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MC-UBS GROUP

Japan Retail Fund Investment Corporation

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To all concerned parties:

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Notice Concerning Acquisition of Real Estate in Japan (G-Bldg. Jingumae 07)

Mitsubishi Corp. – UBS Realty Inc., the asset manager (the "Asset Manager") of Japan Retail Fund Investment Corporation ("JRF"), determined today to acquire a real property as outlined below.

1. Overview of acquisition

1)	Property type	Real estate
2)	Property name	G-Bldg. Jingumae 07 (Note 1)
3)	Location	26-4 Jingumae 4-chome, Shibuya-ku, Tokyo
4)	Acquisition price (scheduled)	1,950 million yen
5)	Appraisal value	2,080 million yen (as of September 1, 2017)
6)	Contract completion date (scheduled)	September 28, 2017
7)	Acquisition date (scheduled)	November 22, 2017
8)	Seller	Not disclosed (Note 2)
9)	Acquisition funds	Cash on hand
10)	Payment	Full payment at closing

(Note 1) The property is currently known as Omotesando Terrace, 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.

2. Reasons for Acquisition

JRF positions the continuous and strategic replacement of assets aimed at increasing the profitability and stability of the portfolio as one of its external growth strategies and 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. It is an urban retail property in the Omotesando-Harajuku-Aoyama area, one of Japan's key retail centers.

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

Highlight of acquisition

This urban retail property is located on Cat Street in the Omotesando-Harajuku-Aoyama area, one of Japan's key retail centers. This acquisition brings the number of properties acquired in this area to 15.

Attractiveness of market

- This property is located in the Omotesando-Harajuku-Aoyama area (one of Japan's leading retail areas), which attracts a range of tenants dealing in luxury as well as casual brands.

Attractiveness of location

- The property is well-located, being a 5-minute walk from Tokyo Metro Meiji-jingumae Station and a 9-minute walk from JR Harajuku and Tokyo Metro Omotesando stations.
- The property is located on Cat Street, the main thoroughfare for the Ura-Harajuku area, which attracts many fashion and trend-conscious young people and foreign tourists.
- The area has a large number of shops, including those at the cutting edge of trends, and distinctive cafes and stores selling second-hand clothing.

Attractiveness of facility

- The property is the site of the flagship store of Geo Holdings Corporation's 2nd STREET Reuse Shop chain, which has more than 500 outlets nationwide.
- A street-front store with a large façade, making it quite a rarity on Cat Street.

■ Photo / Property Location Map

Property Photo



Cat Street



Wide-area map
(Omotesando-Harajuku-Aoyama area)



Narrow-area map



3. Property Summary

Property name		G-Bldg. Jingumae 07			
Type of asset		Real estate			
Trustee		-			
Trust period		-			
Location (address)		26-4 Jingumae 4-chome, Shibuya-ku, Tokyo			
Land	Land area	201.23 m²			
	Zoning	Category I residential district	Type of possession	Ownership	
Building	Structure / stories	2 stories above ground and 1 basement floor, reinforced concrete structure with flat roof			
	Total floor area	369.94 m²			
	FAR / building-to-land ratio	300% / 60%	Type	Retail	
	Completion date	October 1, 2011	Type of possession	Ownership	
	Design	*Architrain Co., Ltd.*			
	Construction	Tokura Corporation			
	Constructional Inspector	*K.K. Building Navigation*			
	PML	1.5% (Based on the earthquake risk analysis report dated September 2017 jointly prepared by Engineering and Risk Services Corporation and OYO RMS Corporation)			
Acquisition price		1,950 million yen			
Appraisal value		2,080 million yen (as of September 1, 2017)			
Appraiser		Tanizawa Sōgō Appraisal Co., Ltd.			
Tenant summary	Number of tenants (main tenants)	1 (2nd STREET)			
	Annual rent	Not disclosed (Note)			
	Tenant leasehold / security deposit	Not disclosed (Note)			
	Total leased area	373.12 m²	Occupancy rate (based on leased area)	100%	
	Total leasable area	373.12 m²			
	Main tenants: Period of contract	7 years (until March 31, 2024)			
	Main tenants: Type of contract	Fixed-term lease contract			
	Main tenants: Revision of rent	Not disclosed (Note)			
	Main tenants: Early termination	Not disclosed (Note)			
Collateral conditions		None			
Special notes		• With respect to the defects of the building pointed out in the engineering report regarding the property, the seller agrees to cure all of such defects, at the responsibility and expense of the seller, by the time of agreement between the seller and JRF before the acquisition of this property by JRF.			

・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" 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.
・"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 corporation 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, there are no capital, personal or business relationships to note between the interested parties and affiliated companies of JRF/the Asset Manager and those of the seller. The seller does not fall under the category of a related party of JRF/the Asset Manager. In addition, none of the related parties and affiliated companies of the company are related parties 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 a related 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. by an investment corporation", which 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.

JRF plans to acquire the property using cash on hand and is required to pay 10% of the expected purchase price as a penalty fee in case it fails to fulfill the forward commitment, etc.

8. Means of Payment

Full payment at closing

9. Planned Acquisition Schedule

Decision-making date	September 27, 2017
Purchase agreement signing date	September 28, 2017 (Scheduled)
Payment date	November 22, 2017 (Scheduled)
Acquisition date	November 22, 2017 (Scheduled)

10. Future Outlook

The acquisition of the property will have no impact on our forecasts for the fiscal period ended August 2017 (the 31st period: March 1, 2017 – August 31, 2017). There will be minimal impact on the fiscal period ending February 2018 (the 32nd period: September 1, 2017 – February 28, 2018). As a result, the forecasts will not be revised.

11. Appraisal Report Summary

Property name	G-Bldg. Jingumae 07
Appraiser	Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal value	2,080 million yen
Appraisal date	September 1, 2017

Item	Value	Notes
Indicated value by income approach	2,080 million yen	
DC method	2,170 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	2 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	0 million yen	
Net operating income	67 million yen	
Operating profit on lump-sum payments	0 million yen	
Capital expenditure	0 million yen	
Net cash flow	67 million yen	
Capitalization rate	3.1%	
DCF method	2,040 million yen	
Discount rate	3.0% (1st to 5th years); 3.2% (from the 6th year onward)	
Terminal capitalization rate	3.3%	
Indicated value by cost approach	1,900 million yen	
Land ratio	96.6%	
Building ratio	3.4%	

Other matters of consideration	N/A

[Reference]

Prospective Income and Expenditures for the property

Prospective Income and Expenditures	
NOI (Net Operating Income)	64 million yen
NOI yield	3.3 %
Depreciation	2 million yen
NOI yield after depreciation	3.2%

- NOI is based on the annual income according to the lease contract as of today.
- 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.