



March 28, 2018

For Immediate Release

<Investment Corporation>

Japan Real Estate Investment Corporation

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(TSE code: 8952)

<Asset Management Company>

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## Announcement of Acquisition of Trust Beneficiary Rights of Domestic Properties

Japan Real Estate Investment Corporation (“JRE”) announced today that Japan Real Estate Asset Management Co., Ltd., an asset management company to which JRE entrusts the management of its properties, decided on March 28, 2018 the acquisition of trust beneficiary rights of domestic properties as follows:

<<Properties to be acquired>>

Name of property	Location	Type of property to be acquired	Acquisition price	Scheduled acquisition date
Shinjuku Eastside Square (additional acquisition)	Shinjuku-ku, Tokyo	Trust beneficiary rights of domestic property	¥ 25,460 million	March 30, 2018
Shinjuku Front Tower	Shinjuku-ku, Tokyo	Trust beneficiary rights of domestic property	¥ 25,025 million	April 17, 2018

<<Property to be acquired: Shinjuku Eastside Square (additional acquisition)>>

**1. Outline of acquisition**

- 1) Property to be acquired: Trust beneficiary rights of domestic property  
Land: Freehold (share of co-ownership: 13.4%) (Note 1)  
Building: Ownership (share of co-ownership: 13.4%) (Note 1)
- 2) Name of property: Shinjuku Eastside Square
- 3) Trustee: Mitsubishi UFJ Trust and Banking Corporation
- 4) Term of trust agreement: March 30, 2018 (scheduled closing date) to March 31, 2025
- 5) Acquisition price: ¥ 25,460 million

- 6) Scheduled acquisition date: March 30, 2018
- 7) Seller: Mitsubishi Estate Co., Ltd.
- 8) Method of Settlement: Lump-sum payment at closing of acquisition
- 9) Acquisition funds: Loan and own funds (Note 2)

(Note 1) JRE acquired 14.0% share of co-ownership on October 1, 2014 and 3.6% share of co-ownership on January 25, 2017, and owns 17.6% share of co-ownership as of March 28, 2018. Following the above acquisition of additional shares, JRE will hold 31.0% share of the co-ownership.

(Note 2) Please refer to the release “Announcement of Debt Financing” dated today regarding details of the loan.

## 2. Reasons for the acquisition

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

### (1) Superior location

The property is a large, recently constructed property with a prized location in Shinjuku, one of the world’s leading urban areas where a wide variety of functions are concentrated, including business and commercial functions.

It is directly connected to the Higashi Shinjuku Station on the Tokyo Metro and Toei Line and within walking distance of Shinjuku Station on the JR Line, and has market competitiveness as a part of complex development consisting of office, residence, shops and restaurants.

### (2) Brand new and environmentally friendly office building that is highly competitive

The property is a recently constructed office building completed in 2012, has a landmark presence in the surrounding area, and its exterior with ample greening creates a comfortable and vibrant atmosphere. In addition, it is a highly energy-efficient and environmentally friendly building that uses Low-E multi-layer glass and rainwater reuse equipment.

## 3. Details of the property to be acquired

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

### (1) Details of the property in trust

Location			
	Address shown in real property registry	Land	6-315-10, Shinjuku, Shinjuku-ku, Tokyo
		Building	6-315-10, Shinjuku, Shinjuku-ku, Tokyo
	Address	6-27-30, Shinjuku, Shinjuku-ku, Tokyo	
Usage		Offices, shops	
Area			
	Land	25,320.28 m <sup>2</sup> (Total land area for the building site)	
	Building	167,245.46 m <sup>2</sup> (Total area for the building) *Shops (214.27 m <sup>2</sup> ) of attached units are included	
Structure		Steel-framed, reinforced concrete structure, flat roof Above ground: 20 floors; Below ground: 2 floors	
Completion date		March 2012	
Architect		Mitsubishi Jisho Sekkei Inc. and Nihon Sekkei INC. JV	
Constructor		Kajima Corporation	

Building confirmation and inspection body	The Building Center of Japan
Type of ownership	
Land	Freehold (13.4/100 co-ownership of 1 lot: 25,320.28 m <sup>2</sup> )
Building	Ownership (13.4/100 co-ownership of 1 building 167,245.46 m <sup>2</sup> )
Acquisition price	¥ 25,460 million
Appraisal value (Appraisal institution) (Appraisal date)	¥ 25,500 million (Japan Real Estate Institute) (as of March 1, 2018)
PML value	1.2% (Based on an earthquake risk assessment report issued by Tokyo Marine & Nichido Risk Consulting Co., Ltd.)
Collateral	None
Property management company	Mitsubishi Estate Co., Ltd. (Note)
Others	<p>(1) The property is located in an area designated under the District Plan of Shinjuku Rokuchome Seihoku District, and for the construction of buildings, it is required to comply with the details specified under the District Plan. Moreover, the property is certified as an Ichi-danchi complex (a complex consisting of multiple premises) in accordance with the Building Standards Act 86 (Act No. 201 of 1950, including later amendments), as a single lot together with the adjacent land (6-315-33, Shinjuku, Shinjuku-ku). The standard plot ratio for the Ichi-danchi complex is 600%. The plot ratio of this property is 608.09% and that of the adjacent land 219.56%, the combined plot ratio for the Ichi-danchi complex coming to 599.99%. The standard plot ratio for the Ichi-danchi complex is almost fully utilized. The owner of this property hereunder and the owner of the adjacent land are not allowed to build any additions, nor undertake any repairs or renovations on the respective properties if they exceed the standard plot ratio of the Ichi-danchi complex of the combined land areas. To comply with this restriction, the property owners including JRE concluded a land owners agreement with the owner of the adjacent land and JRE will succeed to the status consented to in the agreement.</p> <p>(2) An item related to preferential negotiation rights on a partial interest transfer of the owners is defined in an agreement between co-owners of the property.</p>

(Note) Outline of the property management company

Corporate name	Mitsubishi Estate Co., Ltd.
Address of the registered head office	1-1-1, Otemachi, Chiyoda-ku, Tokyo
Representative	Junichi Yoshida, President and CEO

Date of establishment	May 1937
Paid-in capital	¥ 141,898 million (as of September 30, 2017)
Major shareholders (Ratio of shareholder) (as of September 30, 2017)	The Master Trust Bank of Japan, Ltd. (Trust Account) (6.54%) Japan Trustee Services Bank, Ltd. (Trust Account) (4.07%) JP Morgan Chase Bank 380072 (3.39%)
Principal business	Real estate
Net assets and total assets in the preceding fiscal period	Net assets (consolidated): ¥ 1,767,460 million (as of March 2017 period) Total assets (consolidated): ¥ 5,484,115 million (same as above)
Relationship with JRE or the asset management company	
Capital relationship	Mitsubishi Estate Co., Ltd. (“Mitsubishi Estate”) is a parent company and shareholder that holds a 90% stake in Japan Real Estate Management Co., Ltd. (asset management company) to which JRE entrusts the management of its properties. In addition, Mitsubishi Estate holds 17,120 JRE investment units as of September 30, 2017 (1.31% of total outstanding investment units).
Personal relationships	15 personnel of the asset management company are on temporary assignment from Mitsubishi Estate as of March 28, 2018.
Business relationship	Mitsubishi Estate is the previous owner and beneficiary of trust of some of the properties held by JRE. It is also a tenant of JRE’s properties. It also enters into several associated contracts related to the properties held by JRE.
Applicability to related parties	Mitsubishi Estate falls within the definition of related party of the asset management company under the Regulation for Terminology, Forms and Preparation of Financial Statements. Furthermore, Mitsubishi Estate falls within the definition of related party of the asset management company under the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No.480 of 2000, including later amendments), and also falls within the definition of related party under the internal rules of the asset management company.

(2) Tenant details

Total number of tenants	41	
Total leasable space	20,573 m <sup>2</sup>	
Total leased space	20,573 m <sup>2</sup>	
Trend in occupancy rates	September 30, 2013	36.8%
	September 30, 2014	88.7%
	September 30, 2015	95.7%
	September 30, 2016	100.0%
	September 30, 2017	100.0%
	Acquisition date	100.0%
Total rent revenue	¥ 1,368 million per year	
Security deposit	¥ 996 million in total	
Reference		
NOI (Net Operating Income)	¥ 1,066 million per year (Estimated under ordinary state occupancy)	
Depreciation	¥ 236 million per year (Estimated under ordinary state occupancy)	
(Notes)	<p>- JRE, upon acquisition of the property, will lease the space by pass-through method to Mitsubishi Estate Co., Ltd., who will sublease the space to tenants in the same way as JRE's existing shares.</p> <p>- Total number of tenants, total leasable space, total leased space, and occupancy rate on the acquisition date are projections as of the acquisition date.</p> <p>- NOI is an estimated amount under ordinary state occupancy given the fixed property taxes and city planning taxes, etc. based on the terms and conditions of lease agreements as of the acquisition date.</p> <p>-The above figures, except for NOI and depreciation, are based on the data provided by the seller.</p> <p>-The above figures are calculated for the co-ownership of the property to be acquired, however the total number of tenants represents the total number of tenants for the entire property.</p>	

(3) Specifications for rental floor space

Ceiling height	2,850 mm
Standard floor area	5,914 m <sup>2</sup>
Office automation floor	130 mm
Electric capacity	60 VA/m <sup>2</sup>
Air conditioning system	Individual air conditioning by zone (max. 12 zones per floor)
Floor load	500 kg/m <sup>2</sup> (heavy-duty zone 800 kg/m <sup>2</sup> )
Other	Around-the-clock entry and exit by card security (contactless IC card key)

(4) Outline of the engineering report

i. Outline of repair items

Date of report	March 16, 2018	
Preparer of report	Shimizu Corporation	
Repair expenses/Capital expenditure for the next 15 years (Annual average for the co-ownership to be acquired by JRE)	Repair expenses	¥ 10 million
	Capital expenditure	¥ 13 million
	Total	¥ 24 million

ii. Description concerning utilization status of asbestos

(Description on the possible use of asbestos)

Sprayed materials with asbestos	None recorded
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**4. Outline of seller**

Please refer to “(Note) Outline of the property management company” related to property to be acquired on page 3.

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

Property name (Address)		Shinjuku Eastside Square (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)		
		Previous Owner	Second Previous Owner	Third Previous Owner
	Corporate name	Mitsubishi Estate Co., Ltd.	Shinjuku Rokuchome Special Purpose Company (TMK)	None
	Relationship to party with special interest	Please refer to “(Note) Outline of the property management company” on page 3.	Mitsubishi Estate Co., Ltd., a shareholder holding a 90% stake of the asset management company to which JRE entrusts the management of its properties, had a preferred equity investment in TMK.	-
	Acquisition background and reason, etc.	Acquired for the purpose of investment management	Newly built in March 2012	-
	Acquisition price	Omitted as previous owner held the property for more than one year.	-	-
	Acquisition date	October 2014	-	-

**6. Transaction with related parties**

This transaction is deemed as a transaction with related parties. Before executing such a transaction, the asset management company has obtained a review and approval from the compliance committee, and undergone approval procedures at an asset management meeting, pursuant to the Rules for Related Party Transactions.

## 7. Outline of the brokerage

Not applicable

## 8. Acquisition schedule

March 28, 2018	Determination of the acquisition of the property
March 29, 2018	Execution of an agreement for the acquisition (scheduled)
March 30, 2018	Lump-sum payment at closing of the acquisition (scheduled)

## 9. Outline of appraisal report

Name of property	Shinjuku Eastside Square
Appraisal value	¥ 25,500 million
Appraisal institution	Japan Real Estate Institute
Date of appraisal	March 1, 2018

Item	Amount (thousand yen)	General Outline
Capitalization Value	25,500,000	Estimated by combining the capitalization values under the direct capitalization method and DCF method, as it was determined that both methods offer similar normative validity.
Direct Capitalization Value	25,500,000	
(1) Operating Revenue [①－②]	1,330,762	
① Annual Rent Revenue	1,451,554	Estimated by assessing price level of rental income that could be earned on a stable basis over the mid-to long term.
② Amount of Loss due to Vacancy	120,792	Estimated by assessing the level of occupancy rates that are expected on a stable basis over the mid- to long term.
(2) Operating Expenses	332,332	
Maintenance Cost for Building	117,953	Referenced actual costs in past years and comparable properties for the estimation of building maintenance costs, and referenced current contract terms for the estimation of the property management fee.
Property Management Fee	(note)	Individual characteristics of respective properties were also analyzed for the estimation.
Leasing cost	11,070	Estimated the average annual leasing cost based on the assumed turnover period of tenants.
Utilities Expenses	91,163	Estimated based on the actual costs in past years and by analyzing factors such as occupancy rates.
Repair Expenses	10,606	Referenced actual costs in past years and estimated by analyzing future management plan, level of comparable properties, and annual average expenses stated in the engineering reports.
Property and Other Taxes	100,079	Estimated based on property and other tax-related materials.
Casualty Insurance	1,461	Estimated by analyzing current insurance premiums and those for comparable properties.

	Other Expenses	0	
	(3) Net Operating Income [(1) – (2)]	998,430	
	(4) Investment gains of temporary deposits	10,331	Estimated by assuming an interest rate of 1%
	(5) Capital Expenditure	13,777	Estimated by average annual expenditure stated in the engineering reports, etc.
	(6) Net Cash Flow [(3)+(4) – (5)]	994,984	
	(7) Cap Rate	3.9%	Determined by applying the relevant spread derived from the locational conditions of the target properties, etc. to the standard cap rate, which is assigned to each district, while also analyzing the transaction yields of comparable properties.
	Discounted Cash Flow Value	25,400,000	
	Discount Rate	3.5%	Determined by referencing the investment yields of comparable properties and analyzing the individual characteristics of target properties from a comprehensive perspective.
	Terminal Cap Rate	4.0%	Determined by referencing the transaction yields of comparable properties and analyzing future trends with regard to investment yields from a comprehensive perspective.
	Integrated Value	25,500,000	
	Ratio of Land	80.5%	
	Ratio of Building	19.5%	

\* Values below one thousand yen are eliminated.

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 did not provide us with consent to disclose the property management fee. If the fee for the subject property were to be disclosed, it may impact on other deals related to the property management company, which could affect JRE in delegation of effective property management service based on our policy of property maintenance and operation. This could in turn undermine the interest of our unitholders. Accordingly, maintenance costs for the building and property management fees are shown in the total amount.



## <<Property to be acquired: Shinjuku Front Tower>>

### 1. Outline of acquisition

- 1) Property to be acquired: Trust beneficiary rights of domestic property  
Land: Freehold (share of co-ownership: 27.20234%)  
Building: Co-ownership of compartmentalized building units  
(share of ownership of the building: 27.24798%) (Note 1)
- 2) Name of property: Shinjuku Front Tower
- 3) Trustee: Mitsubishi UFJ Trust and Banking Corporation
- 4) Term of trust agreement: April 17, 2018 (scheduled delivery date) to March 31, 2025
- 5) Acquisition price: ¥ 25,025 million
- 6) Scheduled acquisition date: April 17, 2018
- 7) Seller: Mitsubishi Estate Co., Ltd.
- 8) Method of Settlement: Lump-sum payment at closing of acquisition
- 9) Acquisition funds: Proceeds from public offerings of new investment units (Note 2)

(Note 1) Share of ownership of the building means the percentage share in the entire common areas as per set forth under the building management bylaws.

(Note 2) In case the price determination date related to the said public offerings of new investment units falls on Wednesday, April 11, 2018 or Thursday, April 12, 2018, the loans will be applied to the acquisition funds. Please refer to “Announcement of Issuance of New Investment Units and Secondary Offering of Investment Units” dated today regarding the said public offerings of new investment units.

### 2. Reasons for the acquisition

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

#### (1) Superior location

The property is located in Shinjuku, one of the world’s leading urban areas where a wide variety of functions are concentrated, including business and commercial functions, and because it can be accessed by multiple routes including Nishi Shinjuku Station and Nakano-sakaue Station on the metro, and is in an extremely favorable location for accessing the heart of Shinjuku, the market competitiveness of the location is high.

#### (2) Brand new and environmentally friendly office building that is highly functional

The property is a recently constructed office building that was completed in 2011, and is equipped with a level of facilities that supports the latest tenant needs including an area free of structural support pillars of approximately 1,700 m<sup>2</sup> on standard floors. In addition, the property achieves energy-saving performance with the adoption of an automatic light adjustment system and high-performance heat-reflective glass.

### 3. Details of the property to be acquired

The relevant information is as set out below. The information on “area,” “structure,” and “completion date” are derived from the real property registry and the “usage” described below is among the main usages listed in the real property registry.

(1) Details of the property in trust

Location			
Address shown in real property registry	Land	2-195-11, Kita-Shinjuku, Shinjuku-ku, Tokyo	
	Building	2-195-11, Kita-Shinjuku, Shinjuku-ku, Tokyo	
	Address	2-21-1, Kita-Shinjuku, Shinjuku-ku, Tokyo	
Usage		Offices, shops	
Area			
	Land	9,628.17 m <sup>2</sup> (Total land area for the building site)	
	Building	92,092.30 m <sup>2</sup> (Total area for the building)	
Structure		Steel-framed, Steel-framed reinforced concrete structure, flat roof Above ground: 35 floors; Below ground: 2 floors	
Completion date		August 2011	
Architect		Mitsubishi Jisho Sekkei Inc. and Kajima Corporation's First Class Architect Office	
Constructor		Kajima Corporation	
Building confirmation and inspection body		The Building Center of Japan	
Type of ownership			
	Land	Freehold (27.20234/100 co-ownership) (Note 1)	
	Building	Co-ownership of compartmentalized building units - Office units/52,713.71 m <sup>2</sup> out of 53,248.09 m <sup>2</sup> , from the fourth floor to the thirty-fourth floor excluding units owned by other co-owners: 27.5/100. - Retail units/4,298.89 m <sup>2</sup> , from the first floor to the third floor: 27.5/100. *share of ownership of the building: 27.24798%	
Acquisition price		¥ 25,025 million	
Appraisal value (Appraisal institution) (Appraisal date)		¥ 25,300 million (Japan Real Estate Institute) (as of March 1, 2018)	
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		Mitsubishi Estate Co., Ltd. (Note 2) (Note 3)	
Other		(1) The property is located in an area designated under the District Plan of Kita-Shinjuku District, and for the construction of buildings, is required to comply with the details specified under the District Plan. Moreover, the property is certified as a Ichi-danchi complex (a complex consisting of multiple premises) in accordance with the Building Standards Act 86, paragraph 1, as a single lot together with the adjacent land (2-195-10, Kita-Shinjuku, Shinjuku-ku). The property owners established easements with the owner	

	<p>of the adjacent land to reciprocally restrict maximum floor area subject to the plot and maximum building area and this agreement was entered in the land registry for this property.</p> <p>(2) An item related to preferential negotiation rights on a partial interest transfer of the owners is defined in a basic agreement between co-owners of compartmentalized building units of the property. Registered right of site of the compartmentalized building on the land is established.</p> <p>(3) Units owned by JRE include share of co-ownership of the common areas (parking lot, storage, etc.) set forth under the building management bylaws.</p>
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(Note 1) Share of registered right of site: 27.5/100 of co-ownership of 98,917,614,500/100,000,000,000.

(Note 2) The property management company to be appointed after the acquisition

(Note 3) Please refer to “(Note) Outline of the property management company” related to property to be acquired on page 3 for the outline of the property management company.

(2) Tenant details

Total number of tenants	42	
Total leasable space	15,705 m <sup>2</sup>	
Total leased space	15,610 m <sup>2</sup>	
Trends in occupancy rates	September 30, 2013	79.2%
	September 30, 2014	91.6%
	September 30, 2015	98.4%
	September 30, 2016	94.3%
	September 30, 2017	99.8%
	Acquisition date	99.4%
Total rent revenue	¥ 1,366 million per year	
Security deposit	¥ 1,112 million in total	
Reference		
NOI (Net Operating Income)	¥ 1,006 million per year (Estimated under ordinary state occupancy)	
Depreciation	¥ 248 million per year (Estimated under ordinary state occupancy)	
(Note)	<ul style="list-style-type: none"><li>- JRE, upon acquisition of the property, will lease the space by pass-through method to Mitsubishi Estate Co., Ltd., who will sublease the space to tenants.</li><li>- Total number of tenants, total leasable space, total leased space, and occupancy rate on the acquisition date are projections as of the acquisition date.</li><li>- NOI is an estimated amount under ordinary state occupancy given the fixed property taxes and city planning taxes, etc. based on the terms and conditions of lease agreements as of the acquisition date.</li><li>- The above figures, except for NOI and depreciation, are based on the data provided by the seller.</li><li>- The above figures are calculated for the co-ownership of the property to be acquired, however the total number of tenants represents the total number of tenants for the entire property.</li></ul>	

(3) Specifications for rental floor space

Ceiling height	2,900 mm
Standard floor area	1,689 m <sup>2</sup>
Office automation floor	100 mm
Electric capacity	60 VA/m <sup>2</sup>
Air conditioning system	Individual air conditioning by zone
Floor load	500 kg/m <sup>2</sup>
Other	Around-the-clock entry and exit by card security (contactless IC card key)

(4) Outline of the engineering report

i. Outline of repair items

Date of report		March 16, 2018
Preparer of report		Shimizu Corporation
Repair expenses/Capital expenditure for the next 15 years (Annual average for the co-ownership to be acquired by JRE)	Repair expenses	¥ 14 million
	Capital expenditure	¥ 20 million
	Total	¥ 35 million

ii. Description concerning utilization status of asbestos

(Description on the possible use of asbestos)

Sprayed materials with asbestos	None recorded
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**4. Outline of seller**

Please refer to “(Note) Outline of the property management company” related to property to be acquired on page 3.

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

Property name (Address)		Shinjuku Front Tower (2-21-1, Kita-Shinjuku, Shinjuku-ku, Tokyo)	
		Previous Owner	Second Previous Owner
	Corporate name	Mitsubishi Estate Co., Ltd.	None
	Relationship to party with special interest	Please refer to “(Note) Outline of the property management company” on page 3.	-
	Acquisition background and reason, etc.	Newly built in August 2011	-
	Acquisition price	-	-
	Acquisition date	-	-

**6. Transactions with related parties**

The acquisition of the property is deemed as a transaction with related parties. When executing such a transaction, the asset management company has obtained the review and approval from the compliance committee, and undergone approval procedures at an asset management meeting, pursuant to the Rules for Related Party Transactions.

**7. Outline of the brokerage**

Not applicable

**8. Acquisition schedule**

March 28, 2018	Determination of the acquisition of the property
April 10, 2018	Execution of the agreement for the acquisition (scheduled)
April 17, 2018	Lump-sum payment at closing of the acquisition (scheduled)

## 9. Outline of appraisal report

Name of property	Shinjuku Front Tower
Appraisal value	¥ 25,300 million
Appraisal institution	Japan Real Estate Institute
Date of appraisal	March 1, 2018

Item	Amount (thousand yen)	General Outline
Capitalization Value	25,300,000	Estimated by combining the capitalization values under the direct capitalization method and DCF method, as it was determined that both methods offer similar normative validity.
Direct Capitalization Value	25,700,000	
(1) Operating Revenue [①－②]	1,348,016	
① Annual Rent Revenue	1,435,906	Estimated by assessing price level of rental income that could be earned on a stable basis over the mid-to long term.
② Amount of Loss due to Vacancy	87,890	Estimated by assessing the level of occupancy rates that are expected on a stable basis over the mid- to long term.
(2) Operating Expenses	361,648	
Maintenance Cost for Building	224,327 (Note)	Referenced actual costs in past years for the estimation of building maintenance costs, and referenced current contract terms for the estimation of the property management fee. Individual characteristics of respective properties were also analyzed for the estimation.
Property Management Fee		
Leasing cost	11,161	Estimated the average annual leasing cost based on the assumed turnover period of tenants
Utilities Expenses	0	Not estimated as utilities expenses are paid by management fee to building owners' association.
Repair Expenses	14,311	Referenced actual costs in past years and estimated by analyzing future management plan, level of comparable properties, and annual average expenses stated in the engineering reports.
Property and Other Taxes	111,656	Estimated based on property and other tax-related materials.
Casualty Insurance	193	Estimated by analyzing insurance premiums and those for comparable properties.
Other Expenses	0	
(3) Net Operating Income [(1)－(2)]	986,368	
(4) Investment gains of temporary deposits	10,886	Estimated by assuming an interest rate of 1%
(5) Capital Expenditure	20,986	Estimated by analyzing the level of comparable properties, age of the building, and average annual expenditure stated in the engineering reports.
(6) Net Cash Flow [(3)+(4)－(5)]	976,268	

(7) Cap Rate	3.8%	Determined by applying the relevant spread derived from the locational conditions of the target properties, etc. to the standard cap rate, which is assigned to each district, while also analyzing the transaction yields of comparable properties.
Discounted Cash Flow Value	24,900,000	
Discount Rate	3.5%	Determined by referencing the investment yields of comparable properties and analyzing the individual characteristics of target properties from a comprehensive perspective.
Terminal Cap Rate	4.0%	Determined by referencing the transaction yields of comparable properties and analyzing future trends with regard to investment yields from a comprehensive perspective.
Integrated Value	25,300,000	
Ratio of Land	77.6%	
Ratio of Building	22.4%	

\* Values below one thousand yen are eliminated.

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 for the subject property did not provide us with consent to disclose the property management fee. If the fee for the subject property were to be disclosed, it may impact on other deals related to the property management company, which could affect JRE's delegation of effective property management service based on our policy of property maintenance and operation. This could in turn undermine the interest of our unitholders. Accordingly, maintenance costs for the building and property management fees are shown in the total amount.

#### << Future outlook>>

As the impact of the acquisition on JRE's management performance for the March 2018 period (from October 1, 2017 to March 31, 2018) is expected to be minor, no revision of the forecast for performance will be made.

Please refer to "Announcement of Revision of Forecast Results for the September 2018 period and Forecast Results for the March 2019 period" dated today regarding revision of the performance forecast for the September 2018 period (from April 1, 2018 to September 30, 2018) and the newly announced performance forecast for the March 2019 period (from October 1, 2018 to March 31, 2019).

#### Reference materials (attachments)

- Information map: Shinjuku Eastside Square, Shinjuku Front Tower
- Photo: Exterior of Shinjuku Eastside Square and Shinjuku Front Tower
- List of all JRE properties following acquisition of these properties

This is an English translation of the announcement in Japanese dated March 28, 2018.

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

Disclaimer: This document is intended to serve as a press statement to make available the information on Acquisition of Trust Beneficiary Rights of Domestic Properties of Japan Real Estate Investment Corporation ("JRE"), and does not constitute and should not be construed as an offer to sell or solicitation of an offer to purchase any unit or other investment of JRE. Prospective investors are advised to read the JRE's prospectus for new unit issuance and secondary offering (and its amendments, if any) and make any investment decisions at their own risk and responsibility.

(Reference) Information map of Shinjuku Eastside Square

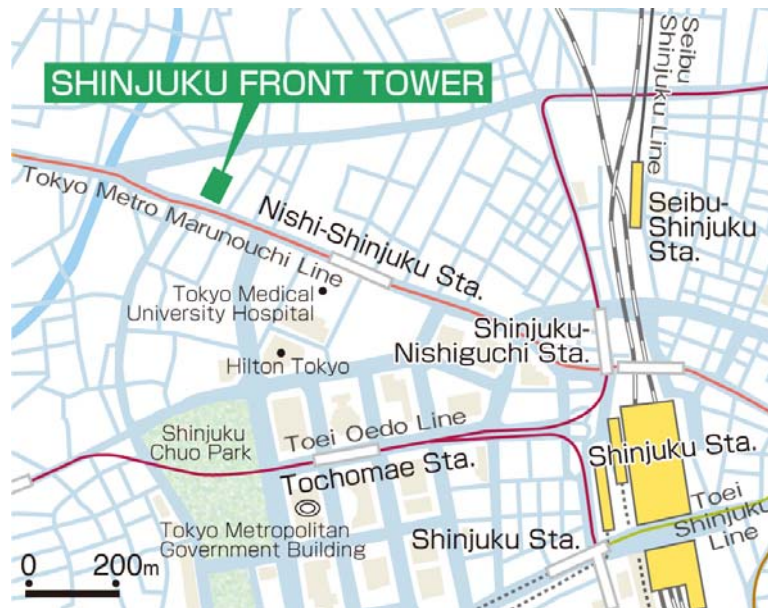


(Reference) Exterior of Shinjuku Eastside Square





(Reference) Information map of Shinjuku Front Tower



(Reference) Exterior of Shinjuku Front Tower



(Reference) List of all JRE properties following acquisition of these properties

Area	Name	Location	Type of property	Acquisition date	Acquisition price (Note 1) (thousand yen)	Percentage of portfolio	Percentage by area
Tokyo metropolitan area (23 wards)	Kitanomaru Square	Chiyoda-ku, Tokyo	Real property	February 24, 2006	81,555,500	8.0%	76.6%
	MD Kanda Building	Chiyoda-ku, Tokyo	Real property	May 31, 2002	9,520,000	0.9%	
	Kandabashi Park Building	Chiyoda-ku, Tokyo	Real property	August 15, 2002	4,810,000	0.5%	
	Otemachi Financial City North Tower	Chiyoda-ku, Tokyo	Real property	March 31, 2014	15,462,900	1.5%	
	Nibancho Garden	Chiyoda-ku, Tokyo	Real property	April 1, 2005	14,700,000	1.4%	
	Mitsubishi UFJ Trust and Banking Building	Chiyoda-ku, Tokyo	Real property	March 28, 2007	44,700,000	4.4%	
	Burex Kojimachi Building	Chiyoda-ku, Tokyo	Real property	July 29, 2005	7,000,000	0.7%	
	Sanno Grand Building	Chiyoda-ku, Tokyo	Real property	January 31, 2005	10,200,000	2.1%	
				April 3, 2006	10,700,000		
				Total	20,900,000		
	Yurakucho Denki Building	Chiyoda-ku, Tokyo	Real property	August 1, 2003	7,200,000	0.7%	
	Kodenmacho Shin-Nihonbashi Building	Chuo-ku, Tokyo	Trust beneficiary rights	September 25, 2001	3,173,000	0.3%	
	Front Place Nihonbashi	Chuo-ku, Tokyo	Real property	January 19, 2018	17,660,000	1.7%	
	Kyodo Building (Kayabacho 2Chome)	Chuo-ku, Tokyo	Trust beneficiary rights	March 1, 2011	4,410,000	0.4%	
	Burex Kyobashi Building	Chuo-ku, Tokyo	Real property	July 22, 2002	5,250,000	0.5%	
	Ginza 1Chome East Building	Chuo-ku, Tokyo	Trust beneficiary rights	March 2, 2015	6,459,000	0.6%	
	Ginza Sanwa Building	Chuo-ku, Tokyo	Real property	March 10, 2005	16,830,000	1.7%	
				March 15, 2005	5,353,500		
				May 24, 2010	2,645,922		
	Ryoshin Ginza East Mirror Building	Chuo-ku, Tokyo	Real property	Total	7,999,422	0.8%	
				January 7, 2013	31,300,000		
				December 18, 2007	26,800,000		
	Harumi Front	Chuo-ku, Tokyo	Real property	January 7, 2013	31,300,000	3.1%	
	Harumi Center Building	Chuo-ku, Tokyo	Real property	December 18, 2007	26,800,000	2.6%	
	Akasaka Park Building	Minato-ku, Tokyo	Real property	November 15, 2011	60,800,000	6.0%	
	Aoyama Crystal Building	Minato-ku, Tokyo	Real property	March 14, 2003	7,680,000	0.8%	
	Clover Shiba-koen	Minato-ku, Tokyo	Trust beneficiary rights	January 20, 2015	4,500,000	0.4%	
	Shiodome Building	Minato-ku, Tokyo	Trust beneficiary rights	December 19, 2008	21,250,000	10.5%	
				January 15, 2010	54,600,000		
				May 1, 2015	10,100,000		
				March 30, 2017	10,450,000		
				September 1, 2017	10,530,000		
				Total	106,930,000		
	Shiba 2Chome Daimon Building	Minato-ku, Tokyo	Trust beneficiary rights	September 10, 2001	4,859,000	0.5%	
	Cosmo Kanasugibashi Building	Minato-ku, Tokyo	Trust beneficiary rights	September 25, 2001	2,808,000	0.3%	
	Tamachi Front Building	Minato-ku, Tokyo	Real property	March 30, 2017	6,210,000	0.6%	
	Shinjuku Eastside Square	Shinjuku-ku, Tokyo	Trust beneficiary rights	October 1, 2014	23,100,000	5.4%	
				January 25, 2017	6,660,000		
				March 30, 2018	25,460,000		
				Total	55,220,000		
	Shinjuku Front Tower	Shinjuku-ku, Tokyo	Trust beneficiary rights	April 17, 2018	25,025,000	2.5%	
	Shinwa Building	Shinjuku-ku, Tokyo	Real property	September 1, 2004	7,830,000	0.8%	
	Tokyo Opera City Building	Shinjuku-ku, Tokyo	Real property	September 13, 2005	9,350,000	3.1%	
				March 24, 2010	22,426,831		
				Total	31,776,831		
	TEXTOWER UENO	Taito-ku, Tokyo	Real property	June 15, 2012	22,000,000	2.2%	
	Higashi-Gotanda 1Chome Building	Shinagawa-ku, Tokyo	Real property	November 1, 2004	5,500,000	0.5%	
	Osaki Front Tower	Shinagawa-ku, Tokyo	Real property	February 1, 2011	12,300,000	1.2%	
	Omori-Eki Higashiguchi Building	Ota-ku, Tokyo	Trust beneficiary rights	September 10, 2001	5,123,000	0.5%	
	Shinjuku South Gate Project (tentative name) (Land with leasehold interest)	Shibuya-ku, Tokyo	Real property	March 24, 2004	6,670,000	0.5%	
				August 23, 2013	-1,170,000		
				Total	5,500,000		
	Yoyogi 1Chome Building	Shibuya-ku, Tokyo	Real property	April 1, 2004	8,700,000	0.9%	
	Jingumae Terrace	Shibuya-ku, Tokyo	Real property	November 22, 2002	4,885,000	0.5%	
	Jingumae Media Square Building	Shibuya-ku, Tokyo	Real property	October 9, 2003	12,200,000	1.2%	
	Shibuya Cross Tower (Land with leasehold interest)	Shibuya-ku, Tokyo	Real property	November 30, 2001	34,600,000	2.6%	
				January 18, 2018	-8,076,000		
				Total	26,524,000		
	Ebisu Neonato	Shibuya-ku, Tokyo	Real property	November 14, 2003	3,740,000	1.4%	
				April 1, 2004	360,000		
				February 18, 2014	10,512,000		
	Harmony Tower	Nakano-ku, Tokyo	Real property	Total	14,612,000	1.1%	
				February 28, 2005	8,500,000		
				December 19, 2012	520,000		
				March 27, 2015	2,100,000		
	Otsuka Higashi-Ikebukuro Building	Toshima-ku, Tokyo	Trust beneficiary rights	Total	11,120,000	0.3%	
	Ikebukuro 2Chome Building	Toshima-ku, Tokyo	Trust beneficiary rights	September 25, 2001	3,541,000		
	Ikebukuro YS Building	Toshima-ku, Tokyo	Real property	September 25, 2001	1,728,000		
Tokyo metropolitan area (excluding 23 wards)	Hachioji First Square	Hachioji City, Tokyo	Real property	August 2, 2004	4,500,000	0.6%	6.9%
				March 31, 2005	3,300,000		
				March 19, 2008	2,379,112		
	Saitama Urawa Building	Saitama City, Saitama Prefecture	Real property	Total	5,679,112	0.3%	
				September 25, 2001	1,232,000		
				October 11, 2001	1,342,000		
	MM Park Building	Yokohama City, Kanagawa Prefecture	Real property	Total	2,574,000	3.7%	
				March 24, 2008	37,400,000		
	Queen's Tower A	Yokohama City, Kanagawa Prefecture	Trust beneficiary rights	January 31, 2014	17,200,000	1.7%	
	Kawasaki Isago Building	Kawasaki City, Kanagawa Prefecture	Trust beneficiary rights	September 25, 2001	3,375,000	0.3%	
	Musashi Kosugi STM Building	Kawasaki City, Kanagawa Prefecture	Real property	March 25, 2008	4,000,000	0.4%	
Total: Tokyo metropolitan area					847,729,766	83.5%	83.5%

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Hokkaido	8・3 Square Kita Building	Sapporo City, Hokkaido	Real property	June 1, 2007	7, 1 0 0, 0 0 0	0. 7 %	0. 7 %
Tohoku region	Jozenji Park Building	Sendai City, Miyagi Prefecture	Real property	January 31, 2005	1, 0 0 0, 0 0 0	0. 1 %	3. 2 %
	Higashi Nibancho Square	Sendai City, Miyagi Prefecture	Real property	January 7, 2013	9, 9 5 0, 0 0 0	1. 0 %	
	Sendai Honcho Honma Building	Sendai City, Miyagi Prefecture	Trust beneficiary rights	September 25, 2001	2, 9 2 4, 0 0 0	0. 3 %	
				June 28, 2006	2 5 0, 0 0 0		
				Total	3, 1 7 4, 0 0 0		
AER	Sendai City, Miyagi Prefecture	Real property	September 1, 2015	1 8, 6 4 0, 0 0 0	1. 8 %		
Hokuriku region	Kanazawa Park Building	Kanazawa City, Ishikawa Prefecture	Real property	February 28, 2002	2, 8 8 0, 0 0 0	0. 5 %	0. 7 %
				March 3, 2003	1, 7 0 0, 0 0 0		
				Total	4, 5 8 0, 0 0 0		
Kanazawa Kamitsutsumicho Building	Kanazawa City, Ishikawa Prefecture	Real property	October 3, 2016	2, 7 8 0, 0 0 0	0. 3 %		
Chubu region	Nishiki Park Building	Nagoya City, Aichi Prefecture	Real property	October 2, 2006	3, 8 5 0, 0 0 0	0. 6 %	3. 0 %
				November 1, 2006	1, 3 0 0, 0 0 0		
				June 9, 2014	6 5 0, 0 0 0		
				April 1, 2016	1 7 5, 0 0 0		
				Total	5, 9 7 5, 0 0 0		
	Nagoya Hirokoji Place	Nagoya City, Aichi Prefecture	Trust beneficiary rights	July 31, 2013	8, 5 6 7, 0 0 0	0. 8 %	
	Nagoya Hirokoji Building	Nagoya City, Aichi Prefecture	Real property	September 10, 2001	1 4, 5 3 3, 0 0 0	1. 4 %	
	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. 4 %	7. 1 %
	Umeda Square Building	Osaka City, Osaka Prefecture	Trust beneficiary rights	April 1, 2015	1 5, 5 2 3, 5 2 0	1. 5 %	
	Shin-Fujita Building	Osaka City, Osaka Prefecture	Trust beneficiary rights	September 1, 2008	2 4, 0 0 0, 0 0 0	2. 4 %	
	Sakaishujhonmachi Building	Osaka City, Osaka Prefecture	Real property	September 25, 2001	2, 2 6 4, 0 0 0	0. 4 %	
				December 26, 2003	1, 9 0 0, 0 0 0		
				Total	4, 1 6 4, 0 0 0		
	Midosuji Daiwa Building	Osaka City, Osaka Prefecture	Trust beneficiary rights	September 25, 2001	6, 9 3 4, 0 0 0	1. 4 %	
				February 28, 2002	7, 3 8 0, 0 0 0		
Total				1 4, 3 1 4, 0 0 0			
Amagasaki Front Building	Amagasaki City, Hyogo Prefecture	Trust beneficiary rights	March 25, 2015	9, 3 0 0, 0 0 0	0. 9 %		
Chugoku region	Lit City Building	Okayama City, Okayama Prefecture	Real property	February 1, 2006	4, 6 5 0, 0 0 0	0. 5 %	0. 7 %
	NHK Hiroshima Broadcasting Center Building	Hiroshima City, Hiroshima Prefecture	Real property	March 25, 2004	1, 3 2 0, 0 0 0	0. 3 %	
				March 3, 2008	1, 4 5 0, 0 0 0		
			Total	2, 7 7 0, 0 0 0			
Kyushu region	Tosei Tenjin Building	Fukuoka City, Fukuoka Prefecture	Real property	September 25, 2001	1, 5 5 0, 0 0 0	0. 2 %	1. 0 %
	Tenjin Crystal Building	Fukuoka City, Fukuoka Prefecture	Real property	June 1, 2005	5, 0 0 0, 0 0 0	0. 5 %	
	Hinode Tenjin Building	Fukuoka City, Fukuoka Prefecture	Trust beneficiary rights	September 10, 2001	3, 6 5 7, 0 0 0	0. 4 %	
Total: Other major cities					1 6 7, 4 9 2, 5 2 0	1 6. 5 %	1 6. 5 %
Total: Portfolio					1, 0 1 5, 2 2 2, 2 8 6	1 0 0. 0 %	1 0 0. 0 %

(Note1) Acquisition prices are expressed by eliminating the numbers below a thousand.

(Note2) Ratio and ratio by region are rounded to the nearest first decimal place.

(Note3) The acquisition price of Shinjuku South Gate Project (tentative name) (Land with leasehold interest) represents the acquisition price of the land and building net of the acquisition price of the building on March 24, 2004, as the building section was disposed on August 23, 2013. The name of the property was renamed to “Shinjuku South Gate Project (tentative name) (Land with leasehold interest)” from “Nippon Brunswick Building (Land with leasehold interest)” on May 15, 2017.

(Note4) The acquisition price of Jingumae Media Square Building is the price of the property on the date of acquisition (October 9, 2003), including the sales cost (¥614 million) of the part of the property that was sold on October 30, 2009.

(Note5) “Jingumae Terrace” was renamed from “da Vinci Harajuku” on March 1, 2018.

(Note6) The acquisition price of Shibuya Cross Tower (Land with leasehold interest) represents the acquisition price of the land and building net of the acquisition price of the building on November 30, 2001, as the building section was disposed on January 18, 2018.