

July 4, 2018

To all concerned parties:

Investment Corporation

Japan Retail Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 8953)

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Notice Concerning Acquisition of Real Estate in Japan

(G-Bldg. Abeno 01 (Annex building) (Land with leasehold interest))

Japan Retail Fund Investment Corporation (“JRF”) announced today that Mitsubishi Corp. – UBS Realty Inc., JRF’s asset manager (the “Asset Manager”), determined to acquire a property of land adjacent to G-Bldg. Abeno 01 (the “Property”) as outlined below.

1. Overview of acquisition

1) Property type	Real estate ^(Note 1)
2) Property name	G-Bldg. Abeno 01 (Annex building) (Land with leasehold interest) ^(Note 2)
3) Location	66-1 Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka, etc.
4) Acquisition price (scheduled)	185 million yen
5) Appraisal value	201 million yen (as of May 1, 2018)
6) Contract completion date (scheduled)	July 5, 2018 (Scheduled)
7) Acquisition date (scheduled)	July 5, 2018 (Scheduled)
8) Seller	Not disclosed ^(Note 3)
9) Acquisition funds (scheduled)	Cash on hand
10) Payment	Full payment at closing

(Note 1) JRF plans to additionally entrust the Property on the date of acquisition to the trust pertaining to G-Bldg. Abeno 01, located on the adjacent plot of land, which was acquired on October 1, 2015, and manage both properties as a single asset. The same applies hereinafter.

(Note 2) The property is currently known as *Abeno rotary building*, but the above name shall be used for management purposes by the Asset Manager following the acquisition.

(Note 3) Not disclosed as the seller has not agreed to the disclosure.

2. Reasons for Acquisition

For acquisition of the Property, JRF evaluated the followings:

Highlight of acquisition

Land with leasehold interest in a retail property located close to Tennoji Station and adjacent to property that is already owned. JRF intends to ensure the possibility of single redevelopment in the future.

Room for possible redevelopment

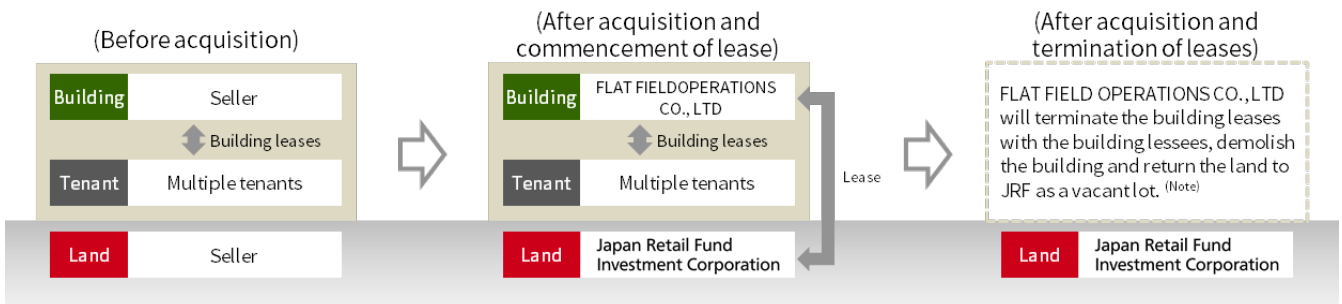
- As the Property is adjacent to the land of G-Bldg. Abeno 01, it will be possible for a single redevelopment to be carried out in the future.
- At the time of acquisition of the Property, it is planned to enter into a 20-year land lease contract for business purposes (the “Lease”) with the new acquirer of the building on the Property (the “Building Acquirer”), and when the Lease expires, the Building Acquirer will demolish the building and the Property will be returned to JRF as a vacant lot. ^(Note)

(Note) The costs of making the Property into a vacant lot, including the building demolition costs, will be paid by JRF as the owner of the land.

Scheme for acquiring land with leasehold interest without acquiring the building

- The building on the Property was built 45 years ago, and as it does not satisfy JRF’s due diligence standards, JRF has constructed a scheme for acquiring the land with leasehold interest in cooperation with the Building Acquirer.

< Acquisition scheme >

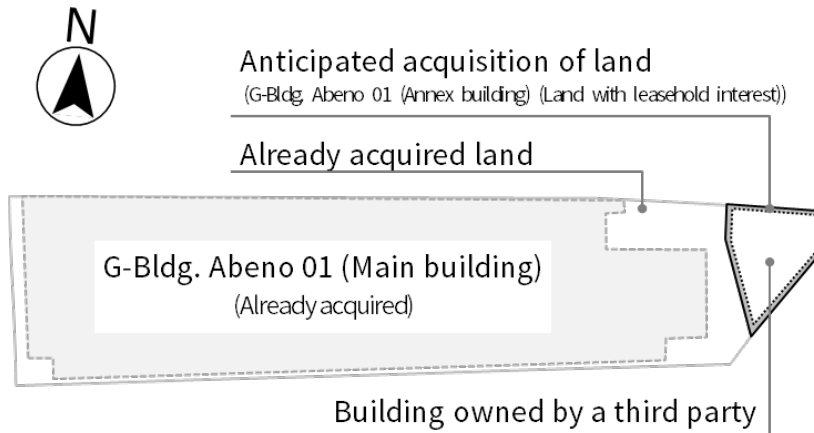


(Note) The costs of making the Property into a vacant lot, including the building demolition costs, will be paid by JRF as the owner of the land.

Long-Term Stable Lease

- Stable rental income will be provided over the long term through the Lease entered into with the Building Acquirer at the time of acquisition of the Property.

< Schematics of the acquisition (for reference purposes) >



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

■ Photo / Property Location Map

Property Photo (Property and Annex building)



Property Photo
(G-Bldg. Abeno 01 Main and Annex buildings)



Map



3. Property Summary

Property name (Property Number)			G-Bldg. Abeno 01 (Annex building) (Land with leasehold interest) (U-42)		
Type of asset			Real estate		
Trustee			-		
Trust period			-		
Location			66-1 Abenosuji 1-chome, Abeno-ku, Osaka-shi, Osaka, etc.		
Land	Land area		43.51 m ²	Zoning	Commercial district
	FAR / building-to-land ratio		800%／80%	Type of possession	Ownership
Building	Structure / stories		-		
	Total floor area		-	Type	-
	Completion date		-	Type of possession	-
	Design		-		
	Construction		-		
	Constructional Inspector		-		
PML		-			
Acquisition price			185 million yen		
Appraisal value			201 million yen (as of May 1, 2018)		
Appraiser			CBRE, K.K.		
Tenant summary	Number of tenants (main tenants)		1 (FLAT FIELD OPERATIONS CO., LTD)		
	Annual rent		Not disclosed ^(Note)		
	Tenant leasehold / security deposit		10 million yen		
	Total leased area		43.51 m ²	Occupancy rate (based on leased area)	100.0%
	Total leasable area		43.51 m ²		
	Main tenants	Period of contract	July 5, 2018 – July 4, 2038		
		Type of contract	Land lease contract for business purposes		
		Revision of rent	Not disclosed ^(Note)		
		Early termination	Not disclosed ^(Note)		
Collateral conditions			None		
Special notes			Based on the land lease contract for business purposes planned to be entered into with the tenant after the acquisition of the Property, the tenant will be obliged to remove the building on the Property when the contract expires. In addition, it has been agreed with the tenant that the costs of the removal will be paid by IRF as the lessor.		

- 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. As there is a difference between the land area in registry books and the surveyed land area (56.79 m²), JRF plans to register a correction of the land area after the acquisition.
 - “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) Not disclosed as the tenant has not agreed to the disclosure.

4. Profile of the Seller

The seller is an individual 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 an interested 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	July 4, 2018	
Purchase agreement signing date	July 5, 2018	(Scheduled)
Payment date	July 5, 2018	(Scheduled)
Acquisition date	July 5, 2018	(Scheduled)

10. Future Outlook

There will be minimal impact on our operating results for the August 2018 fiscal period (from March 1, 2018 to August 31, 2018) and February 2019 fiscal period (from September 1, 2018 to February 28, 2019); thus, we have made no revision to our forecasts.

11. Appraisal Report Summary

Property name	G-Bldg. Abeno 01 (Annex building) (Land with leasehold interest)
Appraiser	CBRE, K.K.
Appraisal value	201 million yen
Appraisal date	May 1, 2018

Item	Value	Notes
Indicated value by income approach	201 million yen	
DC method	202 million yen	
Operating income	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.
Effective gross income	Not disclosed	
Losses from vacancy, etc.	Not disclosed	
Operational cost	Not disclosed	
Maintenance and management fee	0 yen	
Utility cost	0 yen	
Repair expenses	0 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.
Leasing cost	0 yen	
Property tax	0 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.
Other expenses	0 yen	
Net operating income	9 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	0 yen	
Net cash flow	9 million yen	
Capitalization rate	4.5 %	
DCF method	201 million yen	
Discount rate	4.1 %	
Terminal capitalization rate	4.6 %	
Indicated value by cost approach	199 million yen	
Land ratio	100 %	
Building ratio	-	

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)	9 million yen
NOI yield	5.1 %
Depreciation	-
NOI yield after depreciation	5.1 %

- 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.
- NOI yield after depreciation is calculated by dividing NOI after deducting depreciation by the acquisition price and rounded to the nearest second decimal place.