

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953) News Release
March 1, 2010

Notice Regarding Completion of Merger Process with LaSalle Japan REIT Inc.

Japan Retail Fund Investment Corporation (“JRF”) announced that JRF and LaSalle Japan REIT Inc. (“LJR”) have satisfied all the preconditions regarding the merger between the parties (the “Merger”) as described in the “Notice Regarding Execution of Merger Agreement between Japan Retail Fund Investment Corporation and LaSalle Japan REIT Inc.” released on December 15, 2009, and the merger agreement (the “Merger Agreement”) has taken effect as of today.

1. Overview

As a result of the Merger, JRF assumed assets owned by LJR (21 properties with a total appraisal value of about 88 billion yen) and the total value of our portfolio (on the basis of acquisition value) increased to about 659 billion yen (71 properties). In addition, JRF assumed LJR’s interest-bearing debt of approximately 69 billion yen, making the total interest-bearing debt of JRF after the Merger about 317 billion yen. The preconditions of the Merger included terminating collateralized interests of loan agreements for the interest-bearing debt and all assumed interest-bearing debt have been replaced with unsecured ones as of March 1, 2010. In addition, JRF executed a four-for-one unit split effective as of March 1, 2010 and the total number of JRF’s issued units after the allotment is 1,688,198.

2. Principal Effects of the Merger

JRF expects to increase the distributions per unit and net asset value (NAV) per unit, and raise its portfolio NOI yield by incorporating new assets into its portfolio. In addition, JRF anticipates that it will maintain and improve the stability of income as a REIT focusing exclusively on retail facilities through the acquisition of LJR’s retail facilities, its core assets, which are specifically AEON MALL Musashi Murayama mu., AEON MALL Kobe Kita, and La Porte Aoyama. Other effects we expect include to increase in equity market capitalization enhanced liquidity, and utilization of negative goodwill. The final amount of negative goodwill is now being evaluated and will be reported at a later date.

3. Issues Presented by the Merger and Future Outlook

In taking over LJR’s interest-bearing debt of about 69 billion yen, JRF recognizes that the following issues need to be addressed to further improve and enhance its financial standing, although the assumed interest-bearing debt constitutes a very small proportion of JRF’s entire interest-bearing debt: 1) reduction of borrowing costs; 2) dispersion of maturity of the debt, some of which will be due within a certain period in a concentrated manner; and 3) decrease of LTV (loan-to-value) ratio.

As described in the “Notice Concerning the Condition for Debt Assumption of LaSalle Japan REIT Inc.” released on February 17, 2010, JRF has already implemented some measures to address the above-mentioned issues.

a. Extension of term for part of the long-term debt and reduction of interest rate

The remaining term of the debt from Sumitomo Mitsui Banking Corporation was 1.7 years. However it will be extended to five years by this change and the interest rate is also expected to be reduced over the period of the extension from November 5, 2011 to March 1, 2015. Furthermore, "amortization according to contract" which was a condition of this debt, is scheduled to be cancelled after November 5, 2011.

b. Less concentration of repayment dates of debt

If JRF had assumed LJR's debt as-is, JRF would have been required to repay about 70 billion yen of the debt during the six month period ending February 29, 2012 (20th fiscal period). In order to diversify the maturities, JRF negotiated with lending financial institutions regarding LJR's debt. As a result of these negotiations, JRF successfully diversified the maturity of the assumed debt due to the measure described in a., above and reduced financial risks.

JRF will address other issues including lowering the LTV ratio and further reducing borrowing costs in the future, by taking measures such as early disposal of non-core assets including office and residential buildings and improving the efficiency of cash management, etc.

[Reference]

The fractional units (post-unit split) that arise as a result of the allotment and distribution to LJR's unitholders will be aggregated and sold on the market, and the proceeds from this sale will be distributed to unitholders receiving fractional units based on the fraction held. More information on selling of fractional units etc. will be announced as soon as it is determined.

About JRF: Japan Retail Fund Investment Corporation ("JRF") is the third listed Japanese Real Estate Investment Trust and the first J-REIT to focus exclusively on retail properties. As of the date of this release, JRF owns 71 properties containing approximately 2.8 million square meters of leasable space. Please refer to our website at <http://www.jrf-reit.com/english/index.html> for further details.

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