

November 21, 2017

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 a Trust Beneficiary Right in the Real Estate in Japan
(G-Bldg. Midosuji 02)

Mitsubishi Corp. – UBS Realty Inc., the asset manager (the “Asset Manager”) of Japan Retail Fund Investment Corporation (“JRF”), determined today to acquire a trust beneficiary right in the real estate of G-Bldg. Midosuji 02 (the “Property”) as outlined below.

1. Overview of acquisition

1) Property type	Trust beneficiary right in real estate
2) Property name	G-Bldg. Midosuji 02 ^(Note 1)
3) Location	8-18 Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka
4) Acquisition price (scheduled)	15,000 million yen
5) Appraisal value	15,700 million yen (as of November 1, 2017)
6) Contract completion date (scheduled)	November 22, 2017
7) Acquisition date (scheduled)	January 12, 2018
8) Seller	Not disclosed ^(Note 2)
9) Acquisition funds (scheduled)	Undetermined ^(Note 3)
10) Payment	Full payment at closing

(Note 1) The Property is currently known as Shinsaibashi GROVE, but the above name shall be used for management purposes by the Asset Manager following the acquisition.

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

(Note 3) The acquisition funds are currently undetermined. Notification will be given once determined.

2. Reasons for Acquisition

JRF promotes the optimization of its asset structure which flexibly adapts to the changes in demographics, consumption structure and trends in Japan. The acquisition of this property is a means of optimizing the portfolio through the acquisition of prime urban-centered assets.

As announced in its "Notice Concerning Repurchase of Own Investment Units" dated October 16, 2017, JRF is engaging in the repurchase of its own investment units. One reason for the decision to take this action was declining opportunities for JRF to acquire properties that combine quality and profitability.

The Property, however, is considered to be both high quality and profitable, as shown below. As simultaneously acquiring the Property while implementing the repurchase of own investment units was judged as the best way to improve investor value, the decision for the acquisition was made. As presented in the “Notice Concerning Repurchase of Own Investment Units” dated October 16, 2017, JRF has concluded a discretionary contract with a securities company. However, the contract stipulates that JRF may not give directions regarding orders for the acquisition of investment units, and measures are being taken to ensure that decisions on property acquisition by the Asset Manager during the period of repurchase of own investment units do not conflict with insider regulations.

For acquisition of the Property, JRF evaluated the following in particular:

Highlight of acquisition

A retail property in a prime urban shopping district on Midosuji Street, which is the largest luxury brand shopping street in western Japan. The Property has PRADA, an international luxury brand, as a tenant for its flagship store in Asia.

Flagship store of PRADA, an international luxury brand

PRADA Store Opening Strategy

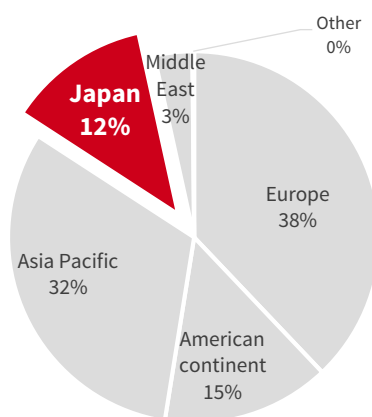
- PRADA opens flagship stores in prime locations in major international cities.
- PRADA prioritizes its flagship stores as displaying the brand's values, and only opens such stores in areas that match its values, where many luxury brand stores have already opened.
- Japan is an important area for the PRADA group, accounting for 12% of its sales (Japan is the only single country that is classified as a business area for PRADA).

■ Prime locations in major cities and PRADA store locations

City	Locations with highest rent	PRADA
New York	Upper 5th Avenue (49th renttieSts)	✓
Hong Kong	Causeway Bay	✓
Paris	Avenue des Champs Élysées	-
London	New Bond Street	✓
Tokyo	Ginza Chuo-dori	✓
Milan	Via Montenapoleone	✓
Sydney	Pitt Street Mall	✓
Seoul	Myeongdong	✓
Zurich	Bahnhofstrasse	✓

(Source) CUSHMAN & WAKEFIELD “MAIN STREETS ACROSS THE WORLD 2016/2017”

■ Sales distribution by PRADA Group area (2016)



(Source) PRADA Annual Report 2016

Stores in Japan

- PRADA has five street-level stores and 33 stores in retail properties such as department stores in Japan.
- Unlike department stores where there is limited selling space and brands are gathered together for each item, street-level stores are very important bases for marketing as an extensive selling space is available, making it possible to display the brand's values with a diverse range of products.
- Of its street-level stores, the two stores that display the brand values most strongly are its only standalone stores, located in Aoyama and Shinsaibashi.

PRADA Shinsaibashi Store Attraction and Continuity

- Located in a prime location in the Shinsaibashi area on the east side of Midosuji Street and Nagahoridori Street south side, which is the area in Osaka with the most luxury brands, in line with PRADA's flagship store opening strategy.
- As new stores by luxury brands have continuously appeared in this area in recent years, there are no open spaces for new tenants. Furthermore, as the refurbishment of the Shinsaibashi Daimaru main building is likely to lead to further development of the area and the likelihood of vacancy going forward is very low, PRADA's chances for moving are extremely limited.
- The golden-colored aluminum exterior with its polished backlight displays the brand's unique values both day and night and is visually appealing.
- The interior, designed by architect Roberto Baciocchi offers a different atmosphere for each floor, and the ceiling is connected to each floor through a series of openings, letting natural light in through a skylight to display PRADA's values.
- With a full collection of items from the first to fifth floor, ranging from men's, ladies', bags, accessories and shoes, this is the brand's second-largest store in Japan.

■ Shinsaibashi/Midosuji map

East side of Shinsaibashi/Midosuji and South side Nagahoridori Street

※ Figures on the left side of each brand store indicate opening year



■ PRADA Shinsaibashi store exterior/interior

5 F	Men's Collection
4 F	Men's Collection
3 F	Ladies' Wear
2 F	Ladies's Leather Goods & Shoes
1 F	Men's & Ladies' Leather Goods Accessories
B1 F	Stockroom

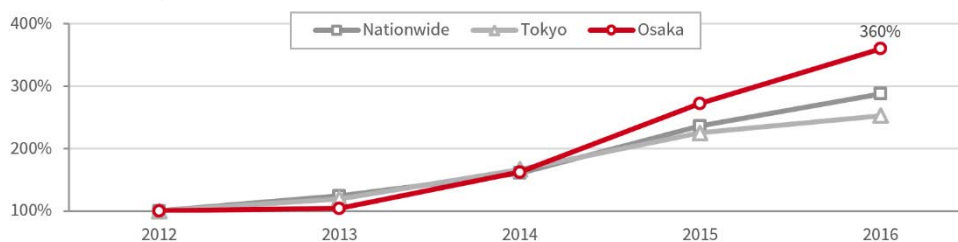


Potential in the Shinsaibashi area

Inbound tourist demand in Shinsaibashi

- The rate of increase in foreign visitors to Osaka is faster than in Tokyo and Japan overall, and is in a rising trend
- Osaka differs from Tokyo in that its commercial districts are limited and inbound consumers are concentrated in the Shinsaibashi area

Rate of increase in foreign visitors to Japan (compared to 2012)



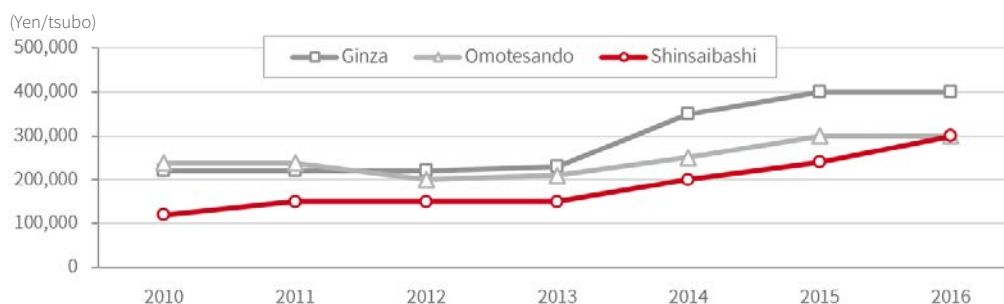
(Source) Japan Tourism Agency: "Consumer trend survey of foreign visitors to Japan," Japan National Tourism Organization (JNTO) "Number of foreign visitors to Japan"

Number of foreign visitors to Japan = Number of foreign entrants to Japan × rate of visitors to each prefecture

Shinsaibashi market rent trends

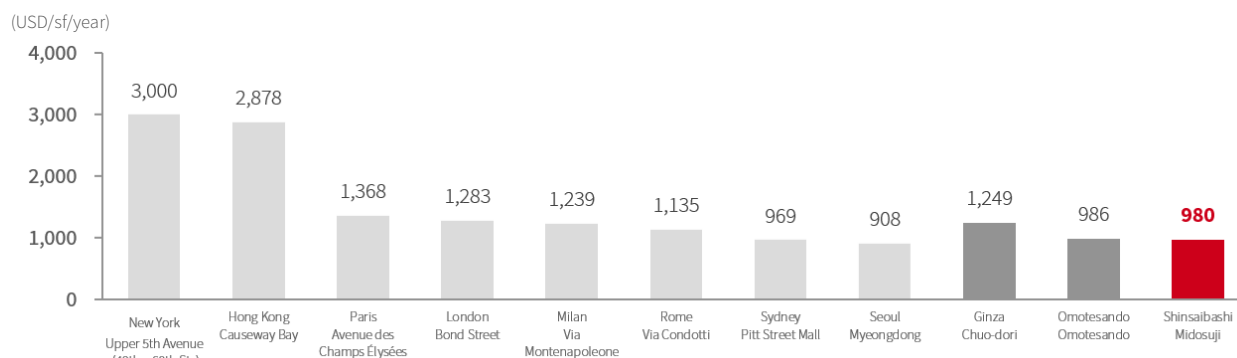
- Even amongst the Shinsaibashi area, rent for prime locations near the said property is approaching that of the Omotesando area, and data from research company indicates that the highest rents are at a similar level. Furthermore, positive effects from increased inbound demand in the Shinsaibashi area as a whole are also anticipated.
- The luxury area market scale in Japan is the second-largest worldwide, and is still expanding. Despite this, prime rent prices seem relatively low, and it is anticipated that there will be further increases in market rent in Osaka in particular, where prime locations are limited.

Change in highest rents in major commercial districts (Ginza, Omotesando, Shinsaibashi)



(Source) Prepared by the Asset Manager based on "Retail Store Market Information" by CBRE K.K.

Rent levels in prime locations worldwide



* Upper level: name of city; lower level: name of prime location

(Source) Prepared by the Asset Manager based on public resources by CUSHMAN & WAKEFIELD, calculated using the U.S. dollar exchange rate as of June 2016

■ Photo / Property Location Map

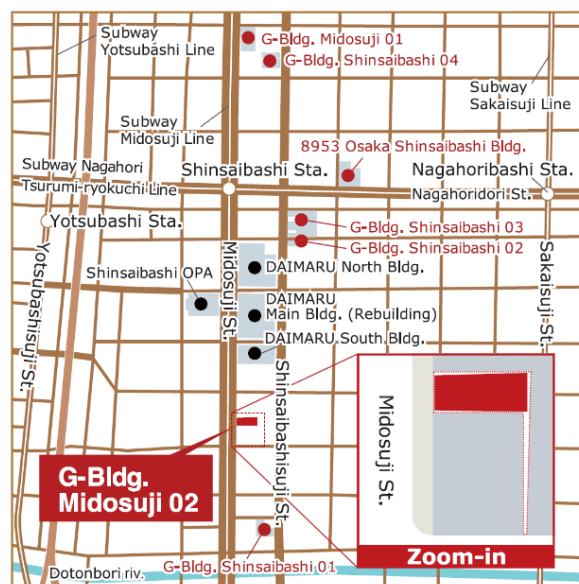
Property Photo



Interior



Map



Neighborhood photo



3. Property Summary

Property name (Property Number)			G-Bldg. Midotsuji 02 (U-56)			
Type of asset			Trust beneficiary right in real estate			
Trustee			Sumitomo Mitsui Trust Bank, Limited			
Trust period			June 29, 2007 – December 15, 2031			
Location (address)			8-18 Shinsaibashisuji 2-chome, Chuo-ku, Osaka-shi, Osaka			
Land	Land area		319.64 m ²			
	Zoning		Commercial district	Type of possession	Ownership	
Building	Structure / stories		6 stories above ground and 1 basement floor, SRC-structure with flat roof			
	Total floor area		1,389.79 m ²			
	FAR / building-to-land ratio		1,000% / 80%	Type	Retail	
	Completion date		June 7, 2013	Type of possession	Ownership	
	Design		Tokyo Office, Showa Sekkei, Incorporated			
	Construction		SHIMIZU CORPORATION			
	Constructional Inspector		The Building Center of Japan			
	PML		7.5% (Based on the earthquake risk analysis report dated November 2017 jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)			
Acquisition price			15,000 million yen			
Appraisal value			15,700 million yen (as of November 1, 2017)			
Appraiser			Tanizawa Sōgō Appraisal Co., Ltd.			
Tenant summary	Number of tenants (main tenants)		1 (PRADA)			
	Annual rent		Not disclosed ^(Note)			
	Tenant leasehold / security deposit		Not disclosed ^(Note)			
	Total leased area		1,428.28 m ²	Occupancy rate (based on leased area)	100%	
	Total leasable area		1,428.28 m ²			
	Main tenants	Period of contract		January 1, 2010 – December 31, 2024		
		Type of contract		Fixed-term lease contract		
		Revision of rent		Not allowed		
		Early termination		Not allowed		
Collateral conditions			None			
Special notes			None			

• 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.

• "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 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 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

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. The Asset Manager and JRF do not have any capital or personal ties with the broker requiring mention.

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. ^(Note 1)" by an investment corporation.

The acquisition funds are currently undetermined ^(Note 2). If JRF violates the terms of the purchase agreement, JRF will pay a fine of up to 7.5 million yen to compensate for damages to the seller within the scope of causation that occurred as a result of the breach of terms.

(Note 1) Forward commitment 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."

(Note 2) The acquisition funds are currently undetermined. Notification will be given once determined.

8. Means of Payment

Full payment at closing

9. Planned Acquisition Schedule

Decision-making date	November 21, 2017
Purchase agreement signing date	November 22, 2017 (Scheduled)
Payment date	January 12, 2018 (Scheduled)
Acquisition date	January 12, 2018 (Scheduled)

10. Future Outlook

The impact of the Acquisition on our forecasts for the fiscal periods ending February 2018 (the 32nd period: September 1, 2017 – February 28, 2018) and August 2018 (the 33rd period: March 1, 2018 – August 31, 2018) is minimal. As a result, the forecasts will not be revised.

11. Appraisal Report Summary

Property name	G-Bldg. Midosuji 02
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	15,700 million yen
Appraisal date	November 1, 2017

Item	Value	Notes
Indicated value by income approach	15,700 million yen	
DC method	16,000 million yen	
Operating income	Not disclosed	As the disclosure of this item may negatively affect JRF's competitiveness and business to the detriment of its unitholders, we have decided not to disclose this information here.
Effective gross income	Not disclosed	
Losses from vacancy, etc.	Not disclosed	
Operational cost	Not disclosed	
Maintenance and management fee	0 million 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, we have decided not to disclose this information here, and have included it under "Other expenses" instead.
Leasing cost	0 yen	
Property tax	11 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, we have decided not to disclose this information here, and have included it under "Other expenses" instead.
Other expenses	2 million yen	
Net operating income	524 million yen	
Operating profit on lump-sum payments	4 million yen	
Capital expenditure	0 million yen	
Net cash flow	527 million yen	
Capitalization rate	3.3%	
DCF method	15,600 million yen	
Discount rate	2.9%	
Terminal capitalization rate	3.4%	
Indicated value by cost approach	14,000 million yen	
Land ratio	96.4%	
Building ratio	3.6%	

Other matters of consideration	N/A
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[Reference]

Prospective Income and Expenditures for the Property

Prospective Income and Expenditures	Until 2019	After 2020
NOI (Net Operating Income)	466 million yen	494 million yen
NOI yield	3.1 %	3.3 %
Depreciation	15 million yen	15 million yen
NOI yield after depreciation	3.0%	3.2%

- NOI is based on the annual income according to the lease contract as of today. Moreover, because incremental rent amounts are covered in this lease contract, NOI is shown based on the rent for each increment.
- 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.

This English language release is for informational purposes only, and the Japanese language release should be referred to as the original.