Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953)

News Release – August 20, 2015

Notice Concerning Debt Financing (New Debt Financing)

Japan Retail Fund Investment Corporation ("JRF") announced today debt financing (new debt financing), as outlined below.

1. New debt financing (totaling ¥16,500 million)

(1) Description of new debt

	Lender	Amount outstanding	Debt term	Interest rate (Note 1)(Note 2)		Anticipated borrowing date	Method of borrowing, repayment of principal	Repayment date
Borrowing 1	Development Bank of Japan Inc.	¥2,500 million	3 years	Variable	Base interest rate (JBA 1 month yen TIBOR) +0.15% (Note 2)	October 1, 2015	Unsecured and unguaranteed, lump sum repayment	September 28, 2018
Borrowing 2	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Mitsubishi UFJ Trust and Banking Corporation and Sumitomo Mitsui Trust Bank, Limited	¥9,500 million	1.5 years	Variable	Base interest rate (JBA 1 month yen TIBOR) +0.15% (Note 2)	October 8, 2015		March 31, 2017
Borrowing 3	Sumitomo Mitsui Banking Corporation	¥2,500 million	1 year	Variable	Base interest rate (JBA 1 month yen TIBOR) +0.14% (Note 2)	September 18, 2015		September 16, 2016
Borrowing 4	Resona Bank, Limited.	¥1,000 million	1 year	Variable	Base interest rate (JBA 1 month yen TIBOR) +0.12% (Note 2)	October 1, 2015		September 30, 2016
Borrowing 5	The Bank of Fukuoka, Ltd.	¥1,000 million	1 year	Variable	Base interest rate (JBA 1 month yen TIBOR) +0.12% (Note 2)	October 1, 2015		September 30, 2016
	Total / Average remaining borrowing period	¥16,500 million	1.6 years (Note 3)					

(Note 1) Interest payment dates are the last day of every month and the principal repayment date (or the immediately preceding business day if the date is not a business day).

(Note 2) Base interest rate applied to an interest calculation period is the 1-month Japanese yen TIBOR that the Japanese Bankers Association (JBA) releases two business days before the interest payment date thereof. If the calculation period is less than one month, the base interest rate is calculated by the method stipulated in the contract.

* Please refer to the JBA TIBOR Administration website (http://www.jbatibor.or.jp/english/rate/) for JBA Japanese yen TIBOR.

(Note 3) Average remaining borrowing period is calculated using the weighted average of the borrowing amounts.

(2) Reasons for new debt financing

As announced in the press release titled “Japan Retail Fund Investment Corporation to Acquire 7 Properties in Japan” dated today, JRF will acquire 7 new properties (a total acquisition price of ¥38.8 billion, referred to as "Anticipated Properties" hereinafter) and for the acquisitions of Anticipated Properties JRF will borrow new debt as well as issue new investment units (please refer to the press release titled “Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units” dated today).

(3) Amount of funds, specific use of funds and scheduled payment period

a) Borrowing amount

¥16,500 million

b) Specific use of the borrowing

To be disbursed as part of funds for acquisitions of the Anticipated Properties

Note: This press release is intended as general information for the announcement regarding JRF’s debt financing in Japan, and has not been prepared for the purpose of solicitation of investment.

c) Schedule payment period

During the period from September 18, 2015 through October 8, 2015

About JRF: JRF is the third largest listed J-REIT and the largest J-REIT to focus exclusively on retail properties. As of the date of this release, JRF owns 90 properties containing approximately 3.2 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. Keita Araki (Telephone Number: 81-3-5293-7080), Head of the Retail Division at Mitsubishi Corp.-UBS Realty Inc.

Investor Relations: Telephone Number: 81-3-5293-7081

E-mail: jrf-8953.ir@mc-ubs.com

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

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[Attachment] Reference

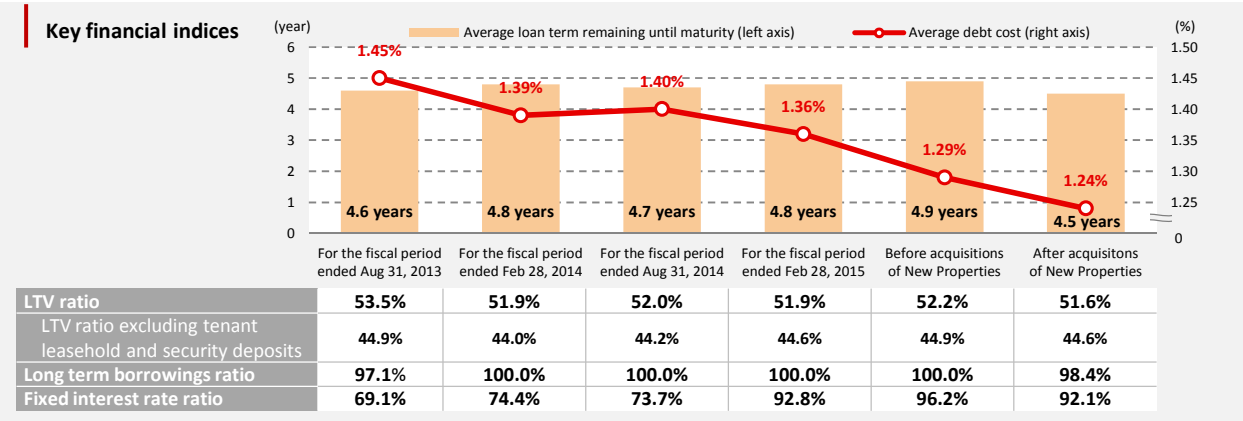
1. Status of interest bearing debt after new debt financing

(unit: million yen)

	Before	After	Variation
Short-term borrowing	3,000	7,500	+4,500
Total short-term interest-bearing debt	3,000	7,500	+4,500
Long-term borrowing	329,241	341,241	+12,000
Corporate bond	47,500	47,500	0
Total long-term interest-bearing debt	376,741	388,741	+12,000
Total interest bearing debt	379,741	396,241	+16,500

(Note) Tenant leasehold and security deposits from leaseholders (totaling approximately ¥ 61,000 million) are not included in the table above. In addition, long-term borrowing includes the current portion of long-term borrowing.

2. Status of LTV ratio, LTV ratio excluding tenant leasehold and security deposits, long-term borrowings ratio, fixed interest rate ratio, average loan term remaining until maturity and average debt cost



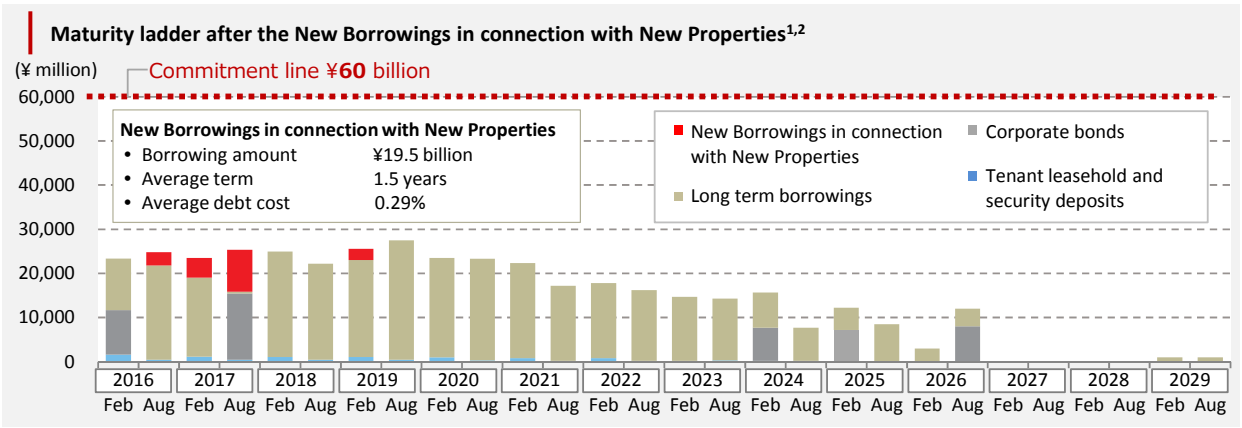
	For the fiscal period ended Aug 31, 2013	For the fiscal period ended Feb 28, 2014	For the fiscal period ended Aug 31, 2014	For the fiscal period ended Feb 28, 2015	Before acquisitions of New Properties	After acquisitons of New Properties
LTV ratio	53.5%	51.9%	52.0%	51.9%	52.2%	51.6%
LTV ratio excluding tenant leasehold and security deposits	44.9%	44.0%	44.2%	44.6%	44.9%	44.6%
Long term borrowings ratio	97.1%	100.0%	100.0%	100.0%	100.0%	98.4%
Fixed interest rate ratio	69.1%	74.4%	73.7%	92.8%	96.2%	92.1%

(Note 1) Depending on the amount of the aggregate issue price from the Japanese Public Offering and International Offering (referred to as "Offerings" hereinafter) as stated in the press release titled "Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units" dated today, LTV ratio and LTV ratio excluding tenant leasehold and security deposits after the Offerings and the new borrowings in connection with the Offerings (after the acquisition of G Bldg. Ueno 01 on July 28, 2015 and Anticipated Properties (referred to as "New Properties" hereinafter)) may change, which would cause our actual figures to be different from those indicated in the table.

(Note 2) As of the end of each fiscal period except for "Before acquisitions of New Properties" and "After acquisitions of New Properties".

(Note 3) For calculation methodology for LTV ratio, LTV ratio excluding tenant leasehold and security deposits, Long-term borrowings ratio, Fixed interest rate ratio, Average loan term remaining until maturity and Average debt cost, please refer to “Calculation methodology for each parameter” below.

3. Diversification of repayment dates



(Note 1) New Borrowings in connection with New Properties include ¥3,000 million of short-term borrowings effective on July 28, 2015 for the acquisition of G Bldg. Ueno 01 and ¥16,500 million of new borrowings.

(Note 2) As of today except for the ¥16,500 million of new borrowings

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"Calculation methodology for each parameter"

Depending on the amount of the aggregate issue price from the Offerings, LTV and LTV ratio excluding tenant leasehold and security deposits after the Offerings and the new borrowings in connection with the Offerings may change, which would cause our actual figures to be different from those indicated above.

Some of the figures before acquisitions of New Properties and all the figures after acquisitions of New Properties are estimates based on our assumptions as of today and the actual results may differ from such figures.

"LTV ratio", "LTV ratio excluding tenant leasehold and security deposit, "long-term borrowings ratio", "fixed interest rate ratio", "average loan term remaining until maturity", and "average debt cost" as of the end of February, 2015 (the end of 26th fiscal period) are calculated by the following formulas. Same formulas are used to calculate the figures prior to the 25th fiscal period ended August 31, 2014 by replacing "the end of February, 2015 (the end of 26th fiscal period)" or "February, 2015 (26th fiscal period)" with "the end of each fiscal period" or "each fiscal period" respectively.

LTV ratio = {short-term borrowings + long-term borrowings* + long-term bonds + tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal period)} ÷ total assets (total liabilities + total net assets) as of the end of February, 2015 (the end of 26th fiscal period)

LTV ratio excluding tenant leasehold and security deposit = (short-term borrowings + long-term borrowings* + long-term bonds, as of the end of February, 2015 (the end of 26th fiscal period)) ÷ total assets (total liabilities + total net assets) as of the end of February, 2015 (the end of 26th fiscal period)

Long-term borrowings ratio = {long-term borrowings* + long-term bonds+ tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal period)} ÷ {short-term borrowings + long-term borrowings* + long-term bonds + tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal period)}

Fixed interest rate ratio = {fixed interest long-term borrowings* (including any borrowings that are hedged by interest rate swap) + long-term bonds + tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal period)} ÷ {short-term borrowings + long-term borrowings* + long-term bonds+ tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal period)}

Average loan term remaining until maturity = weighted average of the periods remaining from the last day of each term until the maturity repayment and maturity redemption dates described in the loan agreements, calculated based on the balance of short-term borrowings, long-term borrowings*, long-term bonds and tenant security deposits as of the end of February, 2015 (the end of 26th fiscal period) (or, in the case of loans with installment payments, the weighted average of the periods remaining until the due date of each installment payment, as calculated based on the amount of each installment payment)

Average debt cost = (non-operating expenses – amortization of unit issuance costs incurred during the 26th fiscal period) / the number of operating days during each fiscal period) x 365 ÷ (average balance of short-term borrowings + average balance of long-term borrowings* + average balance of long-term bonds + average balance of tenant security deposits, during the 26th fiscal period)

* The current portion of long-term borrowings is regarded as long-term borrowings in calculations.

"LTV ratio", "LTV ratio excluding tenant leasehold and security deposit, "long-term borrowings ratio", "fixed interest rate ratio", "average loan term remaining until maturity", and "average debt cost" before acquisitions of New Properties are calculated by the following formulas.

LTV ratio = {(short-term borrowings + long-term borrowings* + long-term bonds + tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal period) + change in tenant leasehold and security deposits from March 1, 2015 through June 30, 2015 + (new long-term borrowings (29.8 billion yen) – repaid long-term borrowings (24.31 billion yen) – repaid certain scheduled repayments of long-term borrowings **) (referred to as the "Interest-bearing Debt Before acquisitions of New Properties (including tenant leasehold and security deposits)")} ÷ {((total liabilities – short-term borrowings – long-term borrowings* – long-term bonds – tenant leasehold and security deposits) + net assets, as of the end of February, 2015 (the end of 26th fiscal period)) + (Interest-bearing Debt Before acquisitions of New Properties (including tenant leasehold and security deposits))}

LTV ratio excluding tenant leasehold and security deposit = {(short-term borrowings + long-term borrowings* + long-term bonds, as of the end of February, 2015 (the end of 26th fiscal period) + (new long-term borrowings (29.8 billion yen) – repaid long-term borrowings (24.31 billion yen) + – certain scheduled repayments of long-term borrowings**, from March 1, 2015 to June 30, 2015)) (referred to as the "Interest-bearing Debt Before acquisitions of New Properties (excluding tenant leasehold and security deposits)")} ÷ {((total liabilities – short-term borrowings – long-term borrowings* – long-term bonds – tenant leasehold and security deposits) + net assets, as of the end of February, 2015 (the end of 26th fiscal period)) + (Interest-bearing Debt Before acquisitions of New Properties (including tenant leasehold and security deposits))}

Long-term borrowings ratio = {(long-term borrowings* + long-term bonds + tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal

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period) + change in tenant leasehold and security deposits from March 1, 2015 through June 30, 2015 + (new long-term borrowings (29.8 billion yen) – repaid long-term borrowings (24.31 billion yen) – certain scheduled repayments of long-term borrowings**) (referred to as the "Long-term Borrowings Before acquisitions of New Properties")} ÷ {short-term borrowings as of the end of February, 2015 (the end of 26th fiscal period) + Long-term Borrowings Before acquisitions of New Properties}

Fixed interest rate ratio = {(fixed interest long-term borrowings*** + long-term bonds + tenant leasehold and security deposits, as of the end of February, 2015 (the end of 26th fiscal period)) + change in tenant leasehold and security deposits from March 1, 2015 through June 30, 2015 + (new fixed interest long-term borrowings (20.0 billion yen) – certain scheduled repayments of fixed interest long-term borrowings**) (referred to as the "Fixed Interest Long-term Borrowings Before acquisitions of New Properties (including tenant leaseholds and security deposits)")} ÷ Interest-bearing Debt Before acquisitions of New Properties (including tenant leasehold and security deposits)

Average loan term remaining until maturity = weighted average of the periods remaining from June 30, 2015 until the maturity repayment and maturity redemption dates described in the loan agreements and other relevant agreements, calculated based on the balance of short-term borrowings, long-term borrowings*, long-term bonds and tenant security deposits as of June 30, 2015 (or, in the case of loans with installment payments, the weighted average of the periods remaining until the due date of each installment payment, as calculated based on the amount of each installment payment)

Average debt cost = (total annualized amount of interest payments and debt finance related fees of short-term borrowings, long-term borrowings*, long-term bonds and tenant security deposits based on the loan agreements, commitment line and other relevant agreements as of June 30, 2015) ÷{total amount of debt as of the end of February, 2015 (the end of 26th fiscal period) based on the loan agreements + change in security deposits from March 1, 2015 through June 30, 2015 + new long-term borrowings (29.8 billion yen) – repaid long-term borrowings (24.31 billion yen) – certain scheduled repayments of long-term borrowings**}

* The current portion of long-term borrowings is regarded as long-term borrowings in calculations.

** For details of certain scheduled repayments of long-term borrowings, please refer to the detailed list of borrowings in the financial statement released on May 25, 2015.

*** Fixed interest long-term borrowings include any borrowings that are hedged by interest rate swap.

"LTV ratio", "LTV ratio excluding tenant leasehold and security deposit", "long-term borrowings ratio", "fixed interest rate ratio", "average loan term remaining until maturity" and "average debt cost" after acquisitions of New Properties are calculated by the following formulas.

LTV ratio = {(Interest-bearing Debt Before acquisitions of New Properties (including tenant leasehold and security deposits) – certain scheduled repayments of long-term borrowings** and certain scheduled repayments of tenant leasehold and security deposits from July 1, 2015 to the completion of the acquisition of anticipated properties* + New Borrowings in connection with New Properties + expected new tenant leasehold and security deposits in connection with the New Properties) (referred to as the "Interest-bearing Debt After acquisitions of New Properties (including tenant leasehold and security deposits)")} ÷ {((total liabilities – short-term borrowings – long-term borrowings*** – long-term bonds – tenant leasehold and security deposits) + total net assets, as of the end of February, 2015 (the end of 26th fiscal period)) + (Interest-bearing Debt After acquisitions of New Properties (including tenant leasehold and security deposits) + total proceeds from the issuance of new investment units****)}

LTV ratio excluding tenant leasehold and security deposit = {Interest-bearing Debt Before acquisitions of New Properties (excluding tenant leasehold and security deposits) - certain scheduled repayments of long-term borrowings** from July 1, 2015 to the completion of the acquisition of anticipated properties* + New Borrowings in connection with New Properties}(referred to as the "Interest-bearing Debt After acquisitions of New Properties (excluding tenant lease hold and security deposits)) ÷ {((total liabilities – short-term borrowings – long-term borrowings*** – long-term bonds – tenant leasehold and security deposits) + total net assets, as of the end of February, 2015 (the end of 26th fiscal period)) + (Interest-bearing Debt After acquisitions of New Properties (including tenant leasehold and security deposits) + total proceeds from the issuance of new investment units****)}

Long-term borrowings ratio = {(Long-term Borrowings Before acquisitions of New Properties - certain scheduled repayments of long-term borrowings** and certain scheduled repayments of tenant leasehold and security deposits from July 1, 2015 to the completion of the acquisition of anticipated properties* + long-term borrowings of New Borrowings in connection with New Properties***** + expected new tenant leasehold and security deposits in connection with New Properties (referred to as the "Long-term Borrowings After acquisitions of New Properties")} ÷{short-term borrowings as of the end of February, 2015 (the end of 26th fiscal period) + short-term borrowings of New Borrowings in connection with New Properties***** + Long-term Borrowings After the Anticipated Acquisitions}

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Fixed interest rate ratio = {Fixed Interest Long-term Borrowings Before acquisitions of New Properties (including tenant leaseholds and security deposits) - certain scheduled repayments of long-term borrowings** and certain scheduled repayments of tenant leasehold and security deposits from July 1, 2015 to the completion of the acquisition of anticipated properties* + expected tenant leasehold and security deposits in connection with the acquisitions of the New Properties} ÷ Interest-bearing Debt After acquisitions of New Properties (including tenant leasehold and security deposits)

Average loan term remaining until maturity = weighted average of the periods remaining from the date of anticipated acquisitions* until the maturity repayment and maturity redemption dates described in the loan agreements and other relevant agreements (including New Borrowings in connection with New Properties and expected tenant and security deposits in connection with the acquisitions of the New Properties), calculated based on the balance of short-term borrowings, long-term borrowings***, long-term bonds and tenant security deposits as of the anticipated acquisition date* (or, in the case of loans with installment payments, the weighted average of the periods remaining until the due date of each installment payment, as calculated based on the amount of each installment payment)

Average debt cost = (total annualized amount of interest payments and debt finance related fees of short-term borrowings, long-term borrowings***, long-term bonds and tenant security deposits based on the loan agreements and other relevant agreements (including New Borrowings in connection with New Properties and expected tenant security deposits in connection with the acquisitions of the New Properties) as of the date of anticipated acquisition*) ÷ (total amount of short-term borrowings, long-term borrowings***, long-term bonds and tenant security deposits as of the date of anticipated acquisitions*.

To calculate average debt cost, we estimate variable interest rate based on 1-month TIBOR as of Wednesday August 5, 2015

* The completion of the acquisition of anticipated properties refers to October 8, 2015.

** For details of certain scheduled repayments of long-term borrowings please refer to the detailed list of borrowings in the financial statement released on May 25, 2015.

*** The current portion of long term borrowing is regarded as long term borrowings in calculations

**** The total proceeds from the issuance of new investment units and 2,500 new issuance of new investment units through the third party allotment is based on the aggregate issue price of 27,650,000,000 yen from the issuance of new investment units and 578,000,000 yen from the overallotment secondary offering (an estimated amount based on the closing price of our units traded in regular trading sessions on the Tokyo Stock Exchange as of August 5, 2015). We assume that the overseas underwriters exercise in full a purchase right granted to such overseas underwriters for the overseas offerings and that a domestic underwriter applies and make payments for all the investment units to be issued through third-party allotment. Accordingly, if the actual aggregate issue price is less than the figure estimated, or the purchase rights granted to the overseas underwriter are not exercised in full, or all or portion of proceeds from the third-party allotment is not paid in full our LTV ratio and LTV ratio excluding tenant leasehold and security deposit would be larger than the figures indicated in the table. On the other hand, if the actual issue price is larger than the estimated amount, our LTV ratio and LTV ratio excluding tenant leasehold and security deposit would be smaller than the figures indicated in the table.

***** Of the New Borrowings in connection with New Properties, the amount of short-term borrowings and long-term borrowings is expected to be 7.5 billion yen and 12.0 billion yen respectively.

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