

August 28, 2018

To all concerned parties:

Investment Corporation

Japan Retail Fund Investment Corporation

(Tokyo Stock Exchange Company Code: 8953)

Representative: Shuichi Namba, Executive Director

URL: <http://www.jrf-reit.com/english/>

Asset Management Company

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Notice Concerning Disposition of Trust Beneficiary Right
in AEON Tobata Shopping Center

Japan Retail Fund Investment Corporation (“JRF”) announced today that Mitsubishi Corp. – UBS Realty Inc., JRF’s asset manager (the “Asset Manager”), determined to dispose of the trust beneficiary right in AEON Tobata Shopping Center (the “Property”) as outlined below.

1. Overview of Disposition

1) Property name	AEON Tobata Shopping Center
2) Type of asset	Trust beneficiary right in real estate
3) Disposition price	6,070 million yen
4) Book value ^(Note 1)	5,255 million yen
5) Difference between disposition price and book value ^(Note 1)	814 million yen
6) Purchaser	Asset Finance Tobata Godo Kaisha
7) Completion date of contract	August 30, 2018 (scheduled)
8) Disposition date	August 30, 2018 (scheduled)

(Note 1) Book value refers to the estimated figures as of the end of the fiscal period ended August 2018 (the 33rd period).

2. Reason for Disposition

Highlights

1. **Dispose of a GMS type^(Note 1) asset that is certain to undergo a deterioration of the competitive market at a level above the book value by leveraging the current favorable real estate market conditions.**
2. **Replace properties in order to further optimize our portfolio.**

The Property is a GMS type asset with AEON as the main tenant. A large-scale commercial facility is scheduled to open at the former site of Space World (approximately 270,000 m²), which is located within 3 km, in 2021, and this is certain to cause a deterioration of the competitive market. Also, the population of Tobata-ku in Kitakyushu-shi, where the Property is located, is aging, and there is a risk of a substantial decline in population in the future.

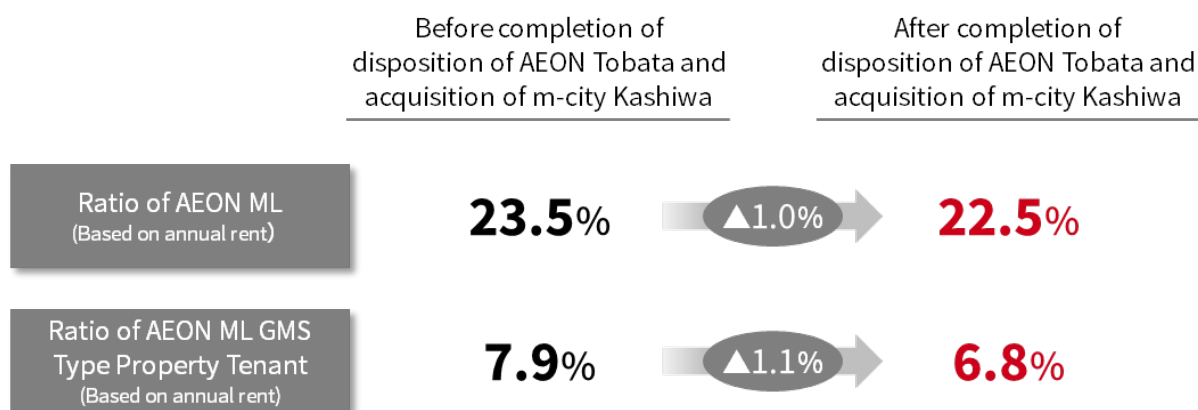
JRF concluded that the most appropriate course of action would be to leverage the current favorable real estate market conditions and dispose of the asset at a price above its book value and decided to sell the Property.

JRF intends to replace the Property with an asset with higher locational advantage and plans to apply the proceeds from the sales of this Property to acquisition of m-city Kashiwa as announced in the Notice Concerning Acquisition of a Trust Beneficiary Right in the Real Estate in Japan (m-city Kashiwa) dated August 28, 2018 (the planned acquisition price is 5.52 billion yen).

JRF, through its portfolio management, seeks to optimize the composition of its assets in line with the changes in Japan's demographics, consumption structure and behavior, and aims to increase the unitholder value by enhancing the profitability and stability of its portfolio.

In light of the favorable real estate market, JRF will continue to dispose of assets whose relative locational advantage is declining, primarily GMS type assets, and use the proceeds from the sales to acquire superior properties that have locational advantage, and optimize its portfolio.

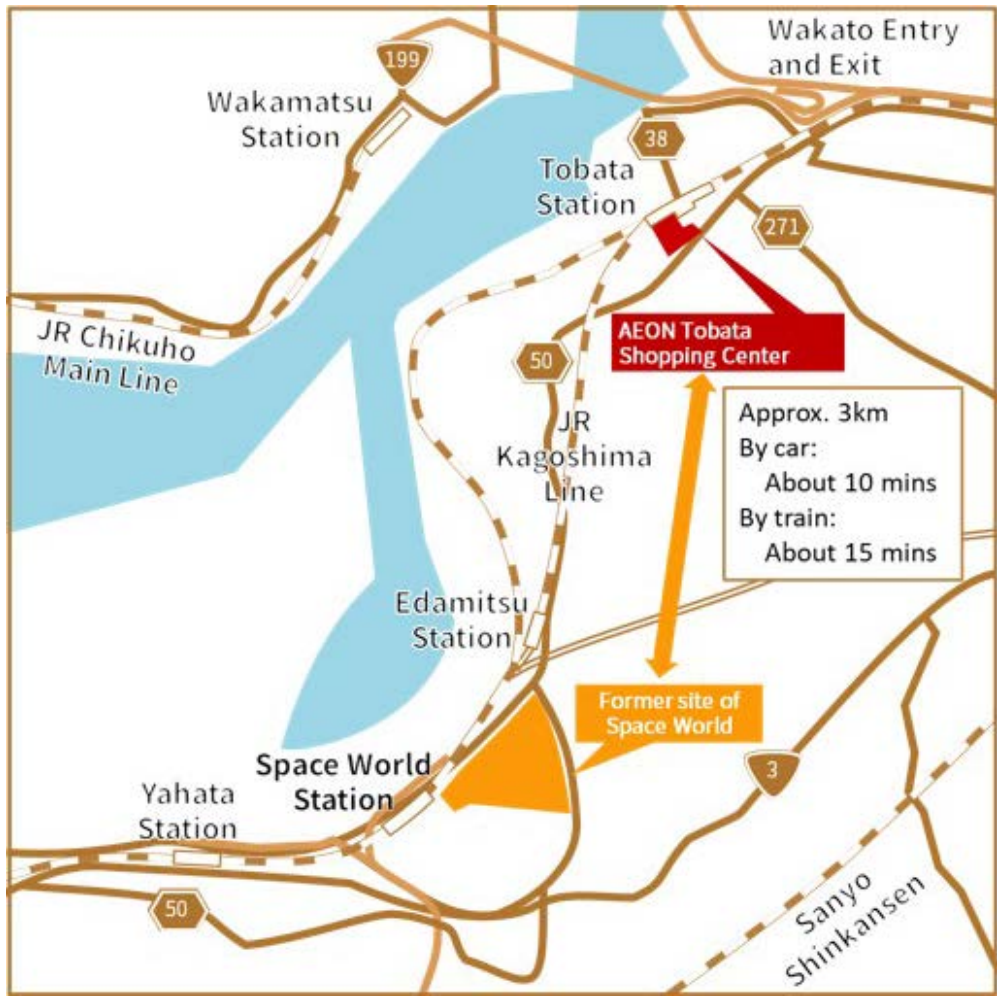
<Change in Ratios of AEON ML Rents ^(Note 2) and AEON ML GMS Type Property Tenant Rents (Reference)>



(Note 1) "GMS type" refers to a shopping center that has a GMS as the anchor tenant in addition to other specialty store tenants. GMS stands for General Merchandise Stores, which are large-scale supermarkets that sell a wide variety of daily-needs products.

(Note 2) "AEON ML" refers to the total annual rent of AEON, which is a master-lease tenant, expressed as a percentage of the total annual rent of all of the properties in our portfolio.

<AEON Tobata Shopping Center neighborhood area map (for reference purposes)>



3. Property Summary ^(Note)

Property name (Property Number)		AEON Tobata Shopping Center (S-14)				
Type of asset		Trust beneficiary right in real estate				
Trust beneficiary		Mitsubishi UFJ Trust and Banking Corporation				
Trust period		February 29, 2024				
Use		Department stores / Parking				
Location (address)		2-2, Shioi-cho, Tobata-ku, Kita-Kyushu-shi, Fukuoka				
Land	Land area	39,682.40 m ²				
	Type of possession	Ownership	Zoning	Commercial district		
Building	Structure / stories	Department store: 5 stories above ground, SRC-structure with flat roof Parking: 6 stories above ground, steel frame with flat roof				
	Total floor area	93,258.23 m ²				
	Type of possession	Ownership	Completion date	February 16, 1999		
Appraisal value		6,070 million yen (as of February 28, 2018)				
Appraiser		Japan Real Estate Institute				
Tenant Summary (as of end of July 2018)	Number of tenants (main tenants)	1 (AEON)				
	Annual rent	630 million yen				
	Tenant leasehold / security deposit	315 million yen				
	Total leased area	93,258.23 m ²				
	Total leasable area	93,258.23 m ²				
	Occupancy rate (based on leased area)	End of February 2016	End of August 2016	End of February 2017	End of August 2017	End of February 2018
	100.0%	100.0%	100.0%	100.0%	100.0%	
Collateral conditions		None				
Special notes		None				

- 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” and “Total floor area” are 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.

4. Overview of Purchaser

1) Name	Asset Finance Tobata Godo Kaisha
2) Location	3-5 Kanda Jinbo-cho, Chiyoda-ku, Tokyo
3) Name and job title of the representative	Executive Director: General Incorporated Association Asset Finance Tobata Function Manager: Katsutomi Taguchi
4) Business	1. Sale, exchange, leasing, management, ownership and use of real estate; 2. Acquisition, holding and disposal of trust beneficiary rights pursuant to trust agreements; 3. Making anonymous partnership equity contributions and accepting anonymous partnership equity contributions; 4. Acquisition, holding and disposal of securities; and 5. Any other auxiliary and/or related businesses to the items described above
5) Capital	100,000 yen (June 25, 2018)
6) Date established	June 21, 2018
7) Net assets	Not disclosed as the purchaser has not agreed to the disclosure.
8) Total assets	
9) Major shareholder (shareholding ratio)	
10) Relationship with JRF / the Asset Manager	
Capital relationship Personal relationship Trade relationship	There is no capital, personal or trade relationships that need to be addressed between JRF/the Asset Manager and the purchaser.
Related parties	The purchaser does not fall under the category of a related party of JRF or the Asset Manager.

5. Overview of Brokerage

None

6. Means of Payment

Full payment at the time of transfer

7. Disposition Schedule

Decision-making date	August 28, 2018
Disposition contract signing date	August 30, 2018 (Scheduled)
Payment date	August 30, 2018 (Scheduled)
Property transfer date	August 30, 2018 (Scheduled)

8. Future Outlook

There will be minimal impact on our operating results for the August 2018 fiscal period (from March 1, 2018 to August 31, 2018) and February 2019 fiscal period (from September 1, 2018 to February 28, 2019); thus, we have made no revision to our forecasts.

9. Appraisal Report Summary

Property name	AEON Tobata Shopping Center
Appraiser	Japan Real Estate Institute
Appraisal value	6,070 million yen
Appraisal date	February 28, 2018

Item	Value	Notes
Indicated value by income approach	6,070 million yen	
DC method	6,050 million yen	
Operating income	588 million yen	
Effective gross income	588 million yen	
Losses from vacancy, etc.	0 yen	
Operational cost	133 million yen	
Maintenance and management fee	0 million yen	
Utility cost	0 yen	
Repair expenses	20 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, the Asset Manager has decided not to disclose this information here, and have included it under "Other expenses" instead.
Leasing cost	0 yen	
Property tax	106 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, the Asset Manager has decided not to disclose this information here, and have included it under "Other expenses" instead.
Other expenses	6 million yen	
Net operating income	455 million yen	
Operating profit on lump-sum payments	3 million yen	
Capital expenditure	47 million yen	
Net cash flow	411 million yen	
Capitalization rate	6.8%	
DCF method	6,090 million yen	
Discount rate	6.2%	
Terminal capitalization rate	7.3%	
Indicated value by cost approach	6,510 million yen	
Land ratio	40.5%	
Building ratio	59.5%	

Other matters of consideration	N/A
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