

December 19, 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 Acquisition of a Trust Beneficiary Right
in the Real Estate in Japan (Round1 Stadium Kawasaki Daishi)

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 trust beneficiary right in the real estate of Round1 Stadium Kawasaki Daishi (the “Property”) as outlined below.

1. Overview of acquisition

1) Property type	Trust beneficiary right in the real estate
2) Property name	Round1 Stadium Kawasaki Daishi
3) Location	5-1, Tonomachi 1-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa
4) Acquisition price (scheduled)	2,370 million yen
5) Appraisal value	2,930 million yen (as of December 1, 2018)
6) Contract completion date	December 19, 2018
7) Acquisition date (scheduled)	December 25, 2018 (Scheduled)
8) Seller	Not disclosed ^(Note)
9) Acquisition funds (scheduled)	Cash on hand (Scheduled)
10) Payment	Full payment at closing

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

2. Reasons for Acquisition

JRF is optimizing its asset structure in response to changes in the environment surrounding retail properties including changes in demographics in Japan, expanding inbound tourism, advances in e-commerce, and increasing leisure time. To optimize its asset structure, JRF has divided its portfolio into Core, Secondary core, and Sub assets ^(Note 1) and is focusing on the portfolio of Core properties in locations where people gather and that enable JRF to demonstrate its ability to attract people. As it increases the percentage of Core assets, JRF will place greater emphasis on its asset replacement strategy.

Acquisition of the Property entails the acquisition of an asset categorized as a Residential Station type property (Retail property located around station in highly populated area) in accordance with the asset replacement strategy.

For acquisition of the Property, JRF evaluated the following:

(Note 1) The Core asset category comprises Prime, Major Station, and Residential Station type properties; the Secondary core asset category comprises Suburban Mall and Value-added type properties; and the Sub asset category comprises GMS / Roadside type properties.

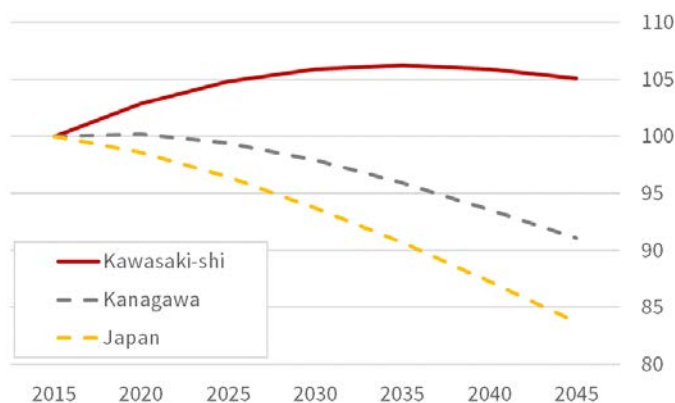
Highlight of acquisition

The Property is classified as a Residential Station type property in the Core asset category. It is a complex entertainment facility in a commercial area with a high population and good transportation access.

Attractiveness of market

- The property is surrounded by high-density residential areas with a population of 244,000 within a three-kilometer radius and 629,000 within a five-kilometer radius. The market has high residential and daytime populations.
- The population of Kawasaki-shi is trending upward, and the market will maintain a high population over the long term.

< Population outlook for Kawasaki-shi, Kanagawa, and Japan ^(Note 2) >



(Source) The data in 2015 is from “Census”, the data after 2020 is from the projections calculated based on Census by National Institute of Population and Social Security Research.

(Note 2) The populations of Kawasaki-shi, Kanagawa and Japan in 2015 are set to 100.

Attractiveness of location

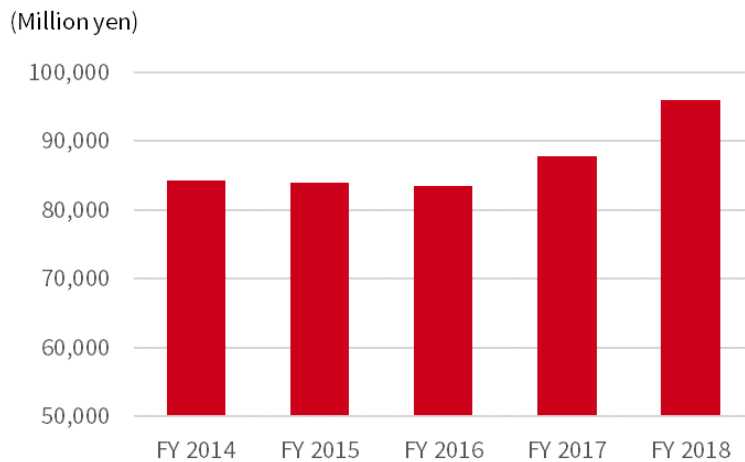
- The facility is located around a station at residential districts within 30 minutes from Yokohama Station, a main business area.
- Access to the site is extremely good: It is about a one-minute walk from the Sangyodoro Station on the Keikyu Daishi Line and can be accessed from JR Kawasaki Station by public bus or free shuttle bus.
- The site is located at the intersection of Prefectural Road No. 6 (Sangyodoro) and National Road No. 409, providing good vehicular access; visibility is excellent, and the site can be entered from the north and south sides.
- The site offers high potential in anticipation of various use needs other than commercial facilities.

Attractiveness of facility

- The facility, operated by ROUND ONE Corporation, is the only stadium-type commercial facility in Kanagawa and comprises bowling alleys, arcade games, karaoke, and Spo-Cha ^(Note 3). It is the top such facility in Japan in terms of sales.
- A fixed-term leasing contract for a long term has been executed.
- ROUND ONE's overall sales levels are favorable as a result of expansion of the sales base due to higher experience-oriented consumption needs and by opening sites in the United States.

(Note 3) "Spo-Cha" is the sports-theme facility which charges by time.

<Changes in Round One's Total Sales>



(Source) Prepared by the Asset Manager based on "Analysis of present states and future prospects 「Term 2019.3 (Apr.2018 ~Sep.2018) Outline of Financial Results」" by ROUND ONE CORPORATION.

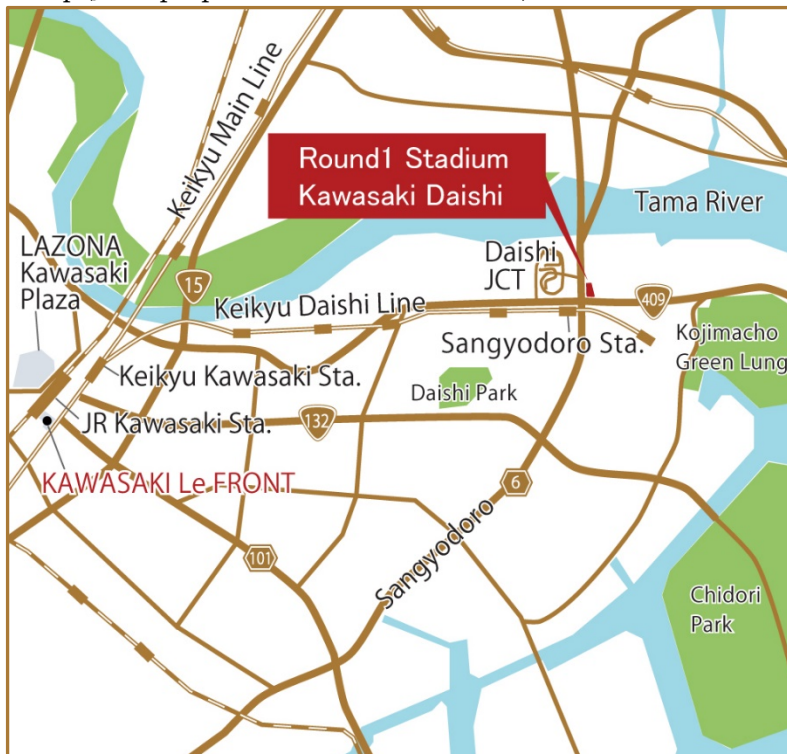
■ Property photo / Property Location Map
Neighborhood area



Property photo



Map (JRF's properties are indicated in red)



3. Property Summary ^(Note1)

Property Summary					
Property name (Property Number)		Round1 Stadium Kawasaki Daishi (U-59)			
Type of asset		Trust beneficiary right in the real estate			
Trustee		Mitsubishi UFJ Trust and Banking Corporation			
Trust period		November 7, 2003 – December 31, 2028 (Scheduled)			
Location		5-1, Tonomachi 1-chome, Kawasaki-ku, Kawasaki-shi, Kanagawa			
Land	Land area	6,066.38 m ²	Zoning	Quasi-industrial district	
	FAR / building-to-land ratio	200%/60%	Type of possession	Ownership	
Building	Structure / stories		6 stories above ground, SRC-structure with flat roof		
	Total floor area		13,559.17 m ²	Type	Recreation hall/Parking/waste storage
	Completion date		November 29, 2004	Type of possession	Ownership
	Design		Architect Connects Computerize Information Processing System Co.,Ltd.		
	Construction		SHIMIZU CORPORATION, Yokohama Branch		
	Constructional Inspector		JAPAN ERI CO.,LTD.		
PML		4.5% (Based on the earthquake risk assessment (details) report dated October 2018 jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)			
Acquisition price		2,370 million yen			
Appraisal value		2,930 million yen (as of December 1, 2018)			
Appraiser		Tanizawa Sôgô Appraisal Co., Ltd.			
Tenant summary	Number of tenants (main tenants)		1 / Round1		
	Annual rent		Not disclosed ^(Note)		
	Tenant leasehold / security deposit		Not disclosed ^(Note)		
	Total leased area		13,559.17 m ²	Occupancy rate (based on leased area)	100.0%
	Total leasable area		13,559.17 m ²		
	Main tenants	Period of contract		20 years (until November 28, 2031)	
		Type of contract		Fixed-term lease contract	
		Revision of rent		Not disclosed ^(Note)	
		Early termination		Not disclosed ^(Note)	
Collateral conditions		None			
Special notes		None			

- Figures of less than one million 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.
 - “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 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 a domestic Tokutei Mokuteki Kaisha 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

The broker of the property is a domestic corporation, the name and other details of which have not been disclosed because the broker has not consented thereto. JRF and the Asset Manager do not have any capital or personal ties with the broker requiring mention.

7. Matters Concerning Forward Commitment

None

8. Means of Payment

Full payment at closing

9. Planned Acquisition Schedule

Decision-making date	December 19, 2018
Purchase agreement signing date	December 19, 2018
Payment date	December 25, 2018 (Scheduled)
Acquisition date	December 25, 2018 (Scheduled)

10. Future Outlook

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

11. Appraisal Report Summary

Property name	Round1 Stadium Kawasaki Daishi
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	2,930 million yen
Appraisal date	December 1, 2018

Item	Value	Notes
Indicated value by income approach	2,930 million yen	
DC method	2,960 million yen	
Operating income	Not disclosed	
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 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, the Asset Manager has decided not to disclose this information here, and have included it under "Other expenses" instead.
Leasing cost	0 million yen	
Property tax	25 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, the Asset Manager has decided not to disclose this information here, and have included it under "Other expenses" instead.
Other expenses	1 million yen	
Net operating income	133 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	0 million yen	
Net cash flow	133 million yen	
Capitalization rate	4.5 %	
DCF method	2,920 million yen	
Discount rate	4.4 % (1st year) 4.6 % (2nd to 10th years)	
Terminal capitalization rate	4.7 %	
Indicated value by cost approach	2,920 million yen	
Land ratio	78.2 %	
Building ratio	21.8 %	

Other matters of consideration	N/A
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[Reference]

Prospective Income and Expenditures for the property

Current Income and Expenditures	
NOI (Net Operating Income)	133 million yen
NOI yield	5.6%
Depreciation	20 million yen
NOI yield after depreciation	4.8%

- 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.