

Japan Retail Fund Investment Corporation to Issue New Investment Units and Conduct Secondary Offering of Investment Units

Japan Retail Fund Investment Corporation (“JRF”) announced today that, its Board of Directors, at a meeting held on September 12, 2013, passed a resolution to issue new investment units and conduct a secondary offering of investment units, as outlined below.

1. Issuance of new investment units through public offering

- (1) Number of Investment Units to be offered : 229,000 investment units of JRF
(investment units of JRF are hereinafter referred to as “Investment Units”)
- (2) Amount to be paid in (issue value) : To be determined
(The amount to be paid in shall be determined at the Board of Directors Meeting to be held on a date between Wednesday September 25, 2013 and Friday September 27, 2013 (“Issue Price Determination Date”). Amount to be paid in (issue value) refers to an amount JRF shall receive from Underwriters (as defined in (5)(ii) below) as payment proceeds per Investment Unit.)
- (3) Total amount to be paid in (total issue value) : To be determined
- (4) Issue price (offer price) : To be determined
The issue price for the offering concerned shall be determined at a Board of Directors Meeting to be held on the Issue Price Determination Date, taking into consideration the level of demand and other factors, using as a tentative price a figure obtained by multiplying a number from 0.90 to 1.00 by the closing price of the Investment Units for ordinary trading at the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) on the Issue Price Determination Date (in the event of no closing price on such date being available, the closing price on the immediately preceding date) (any fraction of one yen shall be rounded down to the nearest yen).
- (5) Offering method : Investment Units shall be offered simultaneously in Japan and overseas (the Domestic Public Offering, the Overseas Offering, and the Overallotment Secondary Offering mentioned in “2. Secondary offering of Investment Units” (each as defined below) shall be collectively referred to as the “Global Offering,” for which certain of the Domestic Underwriters (as defined below) and one securities company shall serve as joint global coordinators).
 - (i) Domestic public offering
Investment Units shall be offered through a public offering in Japan (“Domestic Public Offering”), and all Investment Units for the Domestic Public Offering shall be underwritten and purchased by certain domestic underwriters (collectively referred to as the “Domestic Underwriters”).
Certain of the Domestic Underwriters shall serve as joint lead managers.

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- (ii) Overseas offering
Investment Units shall be offered in overseas markets, consisting mainly of the U.S. and European markets (provided, however, that offering in the U.S. market shall be restricted to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act of 1933) (referred to as the “Overseas Offering” and, collectively with the Domestic Public Offering, the “Offerings”). Certain overseas underwriters (referred to as the “Overseas Underwriters” and collectively with the Domestic Underwriters, the “Underwriters”), shall conduct the Overseas Offering through the individual underwriting and purchase of all the Investment Units.
- (iii) The total number of Investment Units to be issued in the Offerings concerned shall be 229,000, consisting of 107,000 units for the Domestic Public Offering and 122,000 units for the Overseas Offering, the ultimate details of which shall be determined on the Issue Price Determination Date, taking into consideration the level of demand and other factors.

- (6) Details of the underwriting agreements : The Underwriters shall, on the payment date stated in (9) shown below, pay JRF the total amount to be paid in (issue value), and any difference between the total amount of the issue price (total offer price) and the total amount to be paid in (issue value), arising in the Offerings, shall be retained by the Underwriters. No underwriting fee shall be paid by JRF to the Underwriters.
- (7) Subscription unit : One unit or more in multiples of one unit
- (8) Subscription period (Domestic Public Offering) : From the business day immediately following the Issue Price Determination Date to the second business day following the Issue Price Determination Date
- (9) Payment date : A date between Wednesday October 2, 2013 and Friday October 4, 2013 which shall be five Japanese business days after the Issue Price Determination Date
- (10) Delivery date : The business day immediately following the payment date
- (11) A Board of Directors Meeting to be held in the future shall determine the issue price (offer price), the amount to be paid (issue value), the ultimate breakdown of the number of Investment Units for the Domestic Public Offering and for the Overseas Offering and any other matter required for the issuance of the new Investment Units.
- (12) The Domestic Public Offering-related matters, among the above-mentioned items, shall be subject to the securities registration under the Financial Instruments and Exchange Act becoming effective.

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2. Secondary offering of Investment Units (overallotment secondary offering) (please see “Reference” below)
- (1) Seller : A Domestic Underwriter
 - (2) Number of Investment Units to be offered in the secondary offering : 15,000 Investment Units
The above-mentioned number of Investment Units to be offered in the secondary offering is the number of Investment Units to be offered in an overallotment secondary offering that will be conducted by a Domestic Underwriter (the “Overallotment Secondary Offering”), taking into consideration the level of demand and other factors in the Domestic Public Offering. The above-mentioned number of Investment Units in the secondary offering is the maximum number of Investment Units to be offered in the Overallotment Secondary Offering, and, depending on the level of demand and other factors, such number may decrease or such Overallotment Secondary Offering itself may not take place at all. The number of Investment Units to be offered in the Overallotment Secondary Offering shall be determined at a Board of Directors Meeting to be held on the Issue Price Determination Date, taking into consideration the level of demand and other factors in the Domestic Public Offering.
 - (3) Offer price : To be determined
(To be determined at a Board of Directors Meeting to be held on the Issue Price Determination Date. The offer price shall be identical to the issue price (offer price) for the Domestic Public Offering)
 - (4) Total offer value : To be determined
 - (5) Offering method : Apart from the Domestic Public Offering, one of the Domestic Underwriters shall offer Investment Units in the secondary offering up to a maximum of 15,000 units to be borrowed from Mitsubishi Corporation, a holder of Investment Units, (such Investment Units shall be referred to as “Borrowed Units”), taking into consideration the level of demand and other factors in the Domestic Public Offering.
 - (6) Subscription unit : One unit or more in multiples of one unit
 - (7) Subscription period : Identical to the subscription period for the Domestic Public Offering
 - (8) Delivery date : Identical to the delivery date for the Domestic Public Offering
 - (9) In the event of suspending the Domestic Public Offering, the Overallotment Secondary Offering shall also be suspended.
 - (10) The offer price and other matters required for the Overallotment Secondary Offering shall be determined at a Board of Directors Meeting to be held in the future.
 - (11) The above-mentioned items shall be subject to the securities registration under the Financial Instruments and Exchange Act becoming effective.

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Reference

Taking into consideration the level of demand and other factors in the Domestic Public Offering, one of the Domestic Underwriters (the “Selling Domestic Underwriter”) may conduct a secondary offering in Japan of Investment Units, using a maximum of 15,000 units to be borrowed from Mitsubishi Corporation, a holder of Investment Units (the “Overallotment Secondary Offering”). The above number of Investment Units to be offered in the Overallotment Secondary Offering is the maximum number of Investment Units for the secondary offering. Depending on the level of demand and other factors, such number of Investment Units to be offered may decrease, or the Overallotment Secondary Offering itself may not take place at all.

In relation to the Overallotment Secondary Offering, for the purpose of satisfying the obligation of the Selling Domestic Underwriter to return the Borrowed Units, Mitsubishi Corporation will grant the Selling Domestic Underwriter an option to purchase up to an amount of Investment Units equal to the amount of Investment Units subject to the Overallotment Secondary Offering at a price equal to the issue value in the Domestic Public Offering (the “Greenshoe Option”). The Greenshoe Option will be exercisable until the 30th day following the last day of the subscription period for the Domestic Public Offering and the Overallotment Secondary Offering (if such date is not the business day, the immediately preceding business day)(the “End of Greenshoe Option Exercise Period”).

Additionally, during the period from the date following the last subscription period date for the Domestic Public Offering and the Overallotment Secondary Offering until the End of Greenshoe Option Exercise Period (the “Syndicate Cover Transaction Period”), the Selling Domestic Underwriter may purchase, on the Tokyo Stock Exchange, Investment Units in a quantity up to the number of Investment Units offered in the Overallotment Secondary Offering for the purpose of returning the Borrowed Units (such purchases, each a “Syndicate Cover Transaction”). All the Investment Units purchased by the Selling Domestic Underwriter through such Syndicate Cover Transactions will be used for returning the Borrowed Units. During the Syndicate Cover Transaction Period, the Selling Domestic Underwriter may, based on its own judgment, not carry out any Syndicate Cover Transactions or may conduct Syndicate Cover Transactions in an amount less than the number of Investment Units offered in the Overallotment Secondary Offering.

In addition, the Selling Domestic Underwriter may engage in stabilizing transactions in connection with the Domestic Public Offering and the Overallotment Secondary Offering, and may use all or part of the Investment Units purchased through such stabilizing transactions to return the Borrowed Units.

In the situations described above, the Selling Domestic Underwriter intends to exercise the Greenshoe Option and acquire Investment Units from Mitsubishi Corporation in the amount of units equal to the amount of units offered in the Overallotment Secondary Offering less the amount of units that are acquired through Syndicate Cover Transactions or stabilizing transactions and used for the purpose of returning the Borrowed Units.

Whether the Overallotment Secondary Offering will be conducted and, if conducted, the amount of Investment Units offered, will be determined on the Issue Price Determination Date. If the Overallotment Secondary Offering is not conducted, the Selling Domestic Underwriter will not borrow any Investment Units from Mitsubishi Corporation as described above and the Greenshoe Option will not be granted by Mitsubishi Corporation. Additionally, in such case, no Syndicate Cover Transactions will be conducted on the Tokyo Stock Exchange.

The transactions described above will be conducted by the Selling Domestic Underwriter upon consultation with the other domestic joint lead managers.

3. Change in the number of Investment Units outstanding after the issuance of the new Investment Units

Current number of Investment Units outstanding	2,079,198
Increase in the number of Investment Units outstanding due to the issuance of new Investment Units through the Offerings	229,000
Total number of Investment Units outstanding after the issuance of new Investment Units through the Offerings	2,308,198

4. Objective and rationale for the issuance

After considering the market conditions and other factors, JRF decided to issue new Investment Units with the objective of achieving higher portfolio returns, increased financial position stability and continuous growth of distributions per unit, through the acquisition of new specified assets (these assets fall under the category of such asset as set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations).

5. Amount of funds to be raised, use of proceeds and scheduled timing of expenditure

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- (1) Amount of funds to be raised (estimated net proceeds)
38,594,000,000 yen

Note:

The above amount represents the total sum of 18,033,000,000 yen in proceeds from the Domestic Public Offering and 20,561,000,000 yen from the Overseas Offering. The above figures represent estimated amounts calculated based on the closing price of Investment Units for ordinary trading on the Tokyo Stock Exchange on Wednesday, August 28, 2013.

- (2) Specific use of proceeds and scheduled timing of expenditure
JRF will use the proceeds from the Domestic Public Offering (18,033,000,000 yen) and the Overseas Offering (20,561,000,000 yen) to partially fund its acquisition of new specified assets stated in the press release “Japan Retail Fund Investment Corporation to Acquire 8 Properties in Japan” issued on September 12, 2013.

Note: The above figures are the estimates calculated based on the closing price of the ordinary trading at Tokyo Stock Exchange on Wednesday August 28, 2013.

6. Designation of allottee
Not applicable

7. Others (Restrictions on sale and additional issuance)

- (1) With respect to the Global Offering, Mitsubishi Corp.-UBS Realty Inc. has agreed not to sell, without prior written consent of the joint global coordinators, any Investment Units held since before the Global Offering, during the period from the Issue Price Determination Date to a date 180 days from the delivery date with customary exceptions.
- (2) With respect to the Global Offering, Mitsubishi Corporation has agreed not to sell, without prior written consent of the joint global coordinators, any Investment Units held since before the Global Offering, during the period from the Issue Price Determination Date to a date 180 days from the delivery date (provided, however, that this shall not apply to any loan of Investment Units to a Domestic Underwriter and any sale of Investment Units upon exercise of the Greenshoe Option in connection with the Overallotment Secondary Offering and certain other situations).
- (3) With respect to the Global Offering, JRF has agreed not to issue, without prior written consent of the joint global coordinators, any Investment Units during the period from the Issue Price Determination Date to a date 90 days from the delivery date (provided, however, that this shall not apply to the issuance of Investment Units through the offering concerned and investment unit split).
- (4) For (1) and (3) above, the joint global coordinators retain the right to terminate part or all of the aforementioned agreement and to shorten the restriction period concerned.

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. As of the date of this press release, JRF owns 76 properties containing approximately 3.0 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:

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

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