



NEWS RELEASE

No.2007-C-573
Jun 25, 2007

R&I Upgrades to AA, Stable: Japan Retail Fund Invest.

Rating and Investment Information, Inc. (R&I) has announced the following.

ISSUER: Japan Retail Fund Investment Corp. (Sec. Code: 8953)
Issuer Rating

R&I RATING: AA (Upgraded from AA-)
RATING OUTLOOK: Stable

RATIONALE:

A real estate investment trust (J-REIT) listed since March 2002, Japan Retail Fund Investment Corp., (JRF) specializes in investment in commercial facilities and its sponsors are Mitsubishi Corporation and UBS.

The main reasons for the upgrade on this occasion are three: (1) improvement in the trust's portfolio quality and diversification through ongoing acquisition of properties, (2) JRF's superiority derived from asset scale as the top J-REIT specializing in commercial facilities, and (3) an extremely conservative debt level and a stable funding base.

Taking advantage of its strong relationship with sponsor Mitsubishi Corporation, and the network it has established through its own business dealings to date, JRF has been pursuing the acquisition of buildings and has been establishing a high-quality portfolio comprised chiefly of large-scale shopping malls in high-yield areas of metropolitan suburbs and urban commercial facilities in locations with promising business potential. Progress in diversifying its portfolio has also resulted in lowering the level of concentration of JRF 's five top tenants to 33%. It also has plans to acquire new blue chip buildings such as Urawa Parco and Ario Otori.

Asset scale has significantly exceeded its earlier target of 400 billion yen, making JRF Japan's largest REIT specializing in commercial facilities and the second largest J-REIT overall. Through investment to date, it has established a particularly close relationship with two major retail groups and this relationship can be expected to bring about considerable merits including stable management of facilities and the creation of new acquisition opportunities.

In the process of aggressive asset expansion, JRF has kept its debt to equity ratio on the whole at around 50% by undertaking capital increases on five occasions, the highest number of any J-REIT. JRF also effectively uses the large deposits and bonds that it holds from tenants in its commercial facilities as a means of raising funds, so its debt to equity ratio is being maintained at a very low ratio in the vicinity of the 20 to 30 percentiles.

In terms of debt, JRF is utilizing its 130 billion yen unsecured bank loan limit, its registered REIT issue limit of 300 billion yen, and deposits from tenants to achieve maneuverability and flexibility in raising funds. The average life on long-term debt including deposits received is seven years (as of the end of February 2007) and there has been progress in extending procurement periods and spreading repayment dates.

The Rating Outlook is Stable. JRF has earmarked the period from August 2007 as "Phase 2" in its development strategy and has plans to effectively use its assets to acquire blue chip buildings through initiatives in large scale buildings and development projects and also to raise the profitability of existing buildings through building refurbishment and extensions.

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R&I RATINGS:

ISSUER: Japan Retail Fund Investment Corp. (Sec. Code: 8953)
ISSUER RATING: AA (Upgraded from AA-)
RATING OUTLOOK: Stable

ISSUE: Preliminary Rating for the Shelf Registration scheme
Bonds to be Rated: Corporate Bonds
Issue Amount: Yen 300,000 million (Shelf Amount)
Issue Period: Two years from Jan 19, 2007

R&I RATING: AA (Upgraded from AA-)

LONG-TERM ISSUE RATING:	Issue Date	Redemption	Issue Amount (mn)
Unsec. Str. Bonds No. 1	Feb 09, 2005	Feb 09, 2010	Yen 20,000
Unsec. Str. Bonds No. 2	Feb 09, 2005	Feb 09, 2015	Yen 15,000
Unsec. Str. Bonds No. 3	Feb 22, 2006	Feb 22, 2016	Yen 10,000
Unsec. Str. Bonds No. 4	Dec 22, 2006	Dec 22, 2011	Yen 20,000
Unsec. Str. Bonds No. 5	May 23, 2007	May 23, 2012	Yen 20,000
Unsec. Str. Bonds No. 6	May 23, 2007	May 23, 2017	Yen 15,000

R&I RATING: AA (Upgraded from AA-)

Issuer Rating is R&I's opinion regarding an issuer's overall capacity to repay its entire financial obligation, and it will be assigned to all issuers. The rating of individual obligations (i.e. bonds and loans etc.) includes the prospect of recovery and reflects the terms and conditions of the agreement and it may be lower or higher than the Issuer Rating.