31, 2027 | | Structure/ stories | 5 stories above ground and 1 basement floor, S/SC/SRC-structure building with flat roof |
| Land | Location (address) | 3-1 Shinko 1-chome, Naka-ku, Yokohama-shi, Kanagawa | | Year built | February 15, 2016 |
| | Area | 7,053.05m ² | | Total floor area | 12,670.93m ² |
| | Zoning | Commercial district | | Type | Shops, halls, parking |
| | FAR/building-to-land ratio | 400%/80% | | Type of possession | Ownership |
| | Type of possession | Ownership | | PML | 12.4% (based on seismic report jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation) |
| Collateral conditions | | None | Property manager | | Mitsubishi Corporation Urban Development, Inc. |

Special notes:

- We have entered into an agreement with the City of Yokohama under which we agreed to obtain the prior approval of the City of Yokohama in the event that we transfer a trust beneficiary interest in the property or the trustee transfers its ownership of the land to a third party during the period starting on April 1, 2016 and ending five years thereafter. If we violate the agreement with the City of Yokohama, the City of Yokohama may buy back the land. The City of Yokohama's right to buy back the land has been registered in the real property register, which is effective for ten years starting on October 3, 2014.
- We have signed the agreement with the other co-owner of the trust beneficiary right in the real estate. Transfer of the co-ownership interest held by us, or of all or part of the portion of the underlying real estate in trust corresponding to our co-ownership interest, requires prior approval from the other co-owner. Also, if the other co-owner wishes to purchase the interest held by us, we have to negotiate with this co-owner before negotiating with other potential purchasers. In addition, decision making on important issues related to operation of this property requires the mutual agreement of all of the co-owners in principle. The agreement among co-owners terminates automatically if all the trust beneficiary rights in the real estate are owned by one owner.

(Note) As for MARINE & WALK YOKOHAMA, we plan to acquire a 20% quasi-co-ownership interest in the trust beneficiary right in the property at an anticipated acquisition price of ¥2,260 million on March 24, 2017, and the remaining 80% quasi-co-ownership interest at an anticipated acquisition price of ¥9,040 million on May 1, 2017.

(2) Summary of Leases for Anticipated Properties

| Tenants | Category | Number of tenant(s) | Total leased area (occupancy rate) | Annual rent (excluding consumption tax) (¥ million) | Period of contract | Tenant leasehold /security deposit (¥ million) |
|--|---|---------------------|------------------------------------|---|--------------------|--|
| BAYSIDE GEIHINKAN VERANDA minatimirai, Fred Segal, Others | Retailer, restaurant, wedding hall, etc. | 24 | 8,347.68m ² (100.0%) | 763 ^(Note) | — | 442 ^(Note) |

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Renewal and revision of contract:

< TAKE and GIVE NEEDS Co., Ltd. >

- Contract period: Approx. 20 years (until January 31, 2036)
- This is a fixed-term building lease contract and cannot be renewed on expiration
- The tenant cannot cancel the contract during the contract period. However, the tenant may cancel the contract after the elapse of 10 years from the opening date (March 4, 2016) by submitting a written notice no later than 1 year prior to the desired cancellation date. Also, the tenant has to pay the rent and common area charges, as a cancellation fee, for the remaining lease term
- Article 32 of the Act on Land and Building Leases (Act No. 90 of October 4, 1991 and including any revisions to the act since) is not applicable to this lease contract and the rent cannot be revised during the lease term

< MFSJ Co., Ltd. >

- Contract period: Approx. 10 years (until February 28, 2026)

Others:

As of today, one tenant has provided us with a notice indicating its intention to terminate its lease on February 28, 2017, and another tenant has provided us with a notice indicating its intention to terminate its lease on August 31, 2017. These termination notices affect 3.3% of the total leasable area of the property. Also, we received an application for lease by a potential tenant which affects 0.8% of the total leasable area of this property on December 29, 2016.

(Note) Total of all tenants

(3) Appraisal Report Summary

| | |
|-----------------|--------------------|
| Appraiser | CBRE, K.K. |
| Appraisal Value | 13,600 million yen |
| Valuation date | February 1, 2017 |

| Item | Value | Comment |
|---|--------------------|---|
| Indicated value by income approach | 13,600 million yen | |
| DC method | 13,700 million yen | |
| Operating income | 918 million yen | |
| Effective gross income | 936 million yen | |
| Loss from vacancy, etc. | 17 million yen | |
| Operational cost | 336 million yen | |
| Maintenance and management fee | 46 million yen | |
| Utilities cost | 91 million yen | |
| Repair expenses | 4 million yen | |
| Property management fee | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Leasing cost | 4 million yen | |
| Taxes | 58 million yen | |
| Damage insurance premium | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Other expenses | 131 million yen | |
| Net operating income | 582 million yen | |
| Operating profit from lump-sum payments | 4 million yen | |
| Capital expenditure | 10 million yen | |
| Net income | 576 million yen | |
| Capitalization rate | 4.2% | |
| DCF method | 13,600 million yen | |
| Discount rate | 4.0% | |
| Terminal capitalization rate | 4.4% | |
| Indicated value by cost approach | 9,170 million yen | |
| Land ratio | 65.3% | |
| Building ratio | 34.7% | |
| Other matters of consideration | N/A | |

Note:

This press release is intended as general information for the announcement regarding JRF's acquisition and lease of real estate trust beneficiary rights in Japan, and has not been prepared for the purpose of solicitation of investment.

(4) Characteristics of MARINE & WALK YOKOHAMA



Highlights

A multi-tenant retail property located in Minato Mirai 21, one of the largest commercial/tourist areas in the Tokyo metropolitan area

➤ Appeal of the market

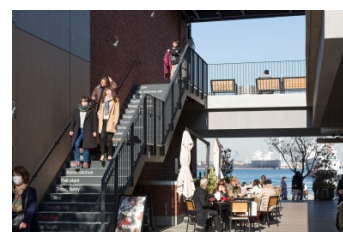
- Minato Mirai 21, selected as one of the Top 100 Cityscapes in Japan, is a commercial district/tourist destination frequented by leisure and business travelers from both Japan and abroad, with the number of its annual visitors having reached approx. 76 million^(Note 1)
- Development is ongoing in the area, which belongs to City of Yokohama and is designated as one of the Global MICE cities^(Note 2) by Japan Tourism Agency
- The number of residents in the area is expected to continue to increase, backed by the supply of new residential properties such as tower condominiums and other apartment buildings that are planned to be constructed in the area

➤ Appeal of the location

- A nine-minute walk from Bashamichi Station and Nihonodori Station on Minato Mirai Line or an approx. 15-minute walk from Sakuragicho Station on JR Negishi Line / Yokohama Municipal Subway via Kishamichi promenade
- The property is adjacent to Yokohama Red Brick Warehouse, which was awarded UNESCO Asia-Pacific Awards for Cultural Heritage Conservation and has recorded annual visitors of more than 6 million people^(Note 3)


➤ Appeal of the facility

- The property is a commercial complex consisting of a variety of tenants, including 14 stores opened for the first time in Yokohama, such as Fred Segal, a West Coast-born multi-brand store, ocean-view restaurants and bridal facilities
- This is a landmark property in Minato Mirai 21, developed in 2016 by Mitsubishi Corporation Urban Development, Inc.



Notes:

- (1) Number of visitors to the area as announced by Minato Mirai 21 Promotion Section, Urban Development Bureau, City of Yokohama.
- (2) "MICE" is an acronym of Meetings (business meetings), Incentives (incentive travels), Convention and Exhibitions (exhibitions/events), which collectively represent business events that can attract many visitors and facilitate personal exchange among the visitors. Japan Tourism Agency has designated 7 cities including Yokohama as global MICE cities, and has supported these cities in improving their ability to attract business events.
- (3) 6.3 million annual visitors in 2013.

| | | | | | | |
|---|-------------------------------|--|------------------------------|--|---|--|
|  | Anticipated acquisition price | | Appraisal value | | ¥13,600 million | |
| | ¥11,300 million | | Location (address) | | 3-1 Shinko 1-chome, Naka Ward, Yokohama-shi, Kanagawa | |
| | NOI yield | | Time of initial construction | | February 15, 2016 | |
| | 5.3% | | Land area | | 7,053.05m ² | Gross floor area 12,670.93m ² |
| | NOI yield after depreciation | | Number of tenants | | 24 | Key tenants |
| 4.0% | | | | | | |

Note:

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G-Bldg. Naha-shintoshin 01

(1) Property Summary

| | | | | | |
|--|--------------------------------------|--|--|---|---|
| Type of asset | | Trust beneficiary right in real estate | Summary of building structure evaluation | Evaluator | Tokio Marine & Nichido Risk Consulting Co., Ltd. |
| Anticipated acquisition date | | March 17, 2017 | | Evaluation date | January 16, 2017 |
| Anticipated acquisition price | | 5,650 million yen | | Immediate repair cost | 0 yen |
| Summary of trust beneficiary rights | Date of trust beneficiary rights set | December 25, 2015 | | Short-term repair cost | 0 yen |
| | Trustee | Sumitomo Mitsui Trust Bank, Limited | Long-term repair cost | 89,073,000 yen/12 years (7,422,750 yen/year on average) | |
| | Trust period end | March 31, 2027 | | | |
| Land | Location (address) | 5-33 Omoromachi 2-chome, Naha-shi, Okinawa | Building | Structure/stories | 3 stories above ground, S-structure building with flat roof |
| | Area | 7,900.00m ² | | Date built | November 9, 2009 |
| | Zoning | Commercial district | | Total floor area | 13,988.99m ² |
| | FAR/building-to-land ratio | 400%/80% | | Type | Shops, parking |
| | Type of possession | Ownership | | Type of possession | Ownership |
| | | | | PML | 2.9% (based on seismic report jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation) |
| Collateral conditions | | None | Property manager | | Jones Lang LaSalle, IP, Inc. |
| Special notes: | | | | | |
| • Examination of the fire defense equipment has pointed out multiple matters of concern, however, we have agreed with the seller that the seller is responsible for having them repaired by tenants. | | | | | |

(2) Summary of Leases for Anticipated Properties

| Tenant | Category | Number of tenant(s) | Total leased area (occupancy rate) | Annual rent (excluding consumption tax) (¥ million) | Period of contract | Tenant leasehold /security deposit (¥ million) |
|---|----------------------|---------------------|---|---|--------------------|--|
| Yamada Denki, Post office | Electronics retailer | 2 | Not disclosed ^(Note) (100.0%) | Not disclosed ^(Note) | — | Not disclosed ^(Note) |
| Renewal and revision of contract: < Okinawa Yamada Denki Co., Ltd. > <ul style="list-style-type: none"> The rent can be revised every 3 years through mutual negotiations if both parties agreed that the rent has become unreasonable due to drastic changes in taxes, commodity prices and other economic conditions The tenant can cancel the lease contract after the elapse of 10 years from the contract start date by submitting a written notice no later than 10 months prior to the cancellation date and paying the penalty fee equal to the amount of the remaining leasehold/security deposits. (The leasehold/security deposits will be returned to the tenant, within the amount of leasehold/security deposit received from a new tenant, if the tenant introduced a new tenant and JRF could have signed a lease contract with the new tenant.) < Japan Post Group > <ul style="list-style-type: none"> Not disclosed^(Note) | | | | | | |
| Others: <ul style="list-style-type: none"> Not disclosed^(Note) | | | | | | |

(Note) Not disclosed as the permission has not been obtained from the tenants.

Note:
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(3) Appraisal Report Summary

| | | |
|-----------------|---------------------------------------|--|
| Appraiser | The Tanizawa Sogo Appraisal Co., Ltd. | |
| Appraisal value | 6,820 million yen | |
| Valuation date | February 1, 2017 | |

| Item | Value | Comment |
|---|------------------------------------|---|
| Indicated value by income approach | 6,820 million yen | |
| DCF method | 6,910 million yen | |
| Operating income | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is not disclosed. |
| Effective gross income | Not disclosed | |
| Loss from vacancy, etc. | Not disclosed | |
| Operational cost | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is not disclosed. |
| Maintenance and management fee | 0 yen | |
| Utilities cost | 0 yen | |
| Repair expenses | 2 million yen | |
| Property management fee | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Leasing cost | 0 yen | |
| Taxes | 25 million yen | |
| Damage insurance premium | Not disclosed | The Asset Manager deemed that disclosing this information would have an adverse effect on JRF and may eventually harm the interests of the unitholders; therefore this information is included in Other expenses. |
| Other expenses | 2 million yen | |
| Net operating income | 365 million yen | |
| Operating profit from lump-sum payments | 5 million yen | |
| Capital expenditure | 5 million yen | |
| Net income | 366 million yen | |
| Capitalization rate | 5.3% | |
| DCF method | 6,780 million yen | |
| Discount rate | 5.3% (Year 1-3), 5.4% (Year 4-) | |
| Terminal capitalization rate | 5.5% | |
| Indicated value by cost approach | 6,640 million yen | |
| Land ratio | 76.3% | |
| Building ratio | 23.7% | |

| | |
|---|-----|
| Other matters the appraiser has taken into consideration in appraisal | N/A |
|---|-----|

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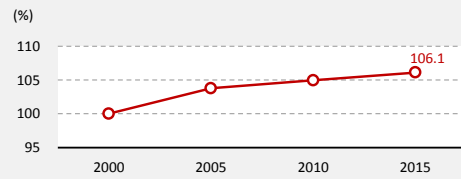
(4) Characteristics of G-Bldg. Naha-shintoshin 01



Neighborhood photo



Population trends in the city of Naha



Source: The Ministry of Internal Affairs and Communications, Statistics Bureau, "National Census".

Note: The graphic above shows the relative percentage changes against the year 2000 baseline as of October 1 each year.

Overview of Naha-shintoshin

- A redevelopment area in the city of Naha
- Evolved into a major town in Okinawa Prefecture, with development of large commercial facilities, cultural and educational facilities including a prefectural museum and government buildings and better accessibility thanks to opening of Yui Rail (Okinawa Toshi Monorail)



Source: Created by the Asset Manager based on blue print of utilization of land in the Naha-shintoshin area in "Area planning for the Naha-shintoshin area" (as of December 3, 2007) by the city of Naha.

Highlights

A retail property located in the Naha-shintoshin area, the administrative and commercial center for Okinawa

➤ Appeal of the market


- Broad commercial area backed by increases in both the population and number of households within a 1-, 3-, 5- and 10-km radius

➤ Appeal of the location

- Located in Omoromachi at the center of the Naha-shintoshin area, redeveloped as a center of commerce and tourism that is increasingly occupied by retail properties
- An approx. 12-minute walk to Omoromachi Station (on Yui Rail or Okinawa Toshi Monorail) and faces Naha Central Ring Road running across Omoromachi from east to west. The property is also within 10 minutes by car from the entrance of NAHA Kokusai Shopping Street or Kencho-mae Station

➤ Appeal of the facility

- With a store area of 6,793m², the Yamada Denki store at this property is the largest electronics retailer in Naha City

| | | | | | | | | |
|---|-------------------------------|--|------------------------------|--|--|--|------------------|---------------------------|
|  | Anticipated acquisition price | | Appraisal value | | | ¥6,820 million | | |
| | ¥5,650 million | | Location (address) | | | 5-33 Omoromachi 2-chome, Naha-shi, Okinawa | | |
| | NOI yield | | Time of initial construction | | | November 9, 2009 | | |
| | 6.5% | | Land area | | | 7,900.00m ² | Gross floor area | 13,988.99m ² |
| | NOI yield after depreciation | | Number of tenants | | | 2 | Key tenants | Yamada Denki, post office |
| | 5.7% | | | | | | | |

Note:

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<Reference> Companies involved in design, construction and building certification of the Anticipated Properties

| | Design | Construction | Building certification |
|--|--|--------------------|-------------------------------------|
| G-Bldg. Midosuji 01 | TAISEI CORPORATION | TAISEI CORPORATION | JAPAN ERI CO., LTD |
| G-Bldg. Shinsaibashi 03 (Bldg. B main building) | <i>YASUHARA SABURO ARCHITECTURE & DESIGN</i> | TAISEI CORPORATION | Osaka City |
| MARINE & WALK YOKOHAMA | RESEARCH INSTITUTE OF ARCHITECTURE | KAJIMA CORPORATION | J ARCHITECTURE INSPECTION CENTER |
| G-Bldg. Naha-shintoshin 01 | U.I SEKKEI CO., LTD | OHKI Corporation | JAPAN ERI CO., LTD |

4. Profile of Sellers

G-Bldg. Midosuji 01

The seller is a domestic corporation but we have not obtained the necessary permission from the seller to disclose its name and other related information. There are no relationships to note between JRF/the Asset Manager and the seller. In addition, there are no relationships to note between the interested parties and affiliated companies of JRF/the Asset Manager and those of the seller. The seller does not fall under the category of a related party of JRF/the Asset Manager. In addition, none of the related parties and affiliated companies of the company are related parties of JRF/the Asset Manager.

G-Bldg. Shinsaibashi 03 (Bldg. B)

| | | |
|------|--|--|
| (1) | Name | Mitsubishi Corporation Urban Development, Inc. |
| (2) | Location | 7-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo |
| (3) | Title & name of representative | President & CEO Koichi Murata |
| (4) | Line of business | Development of income-producing properties, primarily retail and logistics properties, and management of retail properties |
| (5) | Capital | 700 million yen (as of March 31, 2016) |
| (6) | Date established | September 2, 2002 |
| (7) | Net asset | Not disclosed as the permission has not been obtained from the seller. |
| (8) | Total asset | |
| (9) | Major shareholder and percentage of stake | Mitsubishi Corporation (100%) |
| (10) | Relationship with JRF or the Asset Manager | |
| | Capital relationship | A company in which Mitsubishi Corporation, the parent company of the Asset Manager (by a 51% majority interest), owns 100% stake. The seller falls under the category of related parties in the context of the Act on Investment Trusts and Investment Corporations (Act No. 189 of June 4, 1951) (hereinafter referred to as "ITA"). |
| | Personal relationship | Neither JRF nor the Asset Manager has any personal relationship to note with the seller. |
| | Trade relationship | The seller sold G-Bldg. Shibuya 01 at the acquisition price of 3,230 million yen on March 25, 2014, CUTE CUBE HARAJUKU at the acquisition price of 8,520 million yen on October 1, 2014 and G-Bldg. Minami-aoyama 01 (Bldg. B) at the acquisition price of 3,650 million on October 1, 2015 based on a purchase agreement with JRF. Also, we plan to enter into property management contract with the seller on the anticipated acquisition date of MARINE & WALK YOKOHAMA (March 24, 2017) and outsource administration and management of the property. |
| | Related parties | The seller falls under the category of related parties in the context of the ITA. The seller falls under the category of the related parties of the Asset Manager in the context of the Asset Manager's rules and regulations on business transactions with related parties. |

(Note) This transaction falls under the category of the transaction with related parties in the context of the Asset Manager's rules and regulations on business transactions with related parties. Thus, in accordance with the Asset Manager's internal policy, this transaction has cleared prior vetting by the Asset Manager's Compliance Committee, followed by the deliberation and investigation in the Asset Manager's asset management review committee and board of directors' meeting. The approval of 6 out of 8 members of board of directors of the Asset Manager is required for approval of the board of directors.

Note:
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Ownership History of Anticipated Properties

| Owner history | Current owner/trust beneficiary | Previous owner/trust beneficiary |
|---|---|---|
| Name | Mitsubishi Corporation Urban Development, Inc. | Another company, other than those that have special interest in JRF/the Asset Manager |
| Relationship with interested parties of JRF/the Asset Manager | A company 100% owned by Mitsubishi Corporation, the parent company of the Asset Manager (holding a 51% stake) | – |
| Background/reasons for acquisition | Development/Investment management | – |
| Acquisition price | 7,500 million yen | – |
| Acquisition date | Not disclosed as the permission has not been obtained from the seller. | – |

(Note) We have confirmed the adequacy of the anticipated acquisition price. Although the anticipated acquisition price is above the price at which the seller (Mitsubishi Corporation Urban Development, Inc.) acquired the property via its own sourcing route, it is significantly lower than its current researched value.

MARINE & WALK YOKOHAMA

| | | |
|------|--|--|
| (1) | Name | Mitsubishi Corporation Urban Development, Inc. |
| (2) | Location | 7-1 Yurakucho 1-chome, Chiyoda-ku, Tokyo |
| (3) | Title & name of representative | President & CEO Koichi Murata |
| (4) | Line of business | Development of income-producing properties, primarily retail and logistics properties, and management of retail properties |
| (5) | Capital | 700 million yen (as of March 31, 2016) |
| (6) | Date established | September 2, 2002 |
| (7) | Net asset | Not disclosed as the permission has not been obtained from the seller. |
| (8) | Total asset | |
| (9) | Major shareholder and percentage of stake | Mitsubishi Corporation (100%) |
| (10) | Relationship with JRF or the Asset Manager | |
| | Capital relationship | A company in which Mitsubishi Corporation, the parent company of the Asset Manager (by a 51% majority interest), owns 100% stake. The seller falls under the category of related parties in the context of the ITA. |
| | Personal relationship | Neither JRF nor the Asset Manager has any personal relationship to note with the seller. |
| | Trade relationship | The seller sold G-Bldg. Shibuya 01 at the acquisition price of 3,230 million yen on March 25, 2014, CUTE CUBE HARAJUKU at the acquisition price of 8,520 million yen on October 1, 2014 and G-Bldg. Minami-aoyama 01 (Bldg. B) at the acquisition price of 3,650 million on October 1, 2015 based on a purchase agreement with JRF. Also, we plan to enter into property management contract with the seller on the anticipated acquisition date of MARINE & WALK YOKOHAMA (March 24, 2017) and outsource administration and management of the property. |
| | Related parties | The seller falls under the category of related parties in the context of the ITA. The seller falls under the category of the related parties of the Asset Manager in the context of the Asset Manager's rules and regulations on business transactions with related parties. |

(Note) This transaction falls under the category of the transaction with related parties in the context of the Asset Manager's rules and regulations on business transactions with related parties. Thus, in accordance with the Asset Manager's internal policy, this transaction has cleared prior vetting by the Asset Manager's Compliance Committee, followed by the deliberation and investigation in the Asset Manager's asset management review committee and board of directors' meeting. The approval of 6 out of 8 members of board of directors of the Asset Manager is required for approval of the board of directors.

Note:
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Ownership History of Anticipated Properties

| Owner history | Current owner/trust beneficiary | Previous owner/trust beneficiary |
|---|--|---|
| Name | Mitsubishi Corporation Urban Development, Inc. | Another company, other than those that have special interest in JRF/the Asset Manager |
| Relationship with interested parties of JRF/the Asset Manager | A company 100% owned by Mitsubishi Corporation, the parent company of the Asset Manager (holding a 51% stake) | — |
| Background/reasons for acquisition | Development | — |
| Acquisition price | Not disclosed as the current owner will have owned the building more than 1 year as of anticipated acquisition date. | — |
| Acquisition date | October 3, 2014 | — |

G-Bldg. Naha-shintoshin 01

| | | |
|------|--|--|
| (1) | Name | YDN Leasing LLC |
| (2) | Location | 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo |
| (3) | Title & name of representative | Representative Partner Masakazu Hongo |
| (4) | Line of business | Purchase, possession and disposition of properties and trust beneficiary interest in properties |
| (5) | Capital | 100,000 yen (as of January 30, 2017) |
| (6) | Date established | November 2, 2015 |
| (7) | Net asset | Not disclosed as the permission has not been obtained from the seller. |
| (8) | Total asset | |
| (9) | Major shareholder and percentage of stake | Mitsubishi Corporation (100%) |
| (10) | Relationship with JRF or the Asset Manager | |
| | Capital, personal and trade relationships | Neither JRF nor the Asset Manager has any capital, personal or trade relationships to note with the seller. |
| | Related parties | The seller does not fall under the category of the related parties of JRF and the Asset Manager. Also, none of the related parties and affiliated companies of the seller falls under the category of the related parties of JRF or the Asset Manager. The seller outsources its asset management to Diamond Realty Management which the parent company of the Asset Manager (by a 51% majority interest), owns 100% stake. The seller falls under the category of related parties in the context of the Asset Manager's rules and regulations on business transactions with related parties. |

(Note) This transaction falls under the category of the transaction with related parties in the context of the Asset Manager's rules and regulations on business transactions with related parties. Thus, in accordance with the Asset Manager's internal policy, this transaction has cleared prior vetting by the Asset Manager's Compliance Committee, followed by the deliberation and investigation in the Asset Manager's asset management review committee and board of directors' meeting. The approval of 6 out of 8 members of board of directors of the Asset Manager is required for approval of the board of directors.

Ownership History of Anticipated Properties

| Owner history | Current owner/trust beneficiary | Previous owner/trust beneficiary |
|---|--|---|
| Name | YDN Leasing LLC | Another company, other than those that have special interest in JRF/the Asset Manager |
| Relationship with interested parties of JRF/the Asset Manager | A company outsourcing its asset management to Diamond Realty Management which is 100% owned by Mitsubishi Corporation, the parent company of the Asset Manager (holding a 51% stake) | — |
| Background/reasons for acquisition | Possession | — |
| Acquisition price | Not disclosed as the current owner will have owned the building more than 1 year as of anticipated acquisition date. | — |
| Acquisition date | Not disclosed as the permission has not been obtained from the seller. | — |

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5. Brokers

G-Bldg. Midosuji 01

No brokers are involved.

G-Bldg. Shinsaibashi 03 (Bldg. B)

Not disclosed as the permission has not been obtained from the broker, a Japanese company. Neither JRF nor the Asset Manager has any capital or personal relationships to note with the broker.

MARINE & WALK YOKOHAMA

No brokers are involved.

G-Bldg. Naha-shintoshin 01

No brokers are involved.

6. Forward commitment

The acquisition of a trust beneficiary interest in G-Bldg. Midosuji 01 is considered as a “forward commitment by investment corporations” (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 similar agreements), as provided in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators,” as the contract date is February 27, 2017 and the anticipated acquisition date is March 31, 2017.

With regard to the contract for purchase and sale of the trust beneficiary interest in G-Bldg. Midosuji 01, in case we violate the terms of the contract (including the cases our representations and warranties turn out to be inaccurate or misleading), the seller may cancel the contract and we will be obligated to pay a penalty in an amount equal to 20% of the purchase price.

Based on the non-binding basic agreements, we plan to enter into contracts for purchase and sale of G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) on March 17, 2017^(Note 1) and MARINE & WALK YOKOHAMA on March 24, 2017 with the sellers of each property. We also plan to agree with the seller of G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) in the contract on March 17, 2017 to purchase G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest) on a date by the end of December 2017 to be agreed by the parties^(Note 2), and we plan to enter into an agreement with the seller of MARINE & WALK YOKOHAMA in the contract on March 24, 2017 to purchase the remaining 80% co-ownership interest in this property on May 1, 2017; both of these agreements will constitute forward commitment as provided in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators”.

With regard to the contract for purchase and sale of the trust beneficiary interest in G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), it will be provided in the contract that in case we violate the terms of contracts (including the cases the representations and warranties by the seller or us turn out to be inaccurate or misleading), the seller may cancel the contract and we will be obligated to indemnify the seller for losses, with an amount which does not exceed 20% of the total purchase price. Also, as for the contract for purchase and sale of the trust beneficiary interest in MARINE & WALK YOKOHAMA, it will be provided in the contract that the seller may cancel the contract and we will be obligated to pay a penalty in an amount equal to 20% of the purchase price, in case we violate the terms of contracts (including violation of representations and warranties) and such violation makes accomplishment of objective of the contract difficult.

(Note 1) We plan to enter into separate contracts for acquisitions of G-Bldg. Shinsaibashi 03 (Bldg. B main building) and G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest).

(Note 2) However, it will be provided in the contract that if it can be reasonably determined that the building on the G-Bldg. Shinsaibashi 03 (Bldg. B Land with leasehold interest) can be rebuilt, or if we and the seller decide that it is reasonable to postpone the acquisition of the land with leasehold interest, and the seller and we agree to postpone the date of acquisition, the date of acquisition will be postponed until the agreed-upon date.

7. Funding and Method of Settlement

Acquisition of the properties will be funded by the issuance of new investment units, borrowings and cash reserves. For details of the issuance of new investment units and borrowings, refer to press releases titled “Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units” and “Notice Concerning Debt Financing (New Debt Financing)” dated today.

Note:

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Additionally, we plan to pay by way of lump-sum settlement upon delivery for each Anticipated Property.

8. Planned Acquisition Schedule

| Property name | (Anticipated) Signing date of purchase agreement | Anticipated acquisition date | Anticipated payment date |
|-----------------------------------|--|--------------------------------------|--------------------------------------|
| G-Bldg. Midosuji 01 | February 27, 2017 | March 31, 2017 | March 31, 2017 |
| G-Bldg. Shinsaibashi 03 (Bldg. B) | March 17, 2017 | March 17, 2017, by December 31, 2017 | March 17, 2017, by December 31, 2017 |
| MARINE & WALK YOKOHAMA | March 24, 2017 | March 24, 2017 May 1, 2017 | March 24, 2017, May 1, 2017 |
| G-Bldg. Naha-shintoshin 01 | February 27, 2017 | March 17, 2017 | March 17, 2017 |

(Note) A basic agreement was executed for MARINE & WALK YOKOHAMA on February 27, 2017 and a basic agreement was executed for G-Bldg. Shinsaibashi 03 (Bldg. B) on December 7, 2016 and a memorandum of understanding regarding the basic agreement on February 27, 2017 was executed, thereby we agreed on the purchase and sale of trust beneficiary interest in the properties with each seller.

9. Future outlook

The acquisition will have no particular impact on JRF's revenue forecast for the fiscal period ending February 2017 (the 30th fiscal period: September 1, 2016 to February 28, 2017).

For our revenue forecast for the fiscal period ending August 2017 (the 31st period: March 1, 2017 to August 31, 2017) and fiscal period ending February 2018 (the 32nd period: September 1, 2017 to February 28, 2018) after the acquisition of the Anticipated Properties, please refer to the press release titled "Notice Concerning Revised Forecasts for Operating Results for February 2017 (30th) Fiscal Period and August 2017 (31st) Fiscal Period and Forecasts for Operating Results and Distribution for February 2018 (32nd) Fiscal Period" dated today.

[Reference]

Definitions of individual calculation formulas

“NOI yield before depreciation,” “NOI yield after depreciation,” “Average NOI yield before depreciation” and “Average NOI yield after depreciation” are calculated using the following formulas:

NOI yield before depreciation = $((\text{Rental and other operating revenue} - \text{Property-related expenses}) + \text{Depreciation}) \div \text{Anticipated acquisition price}$
 NOI yield after depreciation = $(\text{Rental and other operating revenue} - \text{Property-related expenses}) \div \text{Anticipated acquisition price}$
 Average NOI yield before depreciation = $(\text{Total of (Rental and other operating revenue} - \text{Property-related expenses}) + \text{Total depreciation}) \div \text{Anticipated Properties} \div \text{Anticipated total acquisition price}$
 Average NOI yield after depreciation = $\text{Total of (Rental and other operating revenue} - \text{Property-related expenses}) \div \text{Anticipated Properties} \div \text{Anticipated total acquisition price}$

* Rental and other operating revenue, property-related expenses and depreciation of Anticipated Properties are calculated based on the actual results for the period from December 2015 to November 2016 provided by the sellers of the Anticipated Properties. In addition, they are also calculated based on the figures reflecting all the significant events happened until the date of this document (upward rent revisions of the existing lease contracts, the lease contracts signed/revised, trust agreements, property management agreements, building management agreements, the content of insurance policies, accrual-based taxes, and anticipated acquisition prices, and depreciation expenses calculated based on fixed asset registers/construction contracts). We have used the annualized actual results for the period from March 2016, the rent commencement date for all two tenants, to November 2016 for G-Bldg. Shinsaibashi 03 (Bldg. B main building). For rental and other operating revenue for G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), we have used the figure based on the terms and conditions (including rent) of the land lease agreement to be executed between Mitsubishi Corporation Urban Development, Inc. (as the owner of the building thereon as of the date of this notice) and Mitsubishi UFJ Trust and Banking Corporation (as the owner of the land and the trustee). For Property-related expenses for G-Bldg. Shinsaibashi 03 (Bldg. B land with leasehold interest), we have used the figure based on taxes and public dues. Also, as for MARINE & WALK YOKOHAMA, we have used the annualized actual results for the period from June 2016 to November 2016, although it was opened in March 2016, to eliminate the impact of the new store opening which is only temporary.

Descriptions of “3. Summary of Anticipated Properties”

Descriptions of items in “(1) Property Summary”

- “Anticipated acquisition date” is the anticipated acquisition date indicated in the Purchase Agreement or non-binding basic agreement for the Anticipated Properties. The date is subject to change upon agreement between JRF and a seller
- “Anticipated acquisition price” is the purchase price indicated in either the Purchase Agreement or non-binding basic agreement for the Anticipated Properties
- “Date of trust beneficiary rights set” in the “Summary of trust beneficiary rights” is as of today
- “Trustee” in the “Summary of trust beneficiary rights” is the name of the person who is or to be a trustee for each of Anticipated Properties
- “Trust period end” in the “Summary of trust beneficiary rights” is the last date of the trust period as set forth in the current trust agreement or as agreed or changed upon JRF’s acquisition of the property
- “Location” for land is the address of each property. However, “Location” for the properties is the registered address of the building in case addresses cannot be indicated officially
- “Area” for land and “Structure/stories,” “Date built,” “Total floor area” and “Type” for building are based on descriptions in registry books and may not match the present condition
- “Zoning” for land represents the classification of land by its use, as stipulated in Section 1-1, Article 8 of the City Planning Act (Act No. 100 of 1968, as amended)
- “FAR (floor area ratio)” for land is a ratio of the total floor area of the building to the site area, as stipulated in Article 52 Clause 1 of the Building Standards Act (Act No. 201 of 1950, as amended) (hereafter referred to as the “Building Standards Act”)
- “The building-to-land ratio” for land is the ratio of the building area of the structure to the site area, as stipulated in Article 53 Clause 1 of the Building Standards Act
- “Summary of building structure evaluation”
- It is a summary of the reports prepared by Tokyo Marine & Nichido Risk Consulting Co., Ltd. and ERI SOLUTION CO., LTD. on JRF’s request, concerning the building status of the Anticipated Properties (such as deterioration diagnosis, short-term and long-term repair planning, compliance with laws and ordinances (including Building Standards Act), toxic substances, and soil and environment research). The contents of the reports are the subjective opinions of such investigation firms, and we do not guarantee reasonableness or correctness of the contents
- “Evaluation date” is the date of the engineering report prepared by the investigation firms. “Immediate repair cost” is the expected repair cost for the problems that hinder daily operations or unfixed items in violation of the legal requirements. “Short-term repair cost” is the expected repair cost for items the early repair of which is desirable due to deterioration or items that may result in malfunction if not fixed, except for routine repair or renewal of interiors or facilities. “Long-term repair cost” is the total amount (and annual average amount thereof) of the estimated long-term repair costs (12 years or 20 years) as described in the engineering report prepared by the investigation firm
- “Collateral conditions” are the summary of any collateral interest that JRF bears or expects to bear after the acquisition of the property
- “Property manager” is the company we plan to hire after the acquisition of Anticipated Properties and may change in the future
- “Special notes” are the important items with respect to the legal rights or usage of each of the Anticipated Properties as well as any material items with regard to the value, profitability or liquidity of the property

Descriptions of items in “(2) Summary of Leases for Anticipated Properties”

- “Number of tenant(s)” is the total number of lease agreements with respect to buildings of the property used mainly as stores and offices (and properties of land with leasehold interest (including the property which is partly consisted of a land with leasehold (the “Properties Consisted of a Land with Leasehold Interest”))), based on the lease agreements and other documents expected to be in effect as of the anticipated acquisition dates for the Anticipated Properties.
- “Total leased area” is the leased areas of the building for each tenant as indicated in the lease agreement, excluding leased areas of warehouses and land (flat parking lot). As to and properties of land with leasehold interest including Properties Consisted of a Land with Leasehold Interest, areas of the land described in the lease agreement is indicated.
- “Occupancy rate” is computed by dividing the total leased area by the total leasable area based on the lease agreements and other documents in effect as of the anticipated acquisition date of each of the Anticipated Properties
- “Annual rent” is calculated by taking the total amount of monthly rents and common area fees indicated in the lease agreements and other documents in effect as of the anticipated acquisition date for each of the Anticipated Properties, and multiplying this amount by 12, rounded down to the nearest million yen. Rents for warehouses or land (flat parking lots) are excluded if they are expressly stated as such fees in the lease agreement. Revenue-based rent is mainly calculated based on sales in November 2016
- “Period of contract” is the period as described in the lease agreement in case the number of the tenant(s) is one for the property
- “Tenant leasehold/security deposit” is the total amount of the outstanding balance of the tenant leasehold/security deposit based on the lease agreements and other documents in effect as of the anticipated acquisition date of each of the Anticipated Properties, rounded down to the nearest million yen
- “Renewal and revision of contract” represents whether or not renewal, rent revision or withdrawal of contracts is possible for lease contracts with our major tenants

Descriptions of items in “Appraisal Report Summary”

- This is the summary of appraisal reports or valuation reports on the Anticipated Properties prepared by CBRE K.K. or The Tanizawa Sogo Appraisal Co., Ltd. pursuant to Considerations for Real Estate Appraisals under the Investment Trust Act, and Act on Real Estate Appraisal and Real Estate Appraisal Standard (Act No. 152 of 1963, including later amendments) at our request. The results of the appraisals or valuations are subjective judgments and views of the appraiser at a particular time, and we do not guarantee reasonableness or correctness of the contents or possibility of a transaction at the appraisal or estimated value

Descriptions of items in “Property Characteristics”

- “Highlights” described in “Property Characteristics” reflect the views of the Asset Manager, which is based on the materials and information, including reports, the Asset Manager obtained from BAC Urban Projects and others during the due diligence process. Those reports and other materials are based on the judgments and opinions of third-party experts at a particular time, and the reasonableness and correctness of the contents are not guaranteed
- “Appraisal value” described in “Property Characteristics” reflects appraisal or estimated value included in appraisal reports or valuation reports

Note:

This press release is intended as general information for the announcement regarding JRF’s acquisition and lease of real estate trust beneficiary rights in Japan, and has not been prepared for the purpose of solicitation of investment.