

July 26, 2018

To all concerned parties:

Investment Corporation

Japan Retail Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 8953)

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Asset Management Company

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Notice Concerning Disposition of Trust Beneficiary Right
in Ito-Yokado Kawasaki (Main Building and Annex)

Japan Retail Fund Investment Corporation (“JRF”) announced today that Mitsubishi Corp. – UBS Realty Inc., JRF’s asset manager (the “Asset Manager”), determined to dispose of the trust beneficiary right in Ito-Yokado Kawasaki (Main Building and Annex) (the “Property”) as outlined below.

1. Overview of Disposition

1) Property name	Ito-Yokado Kawasaki (Main Building and Annex)
2) Type of asset	Trust beneficiary right in real estate
3) Disposition price	13,500 million yen
4) Book value ^(Note 1)	13,540 million yen
5) Difference between disposition price and book value ^(Note 1)	▲40 million yen
6) Purchaser	Not disclosed ^(Note 2)
7) Completion date of contract	July 27, 2018 (scheduled)
8) Disposition date	August 1, 2018 (scheduled)

(Note 1) Book value refers to the estimated figures as of the end of the fiscal period ended August 2018 (the 33rd period).

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

2. Reason for Disposition

Highlights

1. Dispose of a GMS type^(note 1) asset with a risk of deterioration of the competitive market environment at a level above appraisal value by leveraging the current favorable real estate market conditions
2. Dispose of an asset whose NOI yield after depreciation is below the portfolio average and has limited margin for upsides

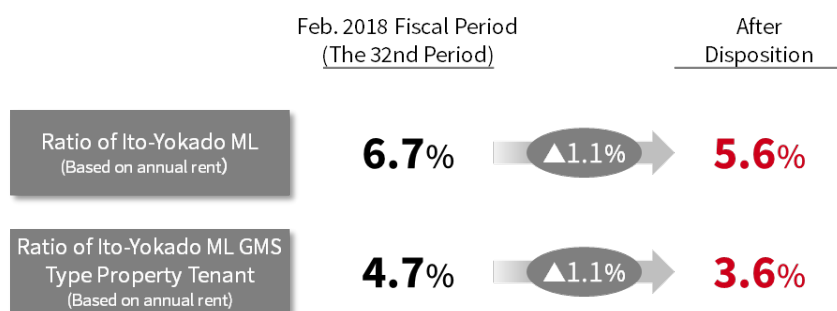
The Property is a GMS type asset with Ito-Yokado as the main tenant. Although it is located in a high population density area and has abundant commercial volume, a supermarket opened in a nearby commercial facility and other competitors may open, which is expected to cause further deterioration of the competitive market environment. In addition, the Property is financially constrained with an NOI yield after depreciation of 2.9% in the February 2018 (32nd) fiscal period, which is below JRF's portfolio average of 3.7%, and unrealized losses.

Although the Property has an extensive primary trade area and a certain degree of tenant substitutability, the margin for upsides is limited. JRF concluded that the most appropriate course of action would be to leverage the current favorable real estate market conditions and dispose of the asset at a price above its appraised value and decided to sell the Property.

JRF, through its portfolio management, seeks to optimize the composition of its assets in line with the changes in Japan's demographics, consumption structure and behavior, and aims to increase the unitholder value by enhancing the profitability and stability of its portfolio.

In light of the favorable real estate market, JRF will continue to dispose of assets whose relative locational advantage is declining, primarily GMS type assets, and use the proceeds from the sales to acquire superior properties, primarily urban type assets, and optimize its portfolio.

<Change in Ratios of Ito-Yokado ML Rents ^(Note 2) and Ito-Yokado ML GMS Type Property Tenant Rents (Reference)>



(Note 1) "GMS type" refers to a shopping center that has a GMS as the anchor tenant in addition to other specialty store tenants. GMS stands for General Merchandise Stores, which are large-scale supermarkets that sell a wide variety of daily-needs products.

(Note 2) "Ito-Yokado ML" refers to the total annual rent of Ito-Yokado, which is a master-lease tenant, expressed as a percentage of the total annual rent of all of the properties in our portfolio.

3. Property Summary ^(Note)

Property name (Property Number)		Ito-Yokado Kawasaki (S-1)				
Type of asset		Trust beneficiary right in real estate				
Trust beneficiary		Main: Sumitomo Mitsui Trust Bank, Limited Annex: Resona Bank, Limited.				
Trust period		Main: June 8, 2020 Annex: December 26, 2020				
Use		Retail/Office/Parking				
Location (address)		Main: 2-1, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa Annex: 1-2, Oda-sakae 2-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa				
Land	Land area	Main: 40,205.81 m ² Annex: 10,558.40 m ²				
	Type of possession	Ownership	Zoning	Neighborhood commercial district, quasi-residential district		
Building	Structure / stories	6 stories above ground, SRC-structure / steel frame with flat roof, etc.				
	Total floor area	Main : 50,795.60 m ² Annex : 11,922.08 m ²				
	Type of possession	Ownership	Completion date	Main: May 31, 2000 Annex: May 31, 2001		
Appraisal value		13,030 million yen (as of February 28,2018)				
Appraiser		Japan Real Estate Institute				
Tenant Summary (as of end of June 2018)	Number of tenants (main tenants)	5 (Ito-Yokado)				
	Annual rent	882 million yen				
	Tenant leasehold / security deposit	665 million yen				
	Total leased area	65,313.47 m ²				
	Total leasable area	65,313.47 m ²				
	Occupancy rate (based on leased area)	End of February 2016	End of August 2016	End of February 2017	End of August 2017	End of February 2018
		100.0%	100.0%	100.0%	100.0%	100.0%
Collateral conditions		A mortgage is assigned to the land and the building in order to secure the obligation to refund the tenant leasehold and security deposit to Ito-Yokado Co., Ltd. and Alpen Co., Ltd.				
Special notes		• A city planning project will be conducted on a portion of the land (approximately 1,395 m ²) as a city planning road, and thus, that portion of the land is subject to building restrictions under the City Planning Act. The building was constructed premised on those building restrictions. • JRF contributed a portion of the outdoor parking space located on the land (1,121.13 m ²) to Kawasaki-shi on March 30, 2015 when road development conducted as a part of the district plan led by Kawasaki-shi was completed. • In its relationship with the purchaser, JRF bears a duty to correct, under its own responsibility and at its own expense, indications in the Engineering Report regarding the Property.				

- 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" and "Total floor area" are based on descriptions in registry books. Also, land area refers to area following the contribution to Kawasaki-shi.
- "Zoning" represents the classification of land by its use, stipulated in Section 1-1, Article 8 of the City Planning Act.

(Note) Other than items where the Main Building and the Annex are specified individually, the particulars and figures refer to the entire Property.

4. Overview of Purchaser

The purchaser is a domestic company but we have not obtained the necessary permission from the purchaser 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 purchaser. In addition, the purchaser does not fall under the category of a related party of JRF/the Asset Manager.

5. Overview of Brokerage

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

6. Means of Payment

Full payment at the time of transfer

7. Disposition Schedule

Decision-making date	July 26, 2018	
Disposition contract signing date	July 27, 2018	(Scheduled)
Payment date	August 1, 2018	(Scheduled)
Property transfer date	August 1, 2018	(Scheduled)

8. 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.

9. Appraisal Report Summary

Property name	Ito-Yokado Kawasaki Main Building, Ito-Yokado Kawasaki Annex
Appraiser	Japan Real Estate Institute

	Main	Annex	Total ^(Note1)
Appraisal value	10,100 million yen	2,930 million yen	13,030 million yen
Appraisal date	February 28, 2018	February 28, 2018	-

Item	Main	Annex	Total ^(Note1)
Indicated value by income approach	10,100 million yen	2,930 million yen	13,030 million yen
DC method	10,200 million yen	2,950 million yen	13,150 million yen
Operating income	697 million yen	218 million yen	915 million yen
Effective gross income	697 million yen	218 million yen	915 million yen
Losses from vacancy, etc.	0 yen	0 yen	0 yen
Operational cost	142 million yen	49 million yen	192 million yen
Maintenance and management fee	0 million yen	5 million yen	5 million yen
Utility cost	0 yen	0 million yen	0 million yen
Repair expenses	16 million yen	5 million yen	22 million yen
Property manager fee	Not disclosed ^(Note 2)	Not disclosed ^(Note 2)	Not disclosed ^(Note 2)
Leasing cost	0 yen	0 yen	0 yen
Property tax	121 million yen	33 million yen	155 million yen
Insurance premium	Not disclosed ^(Note 2)	Not disclosed ^(Note 2)	Not disclosed ^(Note 2)
Other expenses	4 million yen	3 million yen	7 million yen
Net operating income	554 million yen	168 million yen	723 million yen
Operating profit on lump-sum payments	5 million yen	1 million yen	6 million yen
Capital expenditure	39 million yen	13 million yen	52 million yen
Net cash flow	520 million yen	156 million yen	676 million yen
Capitalization rate	5.1%	5.3%	-
DCF method	10,000 million yen	2,910 million yen	12,910 million yen
Discount rate	4.7%	5.0%	-
Terminal capitalization rate	5.4%	5.5%	-
Indicated value by cost approach	11,100 million yen	2,920 million yen	14,020 million yen
Land ratio	77.2%	74.5%	-
Building ratio	22.8%	25.5%	-

Other matters of consideration	N/A	N/A	-
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(Note 1) For reference purposes, the total amounts of the appraisal values and items of the Main Building and the Annex shown in the respective appraisal reports are provided.

(Note 2) As the disclosure of this item may negatively affect JRF's competitiveness and business to the detriment of its unitholders, the Asset Manager has decided not to disclose this information here, and have included it under "Other expenses" instead.