

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 (G-Bldg. Jingumae 08)

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 G-Bldg. Jingumae 08 (the “Property”) as outlined below.

1. Overview of acquisition

1) Property type	Trust beneficiary right in the real estate
2) Property name	G-Bldg. Jingumae 08 ^(Note 1)
3) Location	25-5 Jingumae 3-chome, Shibuya-ku, Tokyo
4) Acquisition price (scheduled)	2,490 million yen
5) Appraisal value	2,580 million yen (as of December 1, 2018)
6) Contract completion date	December 21, 2018 (Scheduled)
7) Acquisition date (scheduled)	December 21, 2018 (Scheduled)
8) Seller	Not disclosed ^(Note 2)
9) Acquisition funds (scheduled)	Cash on hand (Scheduled)
10) Payment	Full payment at closing

(Note 1) The current name of the property is different from G-Bldg. Jingumae 08, but the name shall be used 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 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) 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 Prime property located in the Omotesando-Aoyama-Harajuku area, one of Japan’s key retail centers, in accordance with the asset replacement strategy.

For acquisition of the Property, JRF evaluated the following:

(Note) 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 Prime property in the core asset category. It is located along Harajuku Street in the Omotesando-Aoyama-Harajuku area, one of Japan's key retail centers.

Attractiveness of market

- The Omotesando-Aoyama-Harajuku area where the Property is located is one of Japan's representative retail centers and has a high concentration of diverse tenants ranging from luxury to casual brands.
- Acquisition of the Property will bring JRF's investment in the Omotesando-Aoyama-Harajuku area to 113.5 billion yen (total of acquisition prices) in 16 properties. JRF has the most properties in this area and is highly familiar with its trends.

Attractiveness of location

- The Property is well-located, about a six-minute walk from the Tokyo Metro Meiji-jingumae Station and about a nine-minute walk from JR Harajuku Station.
- Harajuku Street, east of Meiji Street, has a high concentration of small apparel shops (vintage clothing, sneakers, etc.) with high levels of customer preference as well as hair salons, eating and drinking establishments, offices, and so on.

Attractiveness of facility

- A highly adaptable floor plan that can be tailored to the needs of the businesses of tenants commonly seen in the vicinity (the standard floor area is approximately 50 tsubo)).
- The building has high ceiling compared to similar structures and is a rarity with a roof balcony.
- The exterior features an attractive design created by an apparel brand for its own use.

■ Property photo / Property Location Map

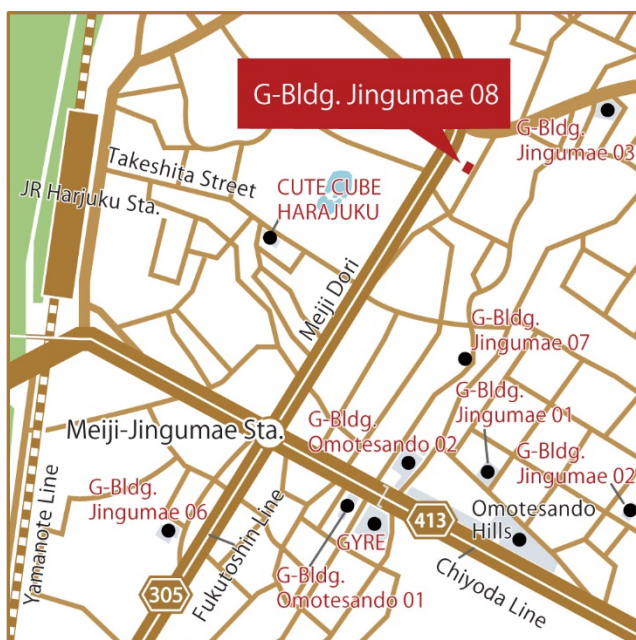
Property photo



Harajuku Street



Map (JRF's properties are indicated in red)



3. Property Summary

Property Summary				
Property name (Property Number)		G-Bldg. Jingumae 08 (U-58)		
Type of asset		Trust beneficiary right in the real estate		
Trustee		Mitsubishi UFJ Trust and Banking Corporation		
Trust period		April 9, 2004 – December 31, 2028 (Scheduled)		
Location		25-5 Jingumae 3-chome, Shibuya-ku, Tokyo		
Land	Land area	289.58 m ²	Zoning	Commercial district, Neighborhood commercial district
	FAR / building-to-land ratio	500%, 300%/80%	Type of possession	Ownership
Building	Structure / stories	5 stories above ground and 1 basement floor, SRC-structure with flat roof		
	Total floor area	1,122.10 m ²	Type	Office/Retail/Parking
	Completion date	June 23, 1998	Type of possession	Ownership
	Design	FIAC CO, LTD.		
	Construction	Nakano Corporation		
	Constructional Inspector	Shibuya-ku building official		
	PML	7.1% (Based on the earthquake risk assessment (details) report dated November 2018 jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price		2,490 million yen		
Appraisal value		2,580 million yen (as of December 1, 2018)		
Appraiser		CBRE K.K.		
Tenant summary	Number of tenants (main tenants)		3 / (SEVEN-ELEVEN)	
	Annual rent		95 million yen	
	Tenant leasehold / security deposit		78 million yen	
	Total leased area		802.40 m ²	Occupancy rate (based on leased area) 100.0%
	Total leasable area		802.40 m ²	
	Main tenants	Period of contract	15.3 years (until September 30, 2031)	
		Type of contract	Fixed-term lease contract	
		Revision of rent	Not disclosed ^(Note)	
		Early termination	Not disclosed ^(Note)	
Collateral conditions		None		
Special notes		An asbestos survey conducted by EAI Co., Ltd. confirmed the presence of asbestos in the finish material of the exterior walls, but EAI reported that the finish material is in good condition and normal users will not be exposed to asbestos. JRF plans to record as asset retirement obligations relating to expenses for removal of the asbestos from the fiscal period ending February 2019 (the 34th fiscal period).		

- 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.
- “Annual rent”, “Tenant leasehold / security deposit”, “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 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 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	December 19, 2018
Purchase agreement signing date	December 21, 2018 (Scheduled)
Payment date	December 21, 2018 (Scheduled)
Acquisition date	December 21, 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	G-Bldg. Jingumae 08
Appraiser	CBRE K.K.
Appraisal value	2,580 million yen
Appraisal date	December 1, 2018

Item	Value	Notes
Indicated value by income approach	2,580 million yen	
DC method	2,650 million yen	
Operating income	109 million yen	
Effective gross income	113 million yen	
Losses from vacancy, etc.	3 million yen	
Operational cost	19 million yen	
Maintenance and management fee	4 million yen	
Utility cost	6 million 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	6 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	90 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	4 million yen	
Net cash flow	87 million yen	
Capitalization rate	3.3 %	
DCF method	2,580 million yen	
Discount rate	2.9 %	
Terminal capitalization rate	3.4 %	
Indicated value by cost approach	2,130 million yen	
Land ratio	93.9 %	
Building ratio	6.1 %	

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)	86 million yen
NOI yield	3.5%
Depreciation (Before considering the depreciation relating to asset retirement obligations)	6 million yen
NOI yield after depreciation (Before considering the depreciation relating to asset retirement obligations)	3.2%
Depreciation (After considering the depreciation relating to asset retirement obligations)	13 million yen
NOI yield after depreciation (After considering the depreciation relating to asset retirement obligations)	2.9%

- 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.