

March 27, 2020

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 Trust Beneficiary Right and Partial Disposition of Trust Beneficiary Right in Real Estate in Japan

Japan Retail Fund Investment Corporation (“JRF”) announced today that Mitsubishi Corp. – UBS Realty Inc., JRF’s asset manager (the “Asset Manager”), determined to acquire the trust beneficiary right in real estate of G-Bldg. Daikanyama 02 (the “Acquisition Property”) and to dispose of part of quasi-co-ownership of the trust beneficiary right in real estate of Arkangel Daikanyama (land with leasehold interest) (the “Disposition Property”) as outlined below.

1. Overview of the Acquisition Property and the Disposition Property

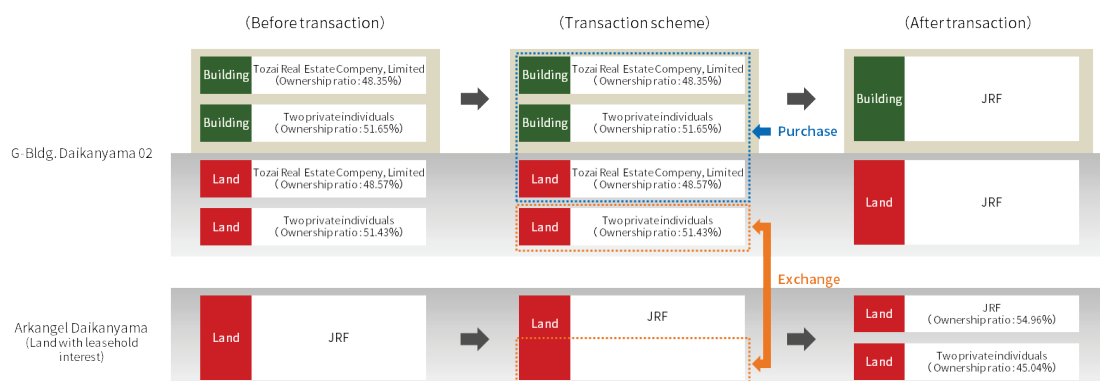
Overview of the Acquisition Property

Property name	Planned acquisition price (Note 2)	Planned acquisition price after reduction entry (Note 3,4)	Appraisal value	Acquisition date
G-Bldg. Daikanyama 02 ^(Note1)	3,600 million yen	3,156 million yen	4,000 million yen	April 30, 2020 (Scheduled)

Overview of the Disposition Property

Property name	Planned disposition price (Note 4)	Book value ^(Note 4,6)	Difference between disposition price and book value ^(Note 4,6)	Disposition date
Arkangel Daikanyama (Land with leasehold interest) (45.04% quasi-co-ownership) ^(Note 5)	1,333 million yen	829 million yen	503 million yen	April 30, 2020 (Scheduled)

[Reference] Conceptual image of the Purchase and the Exchange



(Note 1) The current name of the Acquisition Property is “Moncheri Daikanyama”, but the name shall be used by the Asset Manager following the acquisition.

(Note 2) Among the Acquisition Property, JRF intends to acquire trust beneficiary interests in respect of the entire ownership of the building and co-ownership interest of 48.57% in the underlying land (hereinafter referred to as the “Acquisition Property (through Purchase)”) through a sale and purchase transaction (hereinafter referred to as the “Purchase”, and the agreement for the Purchase, the “Purchase Agreement”), and to acquire trust beneficiary interests in the remaining co-ownership interest of 51.43% in the land (hereinafter referred to as the “Acquisition Property (through Exchange)”) by exchanging the Disposition Property (hereinafter referred to as the “Exchange”, and the agreement concerning the Exchange, the “Exchange Agreement”). Regarding the “planned acquisition price”, the sum of (i) the planned price for the Acquisition Property (through Purchase) under the Purchase Agreement and (ii) the amount corresponding to the price for the Acquisition Property (through Exchange) is stated. However, the amount expected to be paid as the consideration for the Acquisition Property (through Exchange) pursuant to the Exchange Agreement will be the difference from exchange of property, calculated by deducting the planned transfer price of the Disposition Property from the amount corresponding to the price of the Acquisition Property (through Exchange) (hereinafter referred to as the “Difference arising from the exchange”).

(Note 3) JRF intends to apply reduction entry for the Exchange, and for this purpose will reflect the amount calculated by deducting the total amount of gains from the transfer of the Disposition Property from the planned acquisition price of the Acquisition Property (through Exchange) as the “planned acquisition price after reduction of book value”.

(Note 4) Figures of less than one million yen are rounded down.

(Note 5) JRF will continue to hold the remaining 54.96% of quasi-co-ownership of the trust beneficiary right.

(Note 6) The book value is calculated by multiplying the expected value of the Disposition Property as a whole as of April 2020 by the quasi-co-ownership interest percentage. Hereinafter the same applies for the Disposition Property.

2. Overview of the Acquisition

1) Property type	Trust beneficiary right in the real estate (Entire building and co-ownership portion of the land of 48.57%)
2. Property name	G-Bldg. Daikanyama 02
3) Location	20-20, Daikanyamacho, Shibuya-ku, Tokyo
4) Planned acquisition price ^(Note 1,3)	1,933 million yen
5) Contract completion date	March 31, 2020 (Scheduled)
7) Acquisition date	April 30, 2020 (Scheduled)
8) Seller ^(Note2)	Tozai Real Estate Company, Limited Two private individuals
9) Acquisition funds	Cash on hand (Scheduled)
10) Payment	Full payment at closing

(Note 1) The planned acquisition price indicates the planned acquisition price of the Acquisition Property (Purchase) pursuant to the Purchase Agreement.

(Note 2) Not disclosed due to non-consent of the two private individuals in question.

(Note 3) Figures of less than one million yen are rounded down.

3. Overview of the Exchange

① Summary of the Contract

1) Contract completion date	March 31, 2020 (Scheduled)
2) Date of exchange	April 30, 2020 (Scheduled)
3) The other parties in the exchange	Two private individuals ^(Note1)
4) Reduction entry	The so-called “reduction entry” is expected to be implemented in respect of the Acquisition Property (through Exchange), and the provisions of “Inclusion of Deductible Expenses of Reduced Amount of Assets Acquired through Exchange” in Article 50 of the Corporation Tax Act will apply.
5) Difference arising from the exchange	JRF intends to pay the Difference from Exchange (333 million yen) ^(Note 2) to the exchange counterparty on the exchange date out of cash on hand.

(Note 1) Not disclosed due to non-consent of the two private individuals in question. The two private individuals in question are identical to the two persons identified as Seller in the Overview of the Acquisition above.

(Note 2) Figures of less than one million yen are rounded down.

② Overview of the Acquisition Property (Exchange)

1) Property type	Trust beneficiary right in the real estate (Co-ownership portion of the land of 51.43%)
2) Property name	G-Bldg. Daikanyama 02
3) Location	20-20, Daikanyamacho, Shibuya-ku, Tokyo
4) Planned acquisition price ^(Note1,2)	1,666 million yen

(Note 1) The planned acquisition price is the amount equivalent to the price of the Acquisition Property (Exchange) pursuant to the Exchange Agreement.

(Note 2) Figures of less than one million yen are rounded down.

③ Overview of the Disposition Property

1.	Property name	Arkangel Daikanyama (Land with leasehold interest)
2)	Property type	Trust beneficiary right in real estate (45.04% quasi-co-ownership interest)
3)	Planned disposition price ^(Note1,2)	1,333 million yen
4)	Book value ^(Note2,3)	829 million yen
5)	Difference between disposition price and book value ^(Note2,3)	503 million yen

(Note 1) The planned disposition price is the amount equivalent to the price of the Disposition Property pursuant to the Exchange Agreement.

(Note 2) Figures of less than one million yen are rounded down.

(Note 3) Book value is calculated by multiplying the expected value of the Disposition property as a whole as of April 2020 by the quasi-co-ownership interest percentage. Hereinafter the same applies for the Disposition Property.

④ Impact of the Exchange
(a) Planned price of the Property (Exchange)

It is intended, under the Exchange Transaction, for reduction entry to be made in respect of the Acquisition Property (through Exchange), and the total gains of approximately 440 million yen from the transfer of the Disposition Property will be deducted from the acquisition price of the Acquisition Property (through Exchange). The planned acquisition price of the Acquisition Property before deduction of miscellaneous expenses for acquisition, etc., is expected to be approximately 3,150 million yen.

This essentially has the effect of reducing the planned acquisition price for the Acquisition Property by approximately 12%, and increasing the NOI yield and NOI yield after depreciation by 0.5%, as compared to the corresponding numbers before reduction entry.

(b) Capital Gain from the Exchange

Reduction entry is scheduled to be applied to the full amount of capital gain from the Disposition Property. The capital gain will not be appropriated.

4. The Reason for the Transaction (Acquisition and Exchange)

The acquisition of the Property was based on the assumption that the two private individuals who are current owners are provided with another property in exchange. The transaction has been undertaken for the following three reasons: 1) It has relatively higher locational advantage compared to the Disposition Property, contributing to improvement in quality of the portfolio; 2) the exchange transaction enables acquisition at a high level of appraised NOI yield of 4.0%; and 3) the acquisition price of the Acquisition Property will be reduced through reduction entry in respect of the entire amount of the gains on transfer earned from the transaction, and the appraisal NOI yield after the reduction entry will be even higher at 4.5%.

5. The Reason for the Transaction (Acquisition and Exchange)

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 ecommerce, 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 is the acquisition of an asset located in Daikanyama area and classified as a Prime property in accordance with JRF's 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

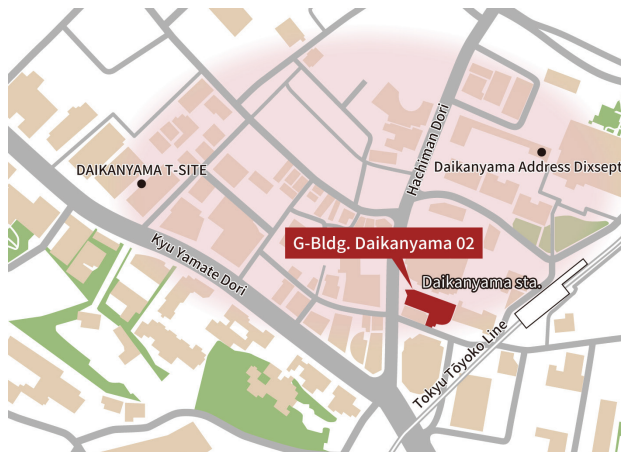
It is a office and retail complex located in central Daikanyama area and very close to the Tokyu Toyoko Line Daikanyama station on and is classified as a Prime property in the core asset category.

Attractiveness of market

- The Daikanyama area where the property is located is a center of the latest trends, attracting people with high level of sensitivity to fashion, and at the same time is an upscale and refined community where foreign embassies, wedding halls and luxury homes and the like are located.
- Demand for leasing space is robust, attracting tenants that are business offices in IT, advertising, etc., in addition to commercial enterprises engaging in merchandise sales, restaurant operations, services, showrooms, etc., that place emphasis on the image of a sophisticated and fashionable community.

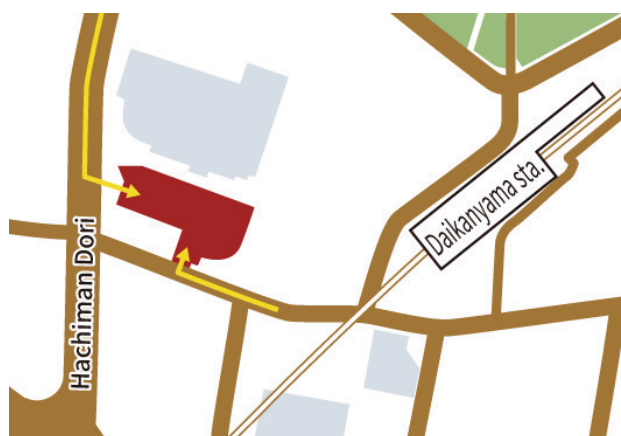
Attractiveness of location

- The location is outstanding, being only a one minute walk from the Tokyu Toyoko Line Daikanyama station.
- Located on Hachiman-dori, the main street in the Daikanyama area, the property is surrounded by retailers of fashion apparel, accessories, furniture, etc., as well as restaurants.



Attractiveness of facility

- The location has busy customer traffic, with access possible from both Hachiman-dori and the road from Daikanyama station to Hachiman-dori.
- The higher levels of the property that lack traffic are designed as offices, utilizing its locational advantage.



■ Property photo / Property Location Map

Property photo(Hachiman Dori side)



Property photo(Daikanyama Station direction side)



Map



6. Property Summary

Property name (Property Number)			G-Bldg. Daikanyama 02 (U-62)		
Type of asset			Trust beneficiary right in the real estate		
Trustee			Sumitomo Mitsui Trust Bank, Limited		
Trust period			April 30, 2020 – April 30, 2030 (Scheduled)		
Location			20-20, Daikanyamacho, Shibuya-ku, Tokyo		
Land	Land area		793.40 m ²	Zoning	Category II residential zone/ Category II mid and high-rise oriented residential zone
	FAR / building-to-land ratio		300%・400%／60%	Type of possession	Ownership
Building	Structure / stories		3 stories above ground and 2 underground stories, RC-structure		
	Total floor area		2,525.81 m ²	Type	Retail・Bank・Office
	Completion date		May 12, 1992	Type of possession	Ownership
	Design		Hiroshi Ebisawa Architect and Associates		
	Construction		Kumagai Gumi Co., Ltd.		
	Constructional Inspector		Shibuya-ku building official		
	PML		8.6% (Based on the earthquake risk assessment (details) report dated February 2020 jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)		
Acquisition price			3,600 million yen		
Appraisal value (Appraisal date)			4,000 million yen (as of March 1, 2020)		
Appraiser			Tanizawa Sôgô Appraisal Co., Ltd.		
Tenant summary	Number of tenants (main tenants)		9 (SHIMA)		
	Annual rent		174 million yen		
	Tenant leasehold / security deposit		138 million yen		
	Total leased area		2,151.31 m ²	Occupancy rate (based on leased area)	100%
	Total leasable area		2,151.31 m ²		
	Main tenants	Period of contract	Not disclosed ^(Note)		
		Type of contract	Not disclosed ^(Note)		
		Revision of rent	Not disclosed ^(Note)		
		Early termination	Not disclosed ^(Note)		
Collateral conditions			None		
Special notes			It has been agreed between JRF and the seller that the seller will be responsible for making corrections to the Property as required under the Fire Service law, and other relevant laws and regulations.		

- 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 the end of February 2020.
- “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 the end of February 2020.
- “Annual rent” is calculated by multiplying the total of monthly rent and monthly common service charges, which are indicated in the lease agreement for the acquired property as of the end of February 2020, by 12times, annualized. The figures of less than one million yen are rounded down.

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

7. Disposition Property Summary

Property name (Property Number)		Arkangel Daikanyama (Land with leasehold interest) (U-22)				
Type of asset		Trust beneficiary right in real estate (45.04% quasi-co-ownership interest)				
Trust beneficiary		Mizuho Trust & Banking Co., Ltd.				
Trust period		April 30, 2030 (Scheduled)				
Type		-				
Location (address)		111-14, Aobadai 1-chome, Meguro-ku, Tokyo, etc.				
Land	Land area	904.04 m ²				
	Type of possession	Ownership	Zoning	Category II mid and high-rise oriented residential zone/ Category I exclusively low-rise residential zone		
Building	Structure / stories	-				
	Total floor area	-				
	Type of possession	-	Completion date	-		
Appraisal value (Appraisal date)		1,333 million yen (as of February 29,2020)				
Appraiser		The Tanizawa Sōgō Appraisal Co., Ltd.				
Tenant Summary	Number of tenants (main tenants)	1 (Arkangel)				
	Annual rent	Not disclosed				
	Tenant leasehold / security deposit	Not disclosed				
	Total leased area	904.04 m ²				
	Total leasable area	904.04 m ²				
	Occupancy rate (based on leased area)	End of February 2018	End of August 2018	End of February 2019	End of August 2019	End of February 2020
		100.0%	100.0%	100.0%	100.0%	100.0%
Collateral conditions		None				
Special notes		・ JRF intends to enter into a written agreement with two individuals who are the counterparties in respect of the transfer of the quasi co-ownership interest in the trust beneficiary interest in the Property, and an agreement is intended to be entered into to the effect that, if a quasi co-owner intends to transfer its quasi co-ownership interest (hereinafter referred to as the “Quasi Co-ownership Interest”), negotiations for transfer must be held with the other quasi co-owners before negotiations for transfer are held with a third party. Further, an agreement is intended to be entered into to the effect that, if the trust agreement concerning the Property terminates and each quasi co-owner owns the Property in kind, each quasi co-owner must negotiate with other co-owners for the transfer of its own co-ownership interest in the Property. Additionally, an agreement is intended to be entered into to the effect that JRF may, in principle, make decisions concerning management of the Property at its sole discretion. ・ The property’s land is designated as a site which contains buried cultural properties (Hachiyama-cho, Sarugaku-cho 17) based on the Cultural Assets Preservation Act. In accordance with the Cultural Properties Preservation Act,				

	examiners from Shibuya Ward and Meguro Ward are required to be on hand at the time of demolition of a building built on the land and a buried cultural properties excavation notice is required to be submitted at the time of constructing a new building on the land.
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- 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” and “Tenant Summary” indicate figures that reference to 100% ownership interest.
- “Land area” is 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.
- “Appraisal value ” indicates the Appraisal value for the Disposition Property as a whole (100% ownership) multiplied by 45.04% disposition of ownership percentage. Also, figures of less than one million yen have been rounded down.
- “Number of tenants” represents the total number of lease contracts as of the end of February 2020.
- “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 the end of February 2020.

8. Overview of the Other Party in the Acquisition (Exchange) and Disposition (Exchange)

The other party in the acquisition and the disposition are Tozai Real Estate Company, Limited, and two private individuals. Tozai Real Estate Company, Limited, has consented to disclosure of its name only. Names and other information of the two private individuals are not disclosed since the consent to disclose such information has not been obtained from them. Tozai Real Estate Company, Limited, and the two private individuals do not have any special interest in either JRF or the Asset Manager. The aforementioned real estate company and the two private individuals do not fall under the category of related parties of JRF and the Asset Manager.

9. Ownership History of the Building to Be Acquired

The acquisition and the disposition are not transactions with any party with a special interest in JRF or the Asset Manager.

10. Matters Concerning Forward Commitment

None

11. Means of Payment

Full payment at closing

Part of the Acquisition Property is to be acquired through exchange with the Disposition Property. Furthermore, acquisition of the Acquisition Property and the disposition of the Disposition Property are scheduled to be executed as a series of transactions. The Purchase Agreement and the Exchange Agreement for the acquisition of the Acquisition Property and the disposition of the Disposition Property are each to be executed on the assumption that the respective contract with the other parties has been executed without fail.

12. Planned Acquisition and Disposition (Exchange) Schedule

Decision-making Date of Acquisition and Disposition (Exchange)	March 27, 2020
Acquisition and Disposition (Exchange) Agreements signing date	March 31, 2020 (Scheduled)
Payment date	April 30, 2020 (Scheduled)
Acquisition and Disposition date	April 30, 2020 (Scheduled)

13. Future Outlook

The impact of the acquisition of the Acquisition Property and the partial disposition (Exchange) of the Disposition Property on our operating results for the August 2020 fiscal period (from March 1, 2020 to August 31, 2020) is minor, but the forecasts for Operating Results is currently under scrutiny. So it will be announced in the financial report scheduled for release on April 13, 2020.

14. Appraisal Report Summary of the Acquisition Property

Property name	G-Bldg. Daikanyama 02
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	4,000 million yen
Appraisal date	March 1, 2020

Item	Value	Notes
Indicated value by income approach	4,000 million yen	
DC method	4,240 million yen	
Operating income	202 million yen	
Effective gross income	209 million yen	
Losses from vacancy, etc.	6 million yen	
Operational cost	59 million yen	
Maintenance and management fee	9 million yen	
Utility cost	19 million yen	
Repair expenses	3 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	13 million yen	
Property tax	21 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	0 million yen	
Net operating income	143 million yen	
Operating profit on lump-sum payments	1 million yen	
Capital expenditure	8 million yen	
Net cash flow	135 million yen	
Capitalization rate	3.2 %	
DCF method	3,890 million yen	
Discount rate	3.3 %	
Terminal capitalization rate	3.4 %	
Indicated value by cost approach	3,850 million yen	
Land ratio	90 %	
Building ratio	10 %	

Other matters of consideration	N/A
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[Reference]

Prospective income and expenditures of the Acquisition Property

Prospective income & expenditures	Current		Appraisal	
	Before reduction entry	After reduction entry	Before reduction entry	After reduction entry
NOI (Net Operating Income)	136 million yen		143 million yen	
NOI yield	3.8%	4.3%	4.0%	4.5%
Depreciation	21 million yen			
NOI yield after depreciation	3.2%	3.7%	3.4%	3.9%

- The current NOI is based on the annual income according to the lease contract as of the end of February 2020.
- Appraised NOI refers to NOI based on the direct capitalization method in the appraisal report.
- NOI yield is calculated by dividing NOI by the acquisition price (before reduction entry 3,600 million yen, after reduction entry 3,156 million yen) 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 (before reduction entry 3,600 million yen, after reduction entry 3,156 million yen) and rounded to the nearest second decimal place.

15. Overview of the Disposition Property Appraisal Report

Property name	Arkangel Daikanyama (Land with leasehold interest)
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	2,960 million yen
Appraisal date	February 29, 2020

Item	Value	Notes
Indicated value by income approach	2,960 million yen	
DCF method	2,960 million yen	
Discount rate	(First year) 2.9% (After the second year) 3.1%	
Terminate value discount rate	3.3%	

Other matters of consideration	N/A
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- The appraisal value is the appraisal value of 100% ownership ratio.