



February 25, 2015

To whom it may concern:

<Investment Corporation>

Japan Real Estate Investment Corporation

Noritada Terasawa, Executive Director

(TSE code: 8952)

<Asset Management Company>

Japan Real Estate Asset Management Co., Ltd.

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## **Notice on Acquisition of Trust Beneficiary Right in Trust of Domestic Real Estate**

Japan Real Estate Investment Corporation (the “Company”) hereby announces that Japan Real Estate Asset Management Co., Ltd., an asset management company to which the Company entrusts the management of its assets, decided on February 25, 2015 to acquire the following trust beneficiary right in trust of domestic real estate property.

### **1. Outline of the acquisition**

- |                                |  |
|--------------------------------|--|
| 1) Asset to be acquired:       | Trust beneficiary right in trust of domestic real estate |
| 2) Name of asset:              | Ginza 1chome East Building                               |
| 3) Trustee                     | Mizuho Trust and Banking Co., Ltd. (Note 1)              |
| 4) Term of trust agreement     | From December 3, 2008 to December 2, 2018 (Note 1)       |
| 5) Acquisition price:          | ¥6,459million  |
| 6) Scheduled acquisition date: | March 2, 2015  |
| 7) Seller:                     | Domestic general business company (Note 2)               |
| 8) Method of Settlement:       | Lump sum payment at closing of acquisition               |
| 9) Acquisition funds:          | Loans (Note 3) and Own funds                             |

(Note 1) The trustee is scheduled to be changed to Sumitomo Mitsui Trust Bank, Ltd. on the acquisition day. As for the trust agreement, the company plans to change the end of term to July 31, 2018.

(Note 2) The seller is a domestic general business company. Due to non-approval of disclosure the company name by them the detail is undisclosed.

(Note 3) Please refer to the announcement of “Notice concerning New Loans and Execution of Interest Rate Swap Agreement” dated on February 25, 2015. (We will inform you as soon as a decision is made.)

## 2. Reasons for the acquisition

The Company will acquire the asset based on the basic policies and investment attitude for acquisition under the Articles of Incorporation of the Company. In particular, the following points have been highly evaluated in the determination of the acquisition.

### (1) Superior location

The property to be acquired is located within five minutes' walk of Ginza-itchohome Station of Tokyo Metro Yurakucho Line, Kyobashi Station of Tokyo Metro Ginza Line and Takaracho Station of Toei Asakusa Line. It is also walking distance from Yurakucho Station of JR Line and Ginza Station, into which a lot of lines come. The traffic convenience gives the property strong advantage.

### (2) High competitiveness as an office building

This property is a comparatively new multi-tenant building, completed in 2008. The open-plan standard floor with windows on two sides provides very bright and open office space. In addition, with its level of feature such as approximately 160 tsubo of standard floor, 2,740mm ceiling height, OA floor of 60mm and individual air conditioning zone etc., which meets tenant's need, its competitiveness is very high for this area where there a lot of old office buildings.

## 3. Details of the asset to be acquired

The relevant information is as set out below. The information on "area," "structure" and "completion date" is derived from the land registry and "usage" described below is among the main usages listed in the land registry.

### (1) Details of real estate in trust

Location		
Address shown in land registry	Land	205-2, 1 Chome, Ginza, Chuo-ku, Tokyo
	Building	205-2-1, 1 Chome, Ginza, Chuo-ku, Tokyo
Address		19-7, 1 Chome, Ginza, Chuo-ku, Tokyo
Usage		Offices and shops
Area		
Land	702.41 m <sup>2</sup>	
Building	4,976.85 m <sup>2</sup>	
Structure		Steel-framed structure, flat roof Above ground: 9 floors Below ground: 1 floor
Completion date		May 2008
Architect		TOLTEC ARCHITECTS & PLANNERS CO., LTD.
Constructor		Kajima Corporation
Building confirmation and inspection body		Tokyo Metropolitan Center for Community Development and Disaster Resistant Architecture
Type of ownership		
Land	Ownership	
Building	Ownership	

Acquisition price	¥6,459 million
Appraisal value (Appraisal institution) (Appraisal date)	¥6,660 million (Daiwa Real Estate Appraisal Co., Ltd.) (as of February 1, 2015)
PML value	2.1 % (Based on an earthquake risk assessment report issued by Tokio Marine & Nichido Risk Consulting Co., Ltd.)
Collateral	None
Property management company (Note 1)	Mitsubishi Jisho Property Management Co., Ltd. (Note 1)

Note 1: The property management company to be entrusted after the acquisition shall be described.

Note 2: Outline of the property management company

Corporate name	Mitsubishi Jisho Property Management Co., Ltd.
Address of the registered head office	2-3, 2 Chome, Marunouchi, Chiyoda-ku, Tokyo
Representative	Kenichi Iwata, President
Paid-in capital	¥390 million
Major shareholder	Mitsubishi Estate Co., Ltd.
Principal business	Comprehensive administration and management service for office buildings, commercial complexes, and so forth
Relationship with the Company or the asset management company	Mitsubishi Estate Co., Ltd., a parent company that holds a 90 % stake of Japan Real Estate Asset Management Co., Ltd. (the asset management company), to which the Company entrusts the management of its assets, hold a 100 % stake in Mitsubishi Jisho Property Management Co., Ltd. (“Mitsubishi Jisho Property Management”) Mitsubishi Jisho Property Management falls within the related party of the asset management company under the Cabinet Order of the Enforcement of Law Concerning Investment Trusts and Investment Corporations of Japan, and also falls within the related party under the internal rules of the asset management company.

(2) Tenant details

Total number of tenants	5	
Total leasable space	4,513.52 m <sup>2</sup>	
Total leased space	2,396.69 m <sup>2</sup>	
Trend in occupancy rates	September 30, 2010	100.0%
	September 30, 2011	100.0%
	September 30, 2012	17.9%
	September 30, 2013	53.1%
	September 30, 2014	53.1%
	Scheduled acquisition date	53.1% *
Total rent revenue and security deposit	Undisclosed due to non-approval of disclosure by the tenant	

NOI (Net Operating Income)	¥ 281 million per year (Estimated under normal leasing operation)
Depreciation	¥ 116 million per year (Estimated under normal leasing operation)
(Notes)	<p>-Total number of tenants, total leasable space, total leased space and occupancy rate on the scheduled acquisition date are projections as of the scheduled acquisition date.</p> <p>* Some of the existing tenants will terminate their contract on March 31, 2015 and new tenants' contract will start on May 1, 2015. With this change, the occupancy rate will be 53.1% .</p> <p>* Regarding leasing, we are accepting inquiry on it and approaching to it aggressively and flexibly for earliest possible recovery.</p> <p>-NOI is an estimated amount under normal operation given the fixed property taxes and city planning taxes based on the terms and conditions of lease agreements as of the scheduled acquisition date, etc.</p> <p>Estimated occupancy rate: 97 %</p> <p>- Depreciation represents the estimated amount under normal operation.</p> <p>-The above figures (except NOI and depreciation) are based on the data provided by the seller.</p>

(3) Specifications for rental floor space

Ceiling height	2,740 mm
Standard floor area	529.17 m <sup>2</sup>
Office automation floor	60 mm
Electric capacity	70 VA/ m <sup>2</sup>
Air conditioning system	Individual air conditioning by zones (max. 10 zones per floor)
Floor load	500 kg/ m <sup>2</sup>
Others	Around-the-clock entry and exit

(4) Outline of the engineering report

i. Outline of repair items

Date of report	January 30, 2015	
Preparer of report	Shimizu Corporation	
Repairing expenses/Capital expenditure for the next 15 years (Annual average)	Repairing expenses	¥ 4million
	Capital expenditure	¥13million
	Total	¥ 17million

ii. Description concerning utilization status of asbestos

(Description on the possible use of asbestos)

Sprayed materials with asbestos	None
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#### 4. Outline of seller

The seller is a domestic general business company. Due to non-approval of disclosure the company name by them the detail is undisclosed.

#### 5. Information on property owners, etc.

This trust beneficiary right in trust of domestic real estate was not acquired from an interested party having a special relationship to the Company and/or the asset management company.

#### 6. Outline of the brokerage

Broker	Mizuho Trust and Banking Co., Ltd.
Address of the registered head office	2-1, 1 Chome, Yaesu, Chuo-Ku, Tokyo
Representative	Takeo Nakano, President & CEO
Establishment date	May 9, 1925
Paid-in capital	¥247.3 billion (as of March 31, 2014)
Principal business	Trust banking business, Banking business and other financial related businesses
Relationship with the Company or the asset management company	None in particular
Brokerage fee	Undisclosed due to non-approval of disclosure by the broker

#### 7. Acquisition schedule

February 25, 2015	The acquisition of the property was determined.
February 26, 2015	Execution of agreement for the acquisition of the trust beneficiary right in trust of real estate (scheduled)
March 2, 2015	Closing of acquisition (scheduled)

#### 8. Performance projection

As the impact of this property acquisition on the Company's management performance for the 27th period from October 1, 2014 to March 31, 2015 and the 28th period from April 1, 2015 to September 30, 2015 is expected to be minor, no revision of the forecast for performance will be made.

## 9. Outline of appraisal report

Name of asset	Ginza 1chome East Building
Appraisal value	¥6,660 million
Appraisal institution	Daiwa Real Estate Appraisal Co., Ltd.
Date of appraisal	February 1, 2015

Item	Amount (thousand yen)	General Outline
Capitalization Value	6,660,000	Estimated with DCF method which is referring future net cash flow and also with the validation of capitalization value by direct method.
Direct Capitalization Value	6,890,000	
(1) Operating Revenue [①－②]	360,727	
① Annual Rent Revenue	383,022	Estimated based on level and trend of comparable cases referring medium-to long competitiveness etc.
② Amount of Loss due to Vacancy	22,294	Figured out with the estimation of medium-to long sustainable vacancy rate based on a level of comparable cases and concerning competitiveness etc.
(2) Operating Expenses	77,277	
Maintenance Cost for Building	26,530	Maintenance cost for building is evaluated referring comparable properties' cases and the current contract
Property Management Fee	(Note)	fee. Property management fee is evaluated referring comparable properties' cases.
Brokerage Fee etc.	2,447	Applied one month rent fee referring comparable properties' cases.
Utilities Expenses	22,114	Estimated taking account of the actual figures in past years and the occupancy rates.
Repairing Expenses	4,176	Estimated based on annual average costs listed on the engineering reports.
Property and Other Taxes	21,263	Estimated based on the actual figures for the fiscal year 2014.
Casualty Insurance	746	Estimated based on comparable properties' cases.
Other Expenses	0	
(3) Net Operating Income [(1)－(2)]	283,449	
(4) Profit from Managing Security Deposit	5,302	Figured out assuming investment yield is at 2%
(5) Capital Expenditure	13,189	Estimated based on annual average costs listed on the engineering reports.
(6) Net Cash Flow [(3)+(4)－(5)]	275,562	
(7) Cap Rate	4.0%	Estimated based on the standard yield out of analyzed transaction yield of comparable cases for A class building, taking account of market trend of leasing and acquisition for the area.

Discounted Cash Flow Value	6,560,000	
Discount Rate	3.8 %	Estimated it based on discount rate for A class building, which is carrying a lowest risk, taking account of individual characteristic of properties etc.
Terminal Cap Rate	4.2%	Estimated it referencing analyzed transactions yield for comparable cases and analyzing future trend of investment yield from a comprehensive perspective.
Integrated Value	3,550,000	
Ratio of Land	65.1%	
Ration of Building	34.9%	

\* Values below a thousand yen are cut off.

Any special considerations made in the reconciliation of estimated value and determination of the final appraisal value	None in particular
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(Note) The property management company to be appointed to the subject property did not provide us with consent to disclose the property management fee. If the amount of this fee for the subject property were to be disclosed, it may impact other transactions of the property management company to be appointed, which then may affect us in terms of commissioning effective property management service based on our policy of property management and maintenance of our portfolio properties. This could in turn undermine the interest of our unitholders. Accordingly, maintenance costs for the building and property management fees were combined in the above data.

Reference materials (attachments)

- Information map
- Photo: Outside view of Ginza 1chome East Building
- List of all the assets of the Company after the acquisition of this asset

This notice is the English translation of the announcement in Japanese dated February 25, 2015.

However, no assurance or warranties are given for the completeness or accuracy of this English translation.



(Reference) Information map



(Reference) Photo: Outside view of Ginza Ichome East Building



List of all the assets of the Company after the acquisition of this asset

Area	Name	Location	Type of asset	Acquisition date	Acquisition price (Note 1) (thousand yen)	Percentage of portfolio	Percentage by area	
Tokyo metropolitan area (23 wards)	Genki Medical Plaza	Chiyoda-ku, Tokyo	Real property	October 31, 2002	5,000,000	0.6%	77.6%	
	Kitanomaru Square	Chiyoda-ku, Tokyo	Real property	February 24, 2006	81,555,500	9.4%		
	MD Kanda Building	Chiyoda-ku, Tokyo	Real property	May 31, 2002	9,520,000	1.1%		
	Kandabashi Park Building	Chiyoda-ku, Tokyo	Real property	August 15, 2002	4,810,000	0.6%		
	Otemachi Financial City North Tower	Chiyoda-ku, Tokyo	Real property	March 31, 2014	15,462,900	1.8%		
	Nibancho Garden	Chiyoda-ku, Tokyo	Real property	April 1, 2005	14,700,000	1.7%		
	Mitsubishi UFJ Trust and Banking Building	Chiyoda-ku, Tokyo	Real property	March 28, 2007	44,700,000	5.1%		
	Burex Kojimachi Building	Chiyoda-ku, Tokyo	Real property	July 29, 2005	7,000,000	0.8%		
	Sanno Grand Building	Chiyoda-ku, Tokyo	Real property	January 31, 2005	10,200,000	2.4%		
				April 3, 2006	10,700,000			
					Total	20,900,000		
	Yurakucho Denki Building	Chiyoda-ku, Tokyo	Real property	August 1, 2003	7,200,000	0.8%		
	Kodenmacho Shin-Nihonbashi Building	Chuo-ku, Tokyo	Trust beneficiary right in trust of real estate	September 25, 2001	3,173,000	0.4%		
	Kyodo Building (Kayabacho 2Chome)	Chuo-ku, Tokyo	Trust beneficiary right in trust of real estate	March 1, 2011	4,410,000	0.5%		
	Burex Kyobashi Building	Chuo-ku, Tokyo	Real property	July 22, 2002	5,250,000	0.6%		
	Ginza 1 chome East Building	Chuo-ku, Tokyo	Trust beneficiary right in trust of real estate	March 2, 2015	6,459,000	0.7%		
	Ginza Sanwa Building	Chuo-ku, Tokyo	Real property	March 10, 2005	16,830,000	1.9%		
	Ryoshin Ginza East Mirror Building	Chuo-ku, Tokyo	Real property	March 15, 2005	5,353,500	0.9%		
				May 24, 2010	2,645,922			
					Total	7,999,422		
	Harumi Front	Chuo-ku, Tokyo	Real property	January 7, 2013	31,300,000	3.6%		
	Harumi Center Building	Chuo-ku, Tokyo	Real property	December 18, 2007	26,800,000	3.1%		
	Akasaka Park Building	Minato-ku, Tokyo	Real property	November 15, 2011	60,800,000	7.0%		
	Aoyama Crystal Building	Minato-ku, Tokyo	Real property	March 14, 2003	7,680,000	0.9%		
	Clover Shiba-koen	Minato-ku, Tokyo	Trust beneficiary right in trust of real estate	January 20, 2015	4,500,000	0.5%		
	Shiodome Building	Minato-ku, Tokyo	Trust beneficiary right in trust of real estate	December 19, 2008	21,250,000	8.7%		
				January 15, 2010	54,600,000			
					Total	75,850,000		
	Shiba 2Chome Daimon Building	Minato-ku, Tokyo	Trust beneficiary right in trust of real estate	September 10, 2001	4,859,000	0.6%		
	Cosmo Kanasugibashi Building	Minato-ku, Tokyo	Trust beneficiary right in trust of real estate	September 25, 2001	2,808,000	0.3%		
	Shinjuku Eastside Square	Shinjuku-ku, Tokyo	Real property	October 1, 2014	23,100,000	2.6%		
	Shinwa Building	Shinjuku-ku, Tokyo	Real property	September 1, 2004	7,830,000	0.9%		
	Tokyo Opera City Building	Shinjuku-ku, Tokyo	Real property	September 13, 2005	9,350,000	3.6%		
				March 24, 2010	22,426,831			
					Total	31,776,831		
	TIXTOWER UENO	Taito-ku, Tokyo	Real property	June 15, 2012	22,000,000	2.5%		
	Higashi-Gotanda 1Chome Building	Shinagawa-ku, Tokyo	Real property	November 1, 2004	5,500,000	0.6%		
	Osaki Front Tower	Shinagawa-ku, Tokyo	Real property	February 1, 2011	12,300,000	1.4%		
	Omori-Eki Higashiguchi Building	Ota-ku, Tokyo	Trust beneficiary right in trust of real estate	September 10, 2001	5,123,000	0.6%		
	Nippon Brunswick Building (Land with leasehold interest)	Shibuya-ku, Tokyo	Real property	March 24, 2004	6,670,000	0.6%		
				August 23, 2013	-1,170,000			
				Total	5,500,000			
Yoyogi 1Chome Building	Shibuya-ku, Tokyo	Real property	April 1, 2004	8,700,000	1.0%			
da Vinci Harajuku	Shibuya-ku, Tokyo	Real property	November 22, 2002	4,885,000	0.6%			
Jingumae Media Square Building	Shibuya-ku, Tokyo	Real property	October 9, 2003	12,200,000	1.4%			
Shibuya Cross Tower	Shibuya-ku, Tokyo	Real property	November 30, 2001	34,600,000	4.0%			
Ebisu Neonato	Shibuya-ku, Tokyo	Real property	November 14, 2003	3,740,000	1.7%			
			April 1, 2004	360,000				
				February 18, 2014	10,512,000			
				Total	14,612,000			
Harmony Tower	Nakano-ku, Tokyo	Real property	February 28, 2005	8,500,000	1.0%			
			December 19, 2012	520,000				
				Total	9,020,000			
Otsuka Higashi-Ikebukuro Building	Toshima-ku, Tokyo	Trust beneficiary right in trust of real estate	September 25, 2001	3,541,000	0.4%			
Ikebukuro 2Chome Building	Toshima-ku, Tokyo	Trust beneficiary right in trust of real estate	September 25, 2001	1,728,000	0.2%			
Ikebukuro YS Building	Toshima-ku, Tokyo	Real property	August 2, 2004	4,500,000	0.5%			
Hachioji First Square	Hachioji City, Tokyo	Real property	March 31, 2005	3,300,000	0.7%			
			March 19, 2008	2,379,112				
				Total	5,679,112			
Saitama Urawa Building	Saitama City, Saitama Prefecture	Real property	September 25, 2001	1,232,000	0.3%			
			October 11, 2001	1,342,000				
				Total	2,574,000			
MM Park Building	Yokohama City, Kanagawa Prefecture	Real property	March 24, 2008	37,400,000	4.3%			
Queen's Tower A	Yokohama City, Kanagawa Prefecture	Trust beneficiary right in trust of real estate	January 31, 2014	17,200,000	2.0%			
Kawasaki Isago Building	Kawasaki City, Kanagawa Prefecture	Trust beneficiary right in trust of real estate	September 25, 2001	3,375,000	0.4%			
Musahi Kosugi STM Building	Kawasaki City, Kanagawa Prefecture	Real property	March 25, 2008	4,000,000	0.5%			
Total: Tokyo metropolitan area					746,710,766	85.6%	85.6%	

Hokkaido	8・3 Square Kita Building	Sapporo City, Hokkaido	Real property	June 1, 2007	7, 1 0 0, 0 0 0	0. 8 %	0. 8 %
Tohoku region	Jozenji Park Building	Sendai City, Miyagi Prefecture	Real property	January 31, 2005	1, 0 0 0, 0 0 0	0. 1 %	1. 6 %
	Higashi Nibancho Square	Sendai City, Miyagi Prefecture	Real property	January 7, 2013	9, 9 5 0, 0 0 0	1. 1 %	
	Sendai Honcho Honma Building	Sendai City, Miyagi Prefecture	Trust beneficiary right in trust of real estate	September 25, 2001 June 28, 2006 total	2, 9 2 4, 0 0 0 2 5 0, 0 0 0 3, 1 7 4, 0 0 0	0. 4 %	
Hokuriku region	Kanazawa Park Building	Kanazawa City, Ishikawa Prefecture	Real property	February 28, 2002	2, 8 8 0, 0 0 0	0. 5 %	0. 5 %
				March 3, 2003 total	1, 7 0 0, 0 0 0 4, 5 8 0, 0 0 0		
Chubu region	Nishiki Park Building	Nagoya City, Aichi Prefecture	Real property	October 2, 2006	3, 8 5 0, 0 0 0	0. 7 %	3. 7 %
				November 1, 2006	1, 3 0 0, 0 0 0		
				June 9, 2014 total	6 5 0, 0 0 0 5, 8 0 0, 0 0 0		
	Nagoya Hirokoji Place	Nagoya City, Aichi Prefecture	Trust beneficiary right in trust of real estate	July 31, 2013	8, 5 6 7, 0 0 0	1. 0 %	
	Hirokoji Sakae Building	Nagoya City, Aichi Prefecture	Real property	September 22, 2006	1, 6 8 0, 0 0 0	0. 2 %	
	Nagoya Hirokoji Building	Nagoya City, Aichi Prefecture	Real property	September 10, 2001	1 4, 5 3 3, 0 0 0	1. 7 %	
Nagoya Misono Building	Nagoya City, Aichi Prefecture	Real property	August 8, 2003	1, 8 6 5, 0 0 0	0. 2 %		
Kinki region	Shijo Karasuma Center Building	Kyoto City, Kyoto Prefecture	Real property	September 3, 2013	4, 4 0 0, 0 0 0	0. 5 %	5. 7 %
	Kyoto Shijo Kawaramachi Building	Kyoto City, Kyoto Prefecture	Real property	December 20, 2001	2, 6 5 0, 0 0 0	0. 3 %	
	Shin-Fujita Building	Osaka City, Osaka Prefecture	Trust beneficiary right in trust of real estate	September 1, 2008	2 4, 0 0 0, 0 0 0	2. 8 %	
	Sakaisujihonmachi Building	Osaka City, Osaka Prefecture	Real property	September 25, 2001 December 26, 2003 total	2, 2 6 4, 0 0 0 1, 9 0 0, 0 0 0 4, 1 6 4, 0 0 0	0. 5 %	
	Midotsuji Daiwa Building	Osaka City, Osaka Prefecture	Trust beneficiary right in trust of real estate	September 25, 2001 February 28, 2002 total	6, 9 3 4, 0 0 0 7, 3 8 0, 0 0 0 1 4, 3 1 4, 0 0 0	1. 6 %	
Chugoku region	Li City Building	Okayama City, Okayama Prefecture	Real property	February 1, 2006	4, 6 5 0, 0 0 0	0. 5 %	0. 9 %
	NHK Hiroshima Broadcasting Center Building	Hiroshima City, Hiroshima Prefecture	Real property	March 25, 2004 March 3, 2008 total	1, 3 2 0, 0 0 0 1, 4 5 0, 0 0 0 2, 7 7 0, 0 0 0	0. 3 %	
Kyushu region	Tosei Tenjin Building	Fukuoka City, Fukuoka Prefecture	Real property	September 25, 2001	1, 5 5 0, 0 0 0	0. 2 %	1. 2 %
	Tenjin Crystal Building	Fukuoka City, Fukuoka Prefecture	Real property	June 1, 2005	5, 0 0 0, 0 0 0	0. 6 %	
	Hinode Tenjin Building	Fukuoka City, Fukuoka Prefecture	Trust beneficiary right in trust of real estate	September 10, 2001	3, 6 5 7, 0 0 0	0. 4 %	
Total: Other major cities					1 2 5, 4 0 4, 0 0 0	1 4. 4 %	1 4. 4 %
Total: Portfolio					8 7 2, 1 1 4, 7 6 6	1 0 0. 0 %	1 0 0. 0 %