

May 29, 2019

To all concerned parties:

Investment Corporation

**Japan Retail Fund Investment Corporation**

(Tokyo Stock Exchange Company Code: 8953)

Representative: Shuichi Namba, Executive Director

URL: <https://www.jrf-reit.com/english/>

Asset Management Company

**Mitsubishi Corp.-UBS Realty Inc.**

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**Notice Concerning Acquisition of Trust Beneficiary Right  
in Real Estate in Japan (G-Bldg. Jingumae 09)**

Japan Retail Fund Investment Corporation (“JRF”) announced today that Mitsubishi Corp. – UBS Realty Inc., JRF’s asset manager (the “Asset Manager”), determined to acquire trust beneficiary right in real estate of G-Bldg. Jingumae 09 (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 09 <sup>(Note 1)</sup>
3) Location	25-28 Jingumae 4-chome, Shibuya-ku, Tokyo, etc.
4) Acquisition price (Scheduled)	7,000 million yen
5) Appraisal value	7,350 million yen (as of May 1, 2019)
6) Contract completion date	May 30, 2019 (Scheduled)
7) Acquisition date (Scheduled)	July 1, 2019 (Scheduled)
8) Seller	Not disclosed <sup>(Note 2)</sup>
9) Acquisition funds (Scheduled)	Cash on hand (Scheduled)
10) Payment	Full payment at closing

(Note 1) The current name of the property is “b-town Jingumae”, 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 <sup>(Note)</sup> 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-Harajuku-Aoyama 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) In the portfolio categories, 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 and Other retail properties with low-yield” type properties.

#### Highlight of acquisition

**This urban retail property is classified as a Prime property in the core asset category. It is located along Cat Street in the Omotesando-Harajuku-Aoyama area, one of Japan’s key retail centers.**

#### Attractiveness of market

- The Omotesando-Harajuku-Aoyama 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-Harajuku-Aoyama area to 120.5 billion yen (total of acquisition prices) in 17 properties. JRF has the most properties in this area and is highly familiar with its trends.

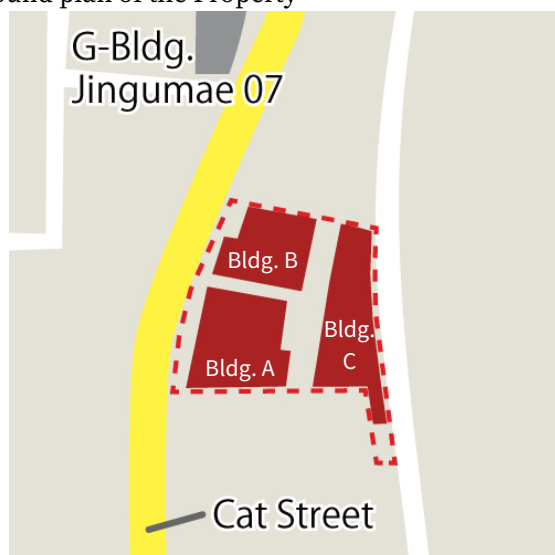
#### Attractiveness of location

- The Property is well-located, about a five-minute walk from the Tokyo Metro Meiji-jingumae Station and about a nine-minute walk from JR Harajuku Station and Tokyo Metro Omotesando Station.
- The property is located along Cat Street, the main thoroughfare for the Ura-Harajuku area, which attracts many fashion and trend-conscious young people and foreign tourists.
- The area has a large number of shops, including those at the cutting edge of trends, and distinctive cafes and stores selling second-hand clothing.
- Among the facilities facing Cat Street, the Property has wide frontage and high visibility.

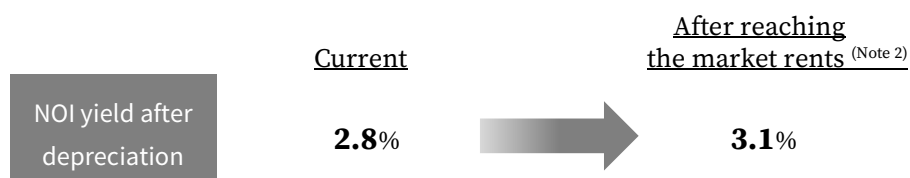
### Attractiveness of facility

- The Property comprises Bldg. A, Bldg. B and Bldg. C, and is a street-front store with large façades on Cat Street and the road on the eastern side of the Property and features excellent accessibility from two sides, encouraging customers to stroll about the Property.

#### ■ Ground plan of the Property



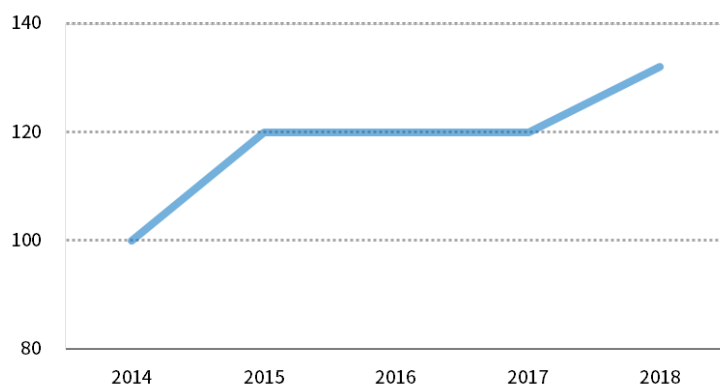
- All current tenants are on fixed-term lease agreements, and the average remaining lease term is relatively short at 3.5 years <sup>(Note 1)</sup>.
- There is a gap between the current rents and market rents of more than 10%, with room for increases in rent upon expiration of the fixed-term lease agreement with tenant.



(Note 1) The average remaining lease term is calculated by taking the weighted average of the remaining lease term of each tenant as of the expected date of acquisition.

(Note 2) The figure refers to appraisal NOI yield after depreciation.

#### ■ Change in the highest rents in Omotesando area <sup>(Note 3)</sup>



(Source) Created by the Asset Manager based on CBRE "Retail Market Information"

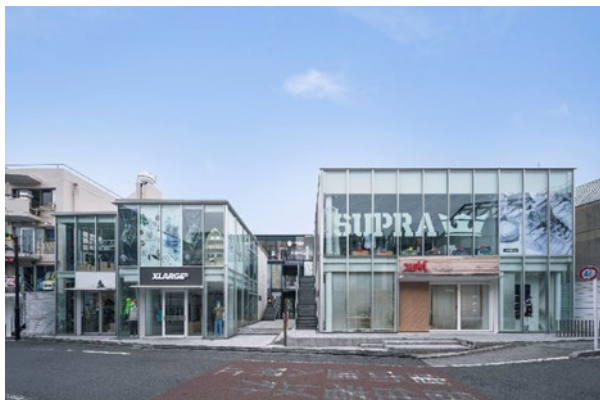
(Note 3) Change in the highest rents is shown relative to the highest rent of 100 on 2014.

■ Property photo / Property Location Map

Property photo

(Left: Bldg. B

Right: Bldg. A)



Property photo

(Bldg. C)



Cat Street



Map (JRF's properties are indicated in orange)

Wide-area map

(Omotesando-Harajuku-Aoyama-Shibuya area)



Enlarged map



### 3. Property Summary <sup>(Note1)</sup>

Property Summary				
Property name (Property Number)		G-Bldg. Jingumae 09 (U-60)		
Type of asset		Trust beneficiary right in the real estate		
Trustee		Sumitomo Mitsui Trust Bank, Limited		
Trust period		June 29, 2017 – June 30, 2029 (Scheduled)		
Location		Bldg. A: 25-28 Jingumae 4-chome, Shibuya-ku, Tokyo Bldg. B: 25-29 Jingumae 4-chome, Shibuya-ku, Tokyo Bldg. C: 25-9 Jingumae 4-chome, Shibuya-ku, Tokyo		
Land	Land area	674.89m <sup>2</sup>	Zoning	Category I mid/high-rise oriented residential zone
	FAR / building-to-land ratio	200%／60%	Type of possession	Ownership
Building	Structure / stories	2 stories above ground and 1 basement floor, SRC-structure with flat roof		
	Total floor area	Bldg. A: 361.28 m <sup>2</sup> Bldg. B: 335.28 m <sup>2</sup> Bldg. C: 424.65 m <sup>2</sup>	Type	Retail
	Completion date	March 2, 2004	Type of possession	Ownership
	Design	ANNEX Environment Planning Inc.		
	Construction	ICHIKEN Co., Ltd.		
	Constructional Inspector	eHomes Inc.		
	PML	4.5% (Based on the earthquake risk assessment (details) report dated May 2019 jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price		7,000 million yen		
Appraisal value		7,350 million yen (as of May 1, 2019)		
Appraiser		Tanizawa Sōgō Appraisal Co., Ltd.		
Tenant summary	Number of tenants (main tenants)		7 (X-girl, XLARGE)	
	Annual rent		217 million yen	
	Tenant leasehold / security deposit		137 million yen	
	Total leased area		1,127.06 m <sup>2</sup>	Occupancy rate (based on leased area) 100%
	Total leasable area		1,127.06 m <sup>2</sup>	
	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		We have agreed with the seller that (i) the seller will be responsible for correcting some of the indications regarding the Property made under the Building Standards Law, Fire Service law, and other relevant laws and regulations and (ii) if those corrections are not completed by the sale date, the seller and JRF shall engage in consultations regarding postponement of the sale date.		

- 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.

(Note1) Other than items where Bldg. A, Bldg. B and Bldg. C are specified individually, the particulars and figures refer to the Property as a whole.

(Note2) Not disclosed as the tenant has not agreed to the disclosure.

4. Profile of the Seller

The seller is a domestic Godo 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

None

7. Matters Concerning Forward Commitment

Under the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators", the acquisition of the Property is considered to be a "forward commitment, etc. <sup>(Note)</sup>" by an investment corporation.

JRF plans to acquire the Property using cash on hand and expects that the possibility of not being able to carry out the forward commitment is extremely low. However, in the event that JRF cannot meet its forward commitment, 5% of the expected purchase price shall be paid as a penalty for breach of contract.

(Note) Forward commitment, etc. is defined as "a postdated sales and purchase agreement which provides for the delivery and settlement to take place one month or more from the effective date of the agreement or any other related agreements."

8. Means of Payment

Full payment at closing

9. Planned Acquisition Schedule

Decision-making date	May 29, 2019
Purchase agreement signing date	May 30, 2019 (Scheduled)
Payment date	July 1, 2019 (Scheduled)
Acquisition date	July 1, 2019 (Scheduled)

10. Future Outlook

For details of the effects of acquisition of the Property on operating results, please refer to the news release entitled "Notice Concerning Revised Forecasts for Operating Results for August 2019 (35th) Fiscal Period and February 2020 (36th) Fiscal Period and Revised Forecasts for Distributions for February 2020 (36th) Fiscal Period" dated today.

11. Appraisal Report Summary

Property name	G-Bldg. Jingumae 09
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	7,350 million yen
Appraisal date	May 1, 2019

Item	Value	Notes
Indicated value by income approach	7,350 million yen	
DC method	7,740 million yen	
Operating income	252 million yen	
Effective gross income	257 million yen	
Losses from vacancy, etc.	5 million yen	
Operational cost	28 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	2 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, 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	224 million yen	
Operating profit on lump-sum payments	1 million yen	
Capital expenditure	1 million yen	
Net cash flow	224 million yen	
Capitalization rate	2.9%	
DCF method	7,180 million yen	
Discount rate	(1st year) 2.6% (2nd to 4th years) 2.7% (5th year) 2.8% (after 6th year) 3.0%	
Terminal capitalization rate	3.1%	
Indicated value by cost approach	7,310 million yen	
Land ratio	98.3%	
Building ratio	1.7%	

Other matters of consideration	N/A
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[Reference]

Prospective Income and Expenditures for the property

Prospective Income and Expenditures	Current	Appraisal
NOI (Net Operating Income)	195 million yen	224 million yen
NOI yield	2.9%	3.2%
Depreciation	6 million yen	
NOI yield after depreciation	2.8%	3.1%

- The current NOI is based on the annual income according to the lease contract as of today.
- Appraisal NOI refers to NOI used in the Direct Capitalization Method on the appraisal report.
- 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.