Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953)
News Release – March 25, 2015

Japan Retail Fund Investment Corporation to Acquire a Property in Joto-ku, Osaka

Japan Retail Fund Investment Corporation ("JRF") announced today that Mitsubishi Corp. - UBS Realty Inc., JRF's asset manager (the "Asset Manager"), has decided to acquire a real property as outlined below.

1. Summary of disposition

1)	Asset to be acquired	Trust beneficiary interest in real estate
2)	Property name	EDION Kyobashi (Land with leasehold interest)
3)	Acquisition price	5,640 million yen
4)	Appraisal value	5,760 million yen (value as of March 1, 2015)
5)	Contract date	March 30, 2015 (Scheduled)
6)	Closing date	March 30, 2015 (Scheduled)
7)	Seller	GK EDN1910
8)	Financing	Cash on hand and borrowing
9)	Payment method	Lump sum payment at closing

2. Reason for acquisition

This is an acquisition of an underlying land of an urban retail property located in Kyobashi, Osaka area conducted for further diversification of the portfolio and to increase the revenue. It is expected that the long-term fixed land lease agreement with the lessee will provide stable income over the long term.

Following points were valued highly in particular upon making decision on the acquisition.

Acquisition Highlight

Underlying land of a building conveniently located within walking distance from "Kyobashi Station," facing an arterial highway

Attractiveness of the Market

- Kyobashi is an area where the station is surrounded by shopping streets, offices, houses and apartments, and on the southern side of the station, there is "Osaka Business Park" with a number of large-scale office buildings. It is an area where old and new are mixed.
- "Kyobashi Station" is the east gateway of Osaka, where five train lines including Keihan Railway, JR Osaka Loop Line and Tsurumi-ryokuchi Line are available.
- An area of high population density, where population is still growing. Population within 3 km radius is 477,000.

Attractiveness of the Location

- Conveniently located in approximately a 5-minute walking distance from Kyobashi Station
- Excellent location facing National Route 1 (Keihan National Highway) with highly visible corner location. Also close to arterial highways (National Route 479 and 163), which provides good car access.

Attractiveness of the Facility

- The building built on the land is a retail facility catering to the daily needs of local residents. EDION, an electric appliances store (the third largest selling electric appliance retailer in Japan), and Life, a supermarket (the top selling supermarket chain in Japan), which had its store opening in December 2013, occupy the property as tenants.
- The city planning road on the west of the property is scheduled to be widened in the future, and there is a potential for improvement in the access from north-south direction.

Photograph / Map





3. Outline of the property to be acquired

Property name		EDION Kyobashi (Land with leasehold interest)		
Type of asset		Trust beneficiary interest in real estate		
Location (address)		9-10, Gamo 1-chome, Joto-ku, Osaka-shi, Osaka, Japan		
Land				
	Area	4,307.16 m^2		
	Zoning	Commercial district	Type of possession	Ownership
Building				
	Structure / stories	-		
	Total floor area	-		
	FAR / building-to-land ratio	-	Type	-
	Completion date	-	Type of possession	-
	Design	-		
	Construction	-		
	Constructional inspector	-		
	PML	-		
Acquisition price		5,640 million yen		
Appraisal value		5,760 million yen (as of March 1, 2015)		
Appraiser		CBRE K.K.		
Tenant summary				
	Number of tenant(s)	1 (EDION)		
	Annual rent	Not disclosed as the tenant has not agreed to the disclosure of information.		
	Tenant leasehold /security deposit	514 million yen		
	Total leased area	4,307.16 m^2	Occupancy rate (based on leased area)	100.0%
	Total leasable area	4,307.16 m^2		
	Major tenant			
	Period of contract	December 13, 2012 to October 12, 2038 (remaining period of 23 years)		
	Type of contract	Fixed term land lease agreement for business purposes		
	Revision of rent	・ Land-rent is to be revised every 10 years after the lease start date, correlating to the long term prime rate. ・ If, as a result of increase or decrease in the fixed asset tax or city planning tax, there are any differences between the actual and the initially assumed tax amount, land-rent should be adjusted based on such increase or decrease of the tax amount every five years after the lease start date. ・ If the land-rent is considered to deviate substantially from the legitimate rent level due to significant change in economic status, large increase or decrease in the rent of neighboring properties, etc., land-rent shall be revised through discussion.		
	Early termination	Not allowed for 10 years after the lease start date. From and after 11 years, early termination is permitted with six months' prior notice (however, depending on the period of which the early termination date is included, the lessee will incur a penalty worth 47 to 12 months of the monthly land-rent).		
Collateral conditions		N/A		
Special notes		At the lease termination, the building is to be demolished and the land is to be returned as a vacant site.		

- Amounts 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" 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.
- "Annual rent" is not disclosed as the permission on disclosure has not been obtained from the tenant.

3. Profile of the seller

1)	Name	GK EDN1910
2)	Location	1-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan
3)	Title & name of representative	Executive Member: General Incorporated Association EDN1910 Tokyo Kyodo Accounting Office, 1-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo, Japan Representative Partner: General Incorporated Association EDN1910 Functional Manager: Masakazu Hongo
4)	Line of business	1. Acquisition, holding, disposition, leasing and management of real estate. 2. Acquisition, holding and disposition of real estate trust beneficiary interest. 3. Any other auxiliary and/or related businesses to the items described above.
5)	Capital	1,970,000 yen
6)	Date established	August 19, 2014
7)	Relationship with JRF / the Asset Management Company	
	Capital relationship	The seller as an SPC established for the purpose of acquiring, possessing and disposing real estate trust beneficiary rights in which Mitsubishi Corporation, the parent of the Asset Manager (by a 51% majority interest), has made a tokumei kumiai ("TK") investment.
	Personal relationship	There are no personal relationships to note between JRF/the Asset Manager and the company.
	Trade relationship	There are no trade relationships to note between JRF/the Asset Manager and the company.
	Related parties	The company falls under the category of related parties of JRF and the Asset Manager. The company also falls under the category of related parties of JRF and the Asset Manager in the context of the Asset Manager's rules and regulations on business transactions with related parties. However, the related parties of the company do not fall under the category of the related parties of JRF

(Note) This transaction falls under the category of transactions with interested parties, in the context of the Asset Manager'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 Manager, and also has been approved by the investment committee and the board of directors of the Asset Manager through discussions/deliberations. Approval of the transaction requires at least six out of eight directors voting in favor of the transaction at the board of directors meeting.

5. Ownership history of the property to be acquired

The real property is not acquired from the seller which falls under the category of a related party of JRF/the Asset Management Company.

Owner history	Previous owner	Former owner
Name	GK EDN1910	Another company, other than those that have special interest in JRF/the Asset Manager
Relationship with interested parties of JRF/the Asset Manager	SPC in which Mitsubishi Corporation, the parent company of the Asset Manager has made a TK investment.	—
Background/reasons for acquisition	For temporary ownership purposes	—
Acquisition price	5,550 million yen	—
Acquisition date	September 9, 2015	—

(Note) JRF has no obligation to pay the expense related to composing the above SPC to the seller.

6. Brokerage profile

Not applicable.

7. Payment

Lump sum payment at closing.

8. Planned Acquisition Schedule

Decision Making Date	March 25, 2015
Purchase Agreement Signing Date	March 30, 2015 (Scheduled)
Payment Date	March 30, 2015 (Scheduled)
Acquisition Date	March 30, 2015 (Scheduled)

9. Future Outlook

This acquisition will not have any impact on our performance forecast for the fiscal period ending February 2015 (the 26th period: September 1, 2014– February 28, 2015) and will only have marginal impact for the fiscal period ending August 2015 (the 27th period: September 1, 2014 – February 28, 2015); therefore, our forecasts will remain unchanged.

10. Appraisal Report Summary

Appraiser	CBRE K.K.
Appraisal Value	5,760 million yen
Value Date	March 1, 2015

Item	Value	Notes
Indicated value by income approach		
DCF method	5,760 million yen	Since only the land with a leasehold interest has been acquired with respect to the property, only the appraisal value based on the DCF method is acquired.
Discount rate	4.4%	
Terminal capitalization rate	-	The terminal capitalization rate is not adopted because it is assumed that the land will be returned as a vacant site after the expiry of the lease term.

Other matters of consideration	N/A

[Reference]

Prospective Income and Expenditures for the Property

NOI (Net Operating Income)	245 million yen
NOI yield	4.3%
Depreciation	-
NOI yield after depreciation	4.3%

- NOI is based on the annual rent based on the lease agreement.
- NOI yield is calculated by dividing NOI by the acquisition price and rounding 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 rounding to the nearest second decimal place.

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 88 properties containing approximately 3.1 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:
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This translation is for informational purposes only, and the Japanese language release should be referred to as the original.