

November 15, 2017

To all concerned parties:

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Notice Concerning Acquisition of a Trust Beneficiary Right in the Real Estate in Japan
(G-Bldg. Kobe Sannomiya 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 right in the real estate of G-Bldg. Kobe Sannomiya 01 (the “Property”) as outlined below.

1. Overview of acquisition

1) Property type	Trust beneficiary right in real estate
2) Property name	G-Bldg. Kobe Sannomiya 01 ^(Note 1)
3) Location	1-15 Kitanagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo
4) Acquisition price (scheduled)	3,000 million yen
5) Appraisal value	3,160 million yen (as of November 1, 2017)
6) Contract completion date (scheduled)	November 17, 2017
7) Acquisition date (scheduled)	November 17, 2017
8) Seller	Not disclosed ^(Note 2)
9) Acquisition funds (scheduled)	Cash on hand
10) Payment	Full payment at closing

(Note 1) The property is currently known as Tor Road Square Showa, but the above name shall be used for management purposes by the Asset Manager following the acquisition.

(Note 2) Not disclosed as the seller has not agreed to the disclosure.

2. Reasons 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.

For acquisition of the Property, JRF evaluated the following in particular:

Highlight of acquisition

A multi-tenant urban retail property along Tor Road within walking distance of Sannomiya Station, a major terminal station in the Kansai region, and Motomachi Station.

Attractiveness of market

- Sannomiya/Motomachi is a major retail area in the Kansai region, encompassing Sannomiya Station serving multiple train lines, and Motomachi Station to its west. It is formed by retail properties such as department stores, specialty store buildings, and street-level stores.
- It is a busy area both during the day and at night, patronized mainly by people who live and work in the surrounding area.

Attractiveness of location

- The property is well-located, being a 3-minute walk from JR Motomachi Station and a 5-minute walk from Sannomiya Station serving multiple lines.
- It is a vibrant location facing Tor Road, which joins the Yamate area and the Former Foreign Settlement of Kobe, lined with many retail facilities such as Daimaru Department Store and Kobe BAL, apparel stores, sundry goods stores, and cafés.

Attractiveness of facility

- Besides a furniture store and a sports gym, it is occupied by a variety of tenants matching the area's characteristics, such as a multi-brand second-hand clothes store and a beauty salon.

■ Photo / Property Location Map

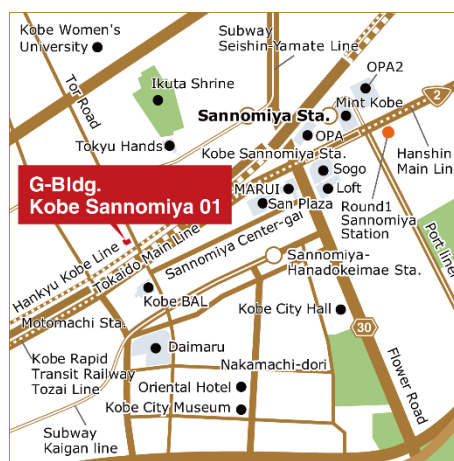
Property Photo



Tor Road



Map



3. Property Summary

Property name (Property Number)			G-Bldg. Kobe Sannomiya (U-55)			
Type of asset			Trust beneficiary right in real estate			
Trustee			Mitsubishi UFJ Trust and Banking Corporation			
Trust period			June 19, 2015 – November 30, 2025 (Scheduled)			
Location (address)			1-15 Kitanagasa-dori 3-chome, Chuo-ku, Kobe-shi, Hyogo			
Land	Land area		797.18 m ²			
	Zoning		Commercial district	Type of possession	Ownership	
Building	Structure / stories		6 stories above ground and 1 basement floor, reinforced concrete structure with flat roof			
	Total floor area		4,314.4 m ²			
	FAR / building-to-land ratio		600%, 500% / 80%	Type	Retail	
	Completion date		October 19, 2000	Type of possession	Ownership	
	Design		Nakata Construction Office Co., Ltd.			
	Construction		Kobe Branch, Kumagai Gumi Co., Ltd.			
	Constructional Inspector		Kobe City Building Official			
	PML		8.0% (Based on the earthquake risk assessment (details) report dated October 2017 jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)			
Acquisition price			3,000 million yen			
Appraisal value			3,160 million yen (as of November 1, 2017)			
Appraiser			Tanizawa Sōgō Appraisal Co., Ltd.			
Tenant summary	Number of tenants (main tenants)		5 ^(Note 1) / Not disclosed ^(Note 2)			
	Annual rent		Not disclosed ^(Note 2)			
	Tenant leasehold / security deposit		Not disclosed ^(Note 2)			
	Total leased area		3,750.40 m ²	Occupancy rate (based on leased area)	100%	
	Total leasable area		3,750.40 m ²			
	Main tenants	Period of contract		Not disclosed ^(Note 2)		
		Type of contract		Not disclosed ^(Note 2)		
		Revision of rent		Not disclosed ^(Note 2)		
		Early termination		Not disclosed ^(Note 2)		
	Collateral conditions			None		
Special notes			None			

• Figures of less than one hundred yen are rounded down, and percentages are rounded to the nearest second decimal place.

• "Location" represents the address of each property or the registered address of the building.

• "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 tenants" represents the total number of lease contracts as of today.

• "Total leased area" and "Total leasable area" represent the total sums and areas in the lease contracts, etc. as of today.

(Note 1) JRF will take out a master lease for this property from the Trustee, Mitsubishi UFJ Trust and Banking Corporation, and sublet it to the subtenants.

(Note 2) Not disclosed as the seller has not agreed to the disclosure.

4. Profile of the Seller

The seller is a domestic fund but we have not obtained the necessary permission from the seller to disclose its name and other related information. There are no capital, personal or business relationships to note between JRF/the Asset Manager and the seller. In addition, the seller does not fall under the category of a related party of JRF/the Asset Manager.

5. Ownership History of the Building to Be Acquired

The Property is not acquired from a seller which falls under the category of a related party of JRF and the Asset Manager.

6. Broker

None

7. Matters Concerning Forward Commitment

None

8. Means of Payment

Full payment at closing

9. Planned Acquisition Schedule

Decision-making date	November 15, 2017
Purchase agreement signing date	November 17, 2017 (Scheduled)
Payment date	November 17, 2017 (Scheduled)
Acquisition date	November 17, 2017 (Scheduled)

10. Future Outlook

The impact of the Acquisition on our forecasts for the fiscal periods ending February 2018 (the 32nd period: September 1, 2017 – February 28, 2018) and August 2018 (the 33rd period: March 1, 2018 – August 31, 2018) is minimal. As a result, the forecasts will not be revised.

11. Appraisal Report Summary

Property name	G-Bldg. Kobe Sannomiya 01
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	3,160 million yen
Appraisal date	November 1, 2017

Item	Value	Notes
Indicated value by income approach	3,160 million yen	
DC method	3,220 million yen	
Operating income	202 million yen	
Effective gross income	213 million yen	
Losses from vacancy, etc.	11 million yen	
Operational cost	60 million yen	
Maintenance and management fee	8 million yen	
Utility cost	30 million yen	
Repair expenses	3 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	3 million yen	
Property tax	12 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	2 million yen	
Net operating income	141 million yen	
Operating profit on lump-sum payments	1 million yen	
Capital expenditure	8 million yen	
Net cash flow	135 million yen	
Capitalization rate	4.2%	
DCF method	3,140 million yen	
Discount rate	4.3%	
Terminal capitalization rate	4.4%	
Indicated value by cost approach	3,120 million yen	
Land ratio	86.5%	
Building ratio	13.5%	

Other matters of consideration	N/A
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[Reference]

Prospective Income and Expenditures for the Property

Prospective Income and Expenditures	
NOI (Net Operating Income)	153 million yen
NOI yield	5.1 %
Depreciation	14 million yen
NOI yield after depreciation	4.6%

- NOI is based on the annual income according to the lease contract as of today.
- NOI yield is calculated by dividing NOI by the acquisition price and rounded to the nearest second decimal place.
- Depreciation is the approximate estimate as of today.
- NOI yield after depreciation is calculated by dividing NOI after deducting depreciation by the acquisition price and rounded to the nearest second decimal place.

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