

## Japan Retail Fund Investment Corporation to Acquire two properties in Shibuya-ku, Tokyo and in Takatsuki-shi, Osaka

The Japan Retail Fund Investment Corporation ("JRF") announced today that it has decided to acquire a trust beneficiary right in the real estate (50% of sub joint ownership) of G-Bldg. Omotesando 02 and a trust beneficiary right in the real estate of Round1 Stadium Takatsuki, as outlined below.

### I. Acquisition of G-Bldg. Omotesando 02

#### 1. Summary of Acquisition

1)	Property type	Trust beneficiary right in real estate (50% of sub joint ownership) (Note1)		
2)	Property name	G-Bldg. Omotesando 02		
3)	Acquisition price	17,705 million yen	(35% of sub joint ownership)	(15% of sub joint ownership)
			12,393.5 million yen	5,311.5 million yen
4)	Appraisal value (as of March 1, 2014)	18,450 million yen	(35% of sub joint ownership)	(15% of sub joint ownership)
			12,915.0 million yen	5,535.0 million yen
5)	Contract date	March 28, 2014		
6)	Acquisition date (scheduled) (Note2)		April 1, 2014	Within one year after the contract date
7)	Seller	Jingumae 425 LLC		
8)	Acquisition funds		Internal cash and borrowing	Internal cash or financing
9)	Payment	Full payment at time of transfer		

(Note1) The rest of the 50% sub joint ownership which is owned by the seller as of today is scheduled to be sold to another property fund which is managed by Mitsubishi Corporation Group.

(Note2) JRF will purchase 35% of the 50% share of the sub joint ownership on April 1, 2014, and is scheduled to purchase the remaining 15% on the day suggested by JRF within one year after JRF makes a purchase agreement with the seller. If the seller has some rational reason not to agree to sell on the day suggested by JRF, JRF will make the purchase on another day agreed to in writing by JRF and the seller.

#### 2. Reasons for acquisition

JRF is pursuing a strategy of asset replacement to improve stability and profitability of the portfolio.

This acquisition to purchase 35% of the sub joint ownership falls under JRF's asset replacement strategy in which JRF uses the proceeds from the sale of 4 properties (G DINING SAPPORO, G-Bldg. Jingumae 04, G-Bldg. Jingumae 05, and AEON TOWN Ogaki).

JRF is scheduled to purchase the remaining 15% of the sub joint ownership within one year after the contract date using internal cash or financing.

This acquisition is the result of a collaboration with Mitsubishi Corporation, our sponsor, and its group company, and JRF would share 50% with the other property fund which is managed by Mitsubishi Corporation Group, aiming to maintain a balance in location, quality and income yield of the portfolio.

JRF made the following assessments in acquiring the subject assets.

**Acquisition Highlights**

**Facing Japan's most famous luxury brand fashion street, “Omotesando”, a global fashion brand is a tenant within the facility**

**Market**

- Omotesando is Japan's most famous shopping area, there are a many luxury foreign brand stores concentrated there

**Location**

- Only about a 2-minute walk from the Meiji-Jingumae station on the Tokyo Metro
- Facing “Omotesando”, which is lined with large scale commercial facilities and luxury brand stores, it also faces “Cat Street”, where many casual brand stores are located

**Facility**

- A global fashion brand is a tenant in the main building. Moreover, this facility is its only road side store in Japan, and is the tenant's Asian flagship store.
- It is a landmark building in the Omotesando area, and has a wide facade

**Photo and Map**

Main Building



Annex Building 1



Annex Building 2



**3. Property Summary**

Property name	G-Bldg. Omotesando 02		
Type of asset	Trust beneficiary right in real estate (50% of sub joint ownership)		
Trustee	Sumitomo Mitsui Trust Bank, Limited		
Trust period	September 9, 2004 – March 31, 2024		
Location (address)	25-18 Jingumae 4-chome, Shibuya-ku, Tokyo		
<b>Land</b>			
Area	2,274.15 m <sup>2</sup> (Main building: 1,906.50 m <sup>2</sup> / Annex building 1: 108.75m <sup>2</sup> / Annex building 2: 258.90 m <sup>2</sup> )		
Zoning	Commercial district, category I exclusive high and medium building residential district	Type of possession	Ownership
<b>Building</b>			
Structure / stories	Main building : RC-structure, S-structure building with flat roof, 4-story (2 floors above ground and 2 basement floor) building with copper sheet roof Annex building 1 : 2 floors above ground and 1 basement floor, S-structure building with flat roof Annex building 2 : 2 floors above ground and 1 basement floor, S-structure building with flat roof		
Total floor area	7,157.32 m <sup>2</sup> (Main building: 6,563.16 m <sup>2</sup> / Annex building 1: 174.85m <sup>2</sup> / Annex building 2: 419.31 m <sup>2</sup> )		
FAR / building-to-land ratio	Main building:350% / 80% Annex building 1: 200% / 60% Annex building 2: 200% / 60%	Type	Main building: Retail, Parking Annex building 1: Retail Annex building 2: Retail
Date built	Main building: December 2, 2005 Annex building 1: November 30, 2005 Annex building 2: November 30, 2005	Type of possession	Ownership
Design	SHIMIZU CORPORATION		
Construction	SHIMIZU CORPORATION		
Constructional Inspector	Tokyo Bldg-Tech Center Co.,Ltd		
PML	7.3% (based on earthquake risk analysis report prepared jointly by Engineering & Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	17,705 million yen		
Appraisal value	18,450 million yen (as of March 1, 2014)		
Appraiser	CBRE K.K.		
<b>Tenant Summary</b>			
Number of tenant(s) (Major Tenant)	6		
Annual rent (excluding consumption tax)	723 million yen		
Tenant leasehold /security deposit	548 million yen		
Total leased area	5,555.65 m <sup>2</sup>	Occupancy rate	100.0%
Total leasable area	5,555.65 m <sup>2</sup>	(based on leased area)	
<b>Major Tenant</b>			
Period of contract	JRF has not obtained the necessary permission from the tenant to disclose this information		
Type of contract			
Revision of rent			
Cancellation before ended contract period			
Collateral conditions	N/A		
Special notes	<p>Simultaneous to the signing of the purchase agreement, an agreement will be concluded between the holders of sub joint ownership of the trust beneficiary right in real estate of the subject property. This agreement requires that when selling all or part of sub joint ownership in holding to a third party, prior consent from the other holder(s) of sub joint ownership must be obtained; provided, however, that other holder(s) of sub joint ownership cannot withhold or reject the consent for the sale without reasonable grounds.</p> <p>The agreement also provides that another holder of sub joint ownership, if wishing to purchase the portion to be sold, shall be given priority over</p>		

	others in negotiating the purchase. In addition, a consensus-building process on important matters regarding property management should result in reaching unanimous agreement by all holders of sub joint ownership.
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- Amount 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.
- Descriptions of "Land area," "Structure/stories," "Total floor area" and "Date built" are all 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.
- Figures of "Total leased area" and "Total leasable area" are based on the whole property, and "Annual rent" and "Tenant leasehold/security deposit" are based on 50% of sub joint ownership. "Annual rent" is calculated by taking the total amount of monthly rents, common area fees, parking lot fees, and elevator fees indicated in lease agreements and other documents expected to be in effect as of the anticipated acquisition date of the property and multiplying this amount by 12.
- Pass-through type master lease agreement applies part of this property.

#### 4. Property of Sellers

1) Name	Jingumae 425 LLC
2) Location	Tokyo Kyodo Accounting Office, 1-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan
3) Title & name of representative	Representative Partner: Diamond Industrial Investment Association Manager: Hisayoshi Kitagawa
4) Line of business	1. Acquisition, possession and disposal of real estate and Securities 2. Lease and management of real estate 3. Acquisition, possession and disposal of Real Estate Trust Beneficiary Rights 4. Investing in company which aimed to acquisition, possession and disposal of real estate and Real Estate Trust Beneficiary Rights 5. Contract the anonymous association under the article535 of commercial law, receive the investment from the contract, and investing in anonymous association 6. Any other auxiliary and/or related businesses to the items described above
5) Capital	100,000 yen (as of March 5, 2014)
6) Date established	August 9, 2013
8) Relationship with JRF / the asset management company	
Capital relationship	SPC established for the purpose of acquiring, possessing and disposing the Real Estate Trust Beneficiary Rights in which Mitsubishi Corporation, the parent of the asset management company has made TK investment.
Personal relationship	
Trade relationship	
Related parties	The company falls under the category of the related parties in the context of Act on Investment Trusts and Investment Corporation. The company falls under the category of the related parties of the asset management company in the context of its rules and regulations on business transactions with related parties. The company has outsourced asset management to Diamond Realty Management Inc., a wholly-owned subsidiary of Mitsubishi Corporation, the parent of the asset management company.

(Note) This transaction falls under the category of transactions with interested parties, in the context of the asset management company's rules and regulations on business transactions with related parties. Therefore, this transaction has been affirmed by the Compliance Office in accordance with the bylaws of the asset management company, and also has been approved by the Investment Committee and the Board of Directors of the asset management company through discussions/deliberations. Approval of the transaction requires at least 6 out of 8 directors voting in favor at the Board of Directors meeting.

#### Ownership History of Properties to be Acquired

Owner history	Previous owner	Former owner
Name	Jingumae 425 LLC	Other than those that have special interest in JRF/the asset management company
Relationship with interested parties of JRF/the asset management company	SPC in which the parent company of the asset management company (51% stake) has made TK investment	—
Background/reasons for acquisition	For temporary ownership purposes	—
Acquisition price	35,200 million yen (100% stake)	—
Acquisition date	March 28, 2014	—

#### 5. Broker

None

#### 6. Forward Commitment, etc.

Our acquisition of the 15% of sub joint ownership comes under "Forward Commitment etc. by Investment Corporations" (Note) as provided in "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators etc.

JRF plans on pursuing the acquisition using internal cash, etc. and believes that the possibility of failure to carry out the forward commitment, etc. is extremely minimal. In case, however, the forward commitment, etc. cannot be carried out, 10% of the scheduled purchase price shall be paid as a penalty for breach of contract.

(Note) Forward Commitment etc. is defined as “A postdating 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.”

7. Means of Payment  
Full payment at time of transfer

8. Planned Acquisition Schedule

Purchase Agreement Signing Date	March 28, 2014
Payment Date (35% of sub joint ownership)	April 1, 2014
Acquisition Date (35% of sub joint ownership)	April 1, 2014
Payment Date (15% of sub joint ownership)	Within 1 year after purchase agreement signing date
Acquisition Date (15% of sub joint ownership)	Within 1 year after purchase agreement signing date

[Reference]

**Prospective Income and Expenditures for the Property**

NOI(Net Operating Income)	646 million yen
NOI yield	3.7%
Depreciation	18 million yen
NOI yield after depreciation	3.5%

- NOI is based on the annual rent from lease contract.
- NOI yield is calculated to NOI divided by acquisition price and rounded to the nearest second decimal place.
- Depreciation is the approximate estimate as of today.
- NOI yield after depreciation is calculated to NOI minus depreciation divided by acquisition price and rounded to the nearest second decimal place.

**Summary of Appraisal Report**

Appraisal firm	CBRE K.K.
Appraisal value	18,450 million yen
Appraisal date	March 1, 2014
Value based on direct capitalization method	18,700 million yen
Direct cap rate	3.6%
Value based on DCF method	18,450 million yen
Discount rate	3.4%
Terminal cap rate	3.6%

## II. Acquisition of Round1 Stadium Takatsuki

1. Summary of Acquisition

1)	Property type	Trust beneficiary right in real estate
2)	Property name	Round1 Stadium Takatsuki
3)	Acquisition price	2,080 million yen
4)	Appraisal value	2,660 million yen (as of March 1, 2014)
5)	Completion date of contract	April 1, 2014
6)	Acquisition date	April 1, 2014
7)	Seller	Iron Properties LLC
8)	Acquisition funds	Internal cash
9)	Payment	Full payment at time of transfer

2. Reasons for acquisition

JRF is pursuing a strategy of asset replacement to improve stability and profitability of the portfolio.

This acquisition is under JRF's asset replacement strategy and JRF use the proceeds from the sale of 4 properties (G DINING SAPPORO, G-Bldg. Jingumae 04, G-Bldg. Jingumae 05, and AEON TOWN Ogaki).

JRF made the following assessments in acquiring the subject assets.

## Acquisition Highlights

An amusement facility facing a major arterial thoroughfare in the North Osaka area

### Market

- A retail trade area population of approximately 220,000 within a three-kilometer radius, and approximately 600,000 within a five-kilometer radius
- Takatsuki city has a high household volume and is a densely populated area which developed as a commuter town located between Osaka and Kyoto

### Location

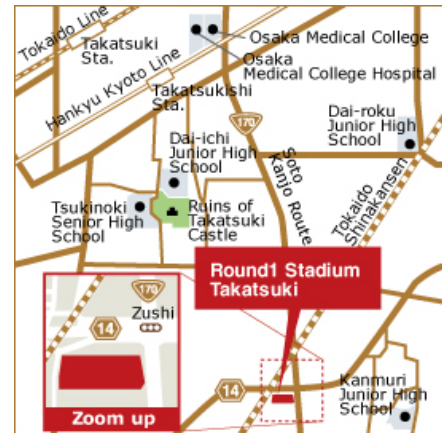
- Facing a major arterial thoroughfare (Soto Kanjo Route), it offers access by car from many areas
- Roadside stores representing various industries are located in the area which is dominated by commercial facilities

### Facility

- Ranked high among Round1's facilities in Japan in terms of sales revenue
- The largest scale facility among Round1, comprising bowling alleys, amusement facilities, karaoke boxes and "Spoccha". <sup>(Note)</sup>

(Note) "Spoccha" is the facility which charges by time and whose theme is sports.

### Photo and Map



### 3. Property Summary

Property name	Round1 Stadium Takatsuki		
Type of asset	Trust beneficiary right in real estate		
Trustee	Mitsubishi UFJ Trust and Banking Corp.		
Trust period	January 30, 2004 - April 30, 2024		
Location (address)	6-4, Zushi 3-chome, Takatsuki-shi, Osaka		
<b>Land</b>			
Area	9,963.85 m <sup>2</sup>		
Zoning	Semi-industrial district	Type of possession	Ownership
<b>Building</b>			
Structure / stories	6 stories , S-structure building with flat roof		
Total floor area	19,767.64 m <sup>2</sup>		
FAR / building-to-land ratio	200% / 60%	Type	Entertainment facility, Parking, and waste storage
Date built	November 25, 2004	Type of possession	Ownership
Design	Architect Connects Computerize Information Processing System Co., Ltd.		
Construction	Kajima Corporation		
Constructional Inspector	Japan ERI Co., Ltd.		
PML	6.6% (based on earthquake risk analysis report prepared jointly by Engineering & Risk Services Corporation and OYO RMS Corporation)		
Acquisition price	2,080 million yen		
Appraisal value	2,660 million yen (as of March 1, 2014)		
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.		
<b>Tenant Summary</b>			
Number of tenant(s) (Major Tenant)	1 (Round1)		
Annual rent	182 million yen		
Tenant leasehold /security deposit	137 million yen		
Total leased area	20,330.16 m <sup>2</sup>	Occupancy rate	100.0%
Total leasable area	20,330.16 m <sup>2</sup>	(based on leased area)	
<b>Major Tenant</b>			
Period of contract	March 27, 2013 – March 26, 2033 (Remaining Period: 19 years)		
Type of contract	Fixed-term lease contract		
Revision of rent	None		
Cancelation before ended contract period	Not possible for 10 years		
Collateral conditions	N/A		
Special notes	N/A		

- Amount 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.
- Descriptions of "Land area," "Structure/stories," "Total floor area" and "Date built" are all 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.
- "Annual rent" is calculated by taking the total amount of monthly rents and common area fees indicated in lease agreements and other documents expected to be in effect as of the anticipated acquisition date of each of the properties to be acquired, and multiplying this amount by 12, rounded down to the nearest one million yen.

### 4. Property of Sellers

1) Name	Iron Properties LLC
2) Location	Nihonbashi 1-chome Bldg. ,4-1 Nihonbashi 1-chome, Chuo-ku, Tokyo, Japan
3) Title & name of representative	Representative Partner: Surf Investment Association Manager: Keiichi Omura
4) Line of business	1. Acquisition, possession and disposal of Real Estate Trust Beneficiary Rights 2. Acquisition, possession, disposal, lease and management of real estate properties 3. Any other auxiliary and/or related businesses to the items described above
5) Capital	100,000 yen
6) Date established	February 21, 2013
7) Relationship with JRF / the asset management company	
Capital relationship Personal relationship Trade relationship	There are no capital, personal or business relationships to note between JRF/the asset management company and the company. In addition, there are no noteworthy capital, personal or business relationships between interested parties and affiliated companies of JRF / the asset management company and those of the company.
Related parties	The company does not fall under the category of a related party of JRF/the asset management company. In addition, none of the related parties and affiliated companies of this company fall

	under the category of the related parties of the asset management company.
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5. Broker

None

6. Means of Payment

Full payment at time of transfer

7. Planned Acquisition Schedule

Purchase Agreement Signing Date	April 1, 2014
Payment Date	April 1, 2014
Acquisition Date	April 1, 2014

[Reference]

Prospective Income and Expenditures for the Property

NOI(Net Operating Income)	153 million yen
NOI yield	7.4%
Depreciation	27 million yen
NOI yield after depreciation	6.1%

- NOI is based on the annual rent from lease contract.
- NOI yield is calculated to NOI divided by acquisition price and rounded to the nearest second decimal place.
- Depreciation is the approximate estimate as of today.
- NOI yield after depreciation is calculated to NOI minus depreciation divided by acquisition price and rounded to the nearest second decimal place.

Summary of Appraisal Report

Appraisal firm	Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal value	2,660 million yen	
Appraisal date	March 1, 2014	
Value based on direct capitalization method	2,700 million yen	
	Direct cap rate	5.6%
Value based on DCF method	2,640 million yen	
	Discount rate	5.6% (1 <sup>st</sup> to 9 <sup>th</sup> year), 5.8% (10 <sup>th</sup> year~)
	Terminal cap rate	5.8%

### III. Future Outlook

There will be no particular impact on our revenue forecast for the fiscal period ended February 2014 (the 24th period: September 1, 2013 – February 28, 2014). Furthermore, there is no immediate impact on our operating results for the fiscal period ending August 2014 (the 25th period: March 1, 2014 to August 31, 2014), we will not revise the forecast.

**About JRF:** JRF is the third listed Japanese Real Estate Investment Trust (“J-REIT”) and the first J-REIT to focus exclusively on retail properties. As of the date of this release, JRF owns 81 properties containing approximately 3.0 million square meters of leasable space.

Please refer to our website at <http://www.jrf-reit.com/english/index.html> for further details.

**Contacts:** For further information relating to this press release as well as JRF and Mitsubishi Corp.-UBS Realty Inc., its Asset Manager, please feel free to contact: Mr. Fuminori Imanishi (Telephone Number: 81-3-5293-7080), Head of Retail Division at Mitsubishi Corp.-UBS Realty Inc.,

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