Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953)
News Release –March 15, 2016

Notice Concerning Acquisition of G-Bldg. Shinsaibashi 04 (Bldg. B) (Note 1)

Mitsubishi Corp.-UBS Realty Inc., the asset manager (the "Asset Manager") of Japan Retail Fund Investment Corporation ("JRF"), determined today to acquire a property, namely G-Bldg. Shinsaibashi 04 (Bldg. B) (the "Property") adjacent to G-Bldg. Shinsaibashi 04 (Bldg. A) which the Asset Manager acquired on October 16, 2015, as outlined below.

1. Overview of acquisition

1) Property type	Real property (Note 2)
2) Property name	G-Bldg. Shinsaibashi 04 (Bldg. B) (Note 1)
3) Acquisition price	820 million yen
4) Appraisal value	869 million yen (as of March 15, 2016)
5) Contract completion date	March 15, 2016
6) Acquisition date	March 31, 2016 (scheduled)
7) Seller	Planmake Co.,Ltd.
8) Acquisition funds	Debt and cash on hand
9) Payment	Full payment at closing

(Note 1) The Property name indicated in this notice is the name to which JRF plans to change after the completion of acquisition of the Property. As of today, the name of the Property is Shinsaibashi Gourmet Building.
(Note 2) JRF plans, in addition, to entrust this Property at a later date to the real estate trust beneficiary rights of G-Bldg. Shinsaibashi 04 (Bldg. A), located on the adjacent plot of land, which it acquired on October 16, 2015, and manage Buildings A and B as a single asset.

2. Reason for acquisition

JRF is increasing urban-type commercial facilities in the portfolio aimed at the further diversification and improved profitability of the portfolio. On this basis, bearing in mind the possibilities of synergistic and cost-reduction effects for tenant leasing through integrated operations as well as future redevelopment, JRF will purchase this Property, which is located adjacent to G-Bldg. Shinsaibashi 04 (Bldg. A), as part of asset replacement, one of the measures for further growth.

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

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Highlight of acquisition

Complex type commercial facility located in a busy shopping arcade that is in the north of Shinsaibashi station

Attractiveness of market

- Increase in number of both domestic and international tourists can be expected as department stores and fashion brand boutiques are concentrated in Shinsaibashi; also, the area has a potential to become all the more attractive through new store openings, etc.

Attractiveness of location

- The Property is situated in a rare location that is about 4 minutes walk from Shinsaibashi station on Osaka Municipal Subway Midosuji Line and is in the shopping arcade that extends to the north from Nagahoridori.
- Shinsaibashi North Shopping Street is a busy shopping arcade; there are various shops such as men's clothing stores, shoe stores, drug stores, café and beauty salons in the arcade. Since the stores that sell products for daily use are mainly in the arcade, it attracts many customers.

Attractiveness of facility

- Complex type commercial facility with a 40-50 *tsubo* leasable area—which is in high demand by tenants of product sales and restaurants—on each floor
- Operations would be made more cost-effective by integrated operation with the adjacent existing Property, "G-Bldg. Shinsaibashi 04 (Bldg. A)"

Photo and map

Bldg. B to be acquired (front in the photo) and the already-acquired Bldg. A (back in the photo)



Map



3. Overview of Property

Property name		G-Bldg. Shinsaibashi 04 (Bldg. B) (Note 1)		
Type of asset		Real property (Note 2)		
Trustee		Not determined yet (Note 3)		
Trust period		Not determined yet		
Location (address)		10-4 Minamisenba 3-chome, Chuo-ku, Osaka, Osaka		
Land				
	Area	233.61m^2		
	Zoning	Commercial district / Fire preventive district	Type of possession	Ownership
Building				
	Structure/stories	3 stories above ground, steel construction		
	Total floor area	488.6m^2		
	FAR/building-to-land ratio	600%/100%	Type	Retail
	Completion date	July 10, 2000	Type of possession	Ownership
	Design	Tsuda Architect Studio		
	Construction	Kumagaigumi Co.,LTD		
	Constructional inspector	Osaka-si building official		
	PML	5.4% (Based on the earthquake risk analysis report jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation.)		
Acquisition price		820 million yen		
Appraisal value		869 million yen (as of March 15, 2016)		
Appraiser		CBRE K.K.		
Tenant summary				
	Number of tenant(s)	3 (Note 4)		
	Annual rent	40 million yen		
	Tenant leasehold/security deposit	30 million yen		
	Total leased area	431.27 m^2	Occupancy rate (based on leased area)	100.0%
	Total leasable area	431.27 m^2		
	Major tenant			
	Period of contract	Not disclosed as the tenants have not agreed to the disclosure of information. (Note 5)		
	Type of contract			
	Revision of rent			
	Early termination			
Collateral conditions		N/A		
Special notes		・There is an arcade for protection against rain on the premise (in front of the Property) that was built without a building permit based on Building Standards Act. We have reached an agreement with the seller that it will remove the arcade at its responsibility and cost.		

・Amounts 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" 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.

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(Note 3) The Trustee will be Sumitomo Mitsui Trust Bank, Limited.
(Note 4) JRF received a notice to vacate as of the last day of August, 2016 from the tenant on the third floor.
(Note 5) Not disclosed as the tenant has not agreed to the disclosure of information.

4. Overview of Seller

1)	Name	Planmake Co.,Ltd.
2)	Location	1-1 Awaza 2-Chome, Nishi-ku, Osaka, Osaka
3)	Title & name of representative	President: Kumiko Ozaki
4)	Line of business	・Real estate transactions ・Real restate leasing ・Real estate consulting
5)	Capital	Not disclosed as the seller has not agreed to the disclosure of information. *
6)	Date established	
7)	Net assets	
8)	Total assets	
9)	Major shareholder and shareholding ratio	
10)	Relationship with JRF/the Asset Manager	
	Capital relationship Personal relationship Trade relationship	There are no capital, personal or business relationships to note between JRF/the Asset Manager and the company. In addition, there are no noteworthy capital, personal or business relationships between interested parties and affiliated companies of JRF / the Asset Manager and those of the company.
	Related parties	The company does not fall under the category of a related party of JRF and the Asset Manager. In addition, none of the related parties and affiliated companies of this company fall under the category of the related parties of JRF and the Asset Manager.

* Capital etc. will not be disclosed as the seller has not agreed to the disclosure of information.

5. Ownership history of the Property to be acquired

The Property is not acquired from the seller which falls under the category of a related party of JRF and the Asset Manager.

6. Brokerage profile

The Broker of this Property is a domestic corporation; however, since it has not agreed to the disclosure of its name etc., such information will not be disclosed. While there are no special capital or personal relationships between JRF/Asset Manager and the said corporation, property management contracts have been concluded with the said Broker for some of the existing Properties owned by JRF. Moreover, the Broker does not fall under the category of a related party.

7. Payment

Full payment at closing

8. Acquisition schedule

Decision-making date	March 15, 2016
Purchase agreement signing date	March 15, 2016
Payment date	March 31, 2016 (scheduled)
Acquisition date	March 31, 2016 (scheduled)

9. Future outlook

As the impact of this acquisition on our revenue forecasts for the fiscal period ending August 2016 (the 29th period: March 1, 2016 – August 31, 2016) is marginal, these forecasts will not be revised.

10. Appraisal Report Summary

Appraiser	CBRE K.K.
Appraisal value	869 million yen
Value date	March 15, 2016

Item	Value	Notes
Indicated value by income approach		
DC method	856 million yen	
Operating income	49 million yen	
Effective gross income	51 million yen	
Loss from vacancy, etc.	1 million yen	
Operational cost	12 million yen	
Maintenance and management fee	1 million yen	
Utility cost	6 million yen	
Repair expenses	0 million yen	
Property manager fee	Not disclosed	As the disclosure of this information may negatively affect JRF's competitiveness and work to the detriment of unitholders, we have decided not to disclose the information, and include it under "other expenses."
Leasing cost	0 million yen	
Property tax	2 million yen	
Insurance premium	Not disclosed	As the disclosure of this information may negatively affect JRF's competitiveness and work to the detriment of unitholders, we have decided not to disclose the information, and include it under "other expenses."
Other expenses	0 million yen	
Net operating income	36 million yen	
Operating profit from lump-sum payments	0 million yen	
Capital expenditure	0 million yen	
Net income	36 million yen	
Capitalization rate	4.3%	
DCF method	869 million yen	
Discount rate	3.8%	
Terminal capitalization rate	4.3%	
Indicated value by cost approach	869 million yen	
Land ratio	96%	
Building ratio	4%	

Other matters of consideration	N/A

【Reference】

Prospective income and expenditures for the Property

Prospective income & expenditures	
NOI (Net Operating Income)	34 million yen
NOI yield	4.3%
Depreciation	1 million yen
NOI yield after depreciation	4.1%

- NOI is based on the annual rent under 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. 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.