

March 28, 2023

For Immediate Release

Investment Corporation

Japan Real Estate Investment Corporation

Jo Kato, Executive Director

(TSE code: 8952)

Asset Management Company

Japan Real Estate Asset Management Co., Ltd.

Shojiro Kojima , President & CEO

Contact: Masaru Motooka

Executive Officer & General Manager,

Strategic Planning Department

Phone: +81-3-3211-7951

Announcement of Issuance of New Investment Units and Secondary Offering of Investment Units

Japan Real Estate Investment Corporation ("JRE") hereby announces its decision on the issuance of new investment units and secondary offering of investment units as resolved at its Board of Directors' meeting held on March 28, 2023.

1. Issuance of New Investment Units through Public Offering

- (1) Number of investment units to be offered : 35,200 units
- (2) Amount to be paid in (subscription price) : To be determined
(Amount to be paid in (subscription price) shall be determined at the Board of Directors' meeting to be held on a date from Monday, April 3, 2023 to Wednesday, April 5, 2023 (the "price determination date"). Amount to be paid in (subscription price) means an amount per investment unit JRE receives from the Underwriters (as defined in (5) below).)
- (3) Total amount to be paid in (total subscription price) : To be determined
- (4) Offering price : To be determined

- (5) Offering method : The new investment units shall be publicly offered and JRE will have the following companies underwrite and purchase all the new investment units on a firm commitment basis:
SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Securities Co., Ltd. (collectively, the “Joint Managing Underwriters”), Nomura Securities Co., Ltd. and Daiwa Securities Co. Ltd. (collectively, the “Underwriters,” including the Joint Managing Underwriters). SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will act as joint bookrunners.
- In addition, the offering price in the public offering shall finally be determined after taking into account the accumulated demand and other conditions, based on the tentative offering price to be set at the product of the closing price of the investment unit of JRE on the Tokyo Stock Exchange on the price determination date (or nearest date prior to such date if the closing price is not available on such date), multiplied by a conversion factor of 0.90 – 1.00 (with any fraction of less than one yen to be rounded down to the nearest one yen).
- (6) Underwriting agreement : Underwriters shall make payment of the total amount to be paid in (total subscription price) to JRE on the payment date. The difference between the total amount of offering price and the total amount to be paid in (total subscription price) shall be the proceeds of each Underwriter, and JRE will not pay an underwriting fee to the Underwriters.
- (7) Demand accumulation (bookbuilding) period : From Thursday, March 30, 2023 to Wednesday, April 5, 2023 (maximal length)
- (8) Minimum subscription unit : One unit (subscriptions more than one unit should be multiples of one unit).
- (9) Subscription period : Tuesday, April 4, 2023
The above subscription period may be moved down, taking into account the accumulated demand and other conditions. In that case, the latest subscription period shall be Thursday, April 6, 2023.
- (10) Subscription deposit payment period : From the next business day following the price determination date to two business days following the price determination date
- (11) Payment date : Friday, April 7, 2023
The above payment date may be moved down, taking into account the accumulated demand and other conditions. In that case, the latest payment date shall be Tuesday, April 11, 2023.
- (12) Delivery date : The next business day following the payment date
- (13) Offering price, amount to be paid in (subscription price), and other pertinent matters required for issuance of new investment units shall be determined at the Board of Directors’ meeting to be held hereafter.
- (14) Each clause mentioned above is subject to effectiveness of filing made with the relevant authority pursuant to the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended; the “Financial Instruments and Exchange Act”).

2. Secondary Offering of Investment Units through Over-Allotment (Refer to <Reference>1. below)

- (1) Selling unitholder : SMBC Nikko Securities Inc.
- (2) Number of investment units to be sold : 2,464 units
The above number represents the number of investment units to be sold in the secondary offering through over-allotment conducted by SMBC Nikko Securities Inc., the lead manager of the public offering, taking into account the accumulated demand and other conditions with regard to the public offering. The above number represents the maximum number of investment units to be sold in the secondary offering through over-allotment. Depending on the demand and other conditions, either the number may be reduced, or the secondary offering through over-allotment may be cancelled entirely. The number of investment units to be sold shall be determined at the Board of Directors' meeting to be held on the price determination date, taking into account the demand and other conditions in the public offering.
- (3) Selling price : To be determined
(To be determined on the price determination date. The selling price is to be the same as the offering price in the public offering.)
- (4) Total selling price : To be determined
- (5) Selling method : SMBC Nikko Securities Inc., the lead manager of the public offering, will make an offering of the maximum of 2,464 units of JRE that it borrows from Mitsubishi Estate Co., Ltd., a unitholder of JRE, taking into account the accumulated demand and other conditions in the public offering.
- (6) Subscription period : Same as the subscription period in the public offering.
- (7) Subscription deposit payment period : Same as the subscription deposit payment period in the public offering.
- (8) Delivery date : Same as the delivery date in the public offering.
- (9) Minimum subscription unit : One unit (subscriptions more than one unit should be multiples of one unit).
- (10) Selling price and other pertinent matters required for secondary offering of investment units shall be determined at the Board of Directors' meeting to be held hereafter.
- (11) Each clause mentioned above is subject to effectiveness of filing made with the relevant authority pursuant to the Financial Instruments and Exchange Act.

3. Issuance of New Investment Units through Third-Party Allotment (Refer to <Reference>1. below)

- (1) Number of investment units to be offered : 2,464 units
- (2) Allottee and number of investment units to be issued : SMBC Nikko Securities Inc. 2,464 units
- (3) Amount to be paid in (subscription price) : To be determined
(To be determined at the Board of Directors' meeting to be held on the price determination date. The amount to be paid in (subscription price) is to be the same as that in the public offering.)
- (4) Total amount to be paid in (total subscription price) : To be determined

- (5) Subscription period : Friday, April 28, 2023
(subscription date)
- (6) Payment date : Monday, May 1, 2023
- (7) Minimum subscription unit : One unit (subscriptions more than one unit should be multiples of one unit).
- (8) Amount to be paid in (subscription price) and other pertinent matters required for issuance of new investment units by third-party allotment shall be determined at the Board of Directors' meeting to be held hereafter.
- (9) Investment units not subscribed within the above mentioned subscription period (subscription date) shall not be issued.
- (10) If the public offering of new investment units is canceled, issuance of new investment units by third-party allotment will also be canceled.
- (11) Each clause mentioned above is subject to effectiveness of filing made with the relevant authority pursuant to the Financial Instruments and Exchange Act.

<Reference>

1. Secondary Offering through Over-Allotment, etc.

A secondary offering through over-allotment (the "secondary offering through over-allotment") may be effected by SMBC Nikko Securities Inc., the lead manager of the public offering, taking into account the accumulated demand and other conditions in the public offering, up to a limit of 2,464 units borrowed from Mitsubishi Estate Co., Ltd., a unitholder of JRE (the "borrowed investment units"). The number of investment units to be sold in the secondary offering through over-allotment is the upper limit and may be reduced, or the secondary offering through over-allotment itself may be canceled, depending on accumulated demand and other conditions.

In order to make SMBC Nikko Securities Inc. acquire the investment units of JRE necessary to return the borrowed investment units in connection with the secondary offering through over-allotment, JRE resolved at the Board of Directors' meeting held on Tuesday, March 28, 2023 that 2,464 new investment units of JRE will be issued and allocated to SMBC Nikko Securities Inc. (the "third-party allotment") and that the payment date therefor will be Monday, May 1, 2023.

In addition, SMBC Nikko Securities Inc. may, within the period commencing on the day immediately following the end of the subscription period for the public offering and the secondary offering through over-allotment and ending on Thursday, April 27, 2023 (the "syndicate cover transaction period"), purchase on the Tokyo Stock Exchange up to the maximum number of investment units of JRE sold in the secondary offering through over-allotment (the "syndicate cover transaction") with an aim of returning the borrowed investment units. All the investment units of JRE purchased by SMBC Nikko Securities Inc. through the syndicate cover transaction will be allocated to return of the borrowed investment units. SMBC Nikko Securities Inc. may, during the syndicate cover transaction period, at its discretion, choose not to enter into any syndicate cover transaction, or to terminate such a transaction prior to reaching the maximum number of investment units to be sold in the secondary offering through over-allotment.

Moreover, SMBC Nikko Securities Inc. may effect stabilization transactions in relation to the public offering and the secondary offering through over-allotment, and allocate all or part of the investment units of JRE purchased through the stabilization transactions to return of the borrowed investment units.

SMBC Nikko Securities Inc. plans to acquire, by a third-party allotment, the number of investment units of JRE obtained by deducting (i) the number of investment units purchased through stabilizing transaction and syndicate cover transaction that are to be used for return of the borrowed investment units from (ii) the number of investment units to be sold in the secondary offering through over-allotment. For this reason, the investment units to be issued by third-party allotment may not be subscribed in whole or in

part, and as a result, the final number of investment units to be issued through the third-party allotment may be reduced to the extent of the number related to the forfeiture of the subscription right, or the issue itself may be canceled.

Whether the secondary offering through over-allotment is effected or not, and the number of investment units to be subscribed when the secondary offering through over-allotment is effected, will be determined on the price determination date. In case the secondary offering through over-allotment is not effected, SMBC Nikko Securities Inc. will not borrow investment units of JRE from the aforementioned unitholder of JRE. Consequently, in case the secondary offering through over-allotment is not effected, SMBC Nikko Securities Inc. will not respond to or subscribe for the third-party allotment and the subscription right will be forfeited and then issuance of new investment units by third-party allotment will not take place at all. Similarly, the syndicate cover transaction on the Tokyo Stock Exchange will not be made.

The transactions set forth above shall be conducted by SMBC Nikko Securities Inc. after consultation with Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

2. Change of number of investment units issued and outstanding upon new issuance of investment units

Number of investment units outstanding before the offering	1,385,210
Number of newly issued investment units by public offering	35,200
Number of investment units outstanding after public offering	1,420,410
Number of newly issued investment units by third-party allotment	2,464 (Note)
Number of investment units outstanding after third-party allotment	1,422,874 (Note)

(Note) These figures are based on the assumption that all of the new investment units to be issued by third-party allotment are subscribed by and issued to SMBC Nikko Securities Inc.

3. Reason and purpose for the issuance and the offering of investment units

JRE acquired, in accordance with the basic asset management policies and targeted assets set forth in its articles of incorporation, two properties (the ARGYLE aoyama and Toyosu Foresia for an aggregate acquisition price of JPY 32.0 billion) (Note 1) as of February 27, 2023. The funds from the issuance of the new investment units mentioned herein shall be applied to the repayment of a loan that JRE procured for the acquisition of these two properties. In addition, JRE will acquire additional interests in two properties (Shinjuku Eastside Square and CIRCLES Hirakawacho for an aggregate acquisition price of JPY 10.2 billion) (Note 2) based on the expansion of borrowing capacity by reducing LTV (ratio of interest bearing liabilities to total assets) due to this issuance of new investment units.

JRE concluded that the series of the above transactions will strengthen the competitiveness of its portfolio and the expansion of asset growth potential, and JRE resolved the issuance of the new investment units, taking into account the conditions of the real estate market, the current level of LTV, the market situation of J-REITs and the level of dividends on units and other conditions.

(Note 1) See “Announcement of Acquisition of Trust Beneficiary Interests in Domestic Real Estate” dated February 16, 2023.

(Note 2) See “Announcement of Acquisition of Domestic Real Estate and Trust Beneficiary Interest in Domestic Real Estate” dated as of today.

4. Electronic Delivery of Prospectus

Underwriters will provide all prospectuses for the public offering and secondary offering through over-allotment not in writing but by electronic delivery (Note).

(Note) JRE refers to the provision of prospectuses by electromagnetic means as the electronic delivery of prospectuses. The provider of a prospectus shall be deemed to have delivered the prospectus if it provides the matters stated in the prospectus by electromagnetic means after obtaining the consent of a recipient of the prospectus (Article 27-30-9, Paragraph 1 of the Financial Instruments and Exchange Act and Article 32-2, Paragraph 1 of the Cabinet Office Order on Disclosure of Information on Regulated Securities). Accordingly, if such consent is not obtained or if such consent is withdrawn (Article 32-2, Paragraph 7 of the Cabinet Office Order on Disclosure of Information on Regulated Securities), the prospectus cannot be delivered electronically; however, in the case of a public offering or secondary offering through over-allotment, the underwriter may sell investment units only to investors who have given, and have not withdrawn, such consent.

5. Total amount of funds to be procured, use of proceeds and scheduled outlay period

(1) Total amount of funds to be procured (approximate net balance)

JPY 19,965,000,000 (maximum)

(Note 1) The above figure represents the sum of JPY 18,659,000,000, which is the estimated proceeds from the public offering, and JPY 1,306,000,000, which is the estimated maximum proceeds from the issuance of new investment units by third-party allotment.

(Note 2) The above-mentioned amounts are estimated amounts calculated on the basis of the closing price of the Tokyo Stock Exchange as of Tuesday, March 14, 2023.

(2) Use of proceeds and scheduled outlay period

The above proceeds (JPY 18,659,000,000) raised through the public offering will be applied toward the repayment of a part of the short-term loan (with a principal amount of JPY 29 billion) (Note 1) as of the payment date of the public offering. Also, the maximum proceeds (JPY 1,306,000,000) raised through the issuance of new investment units by third-party allotment resolved on the same day of the resolution of the public offering will be applied toward the repayment of a part of the short-term loan (with a principal amount of JPY 29 billion) (Note 1) as of May 8, 2023.

(Note 1) This short-term loan (the "Short-term Loan after Refinancing") refers to the refinancing, as of March 27, 2023, of the short-term loan (with a principal amount of JPY 29 billion) (the "Short-term Loan before Refinancing"), which was used together with cash on hand towards the acquisition of the two properties acquired as of February 27, 2023 (the ARGYLE aoyama and Toyosu Foresia for an aggregate acquisition price of JPY 32.0 billion). The Short-term Loan before Refinancing is as described in the "Announcement of Debt Financing" dated February 22, 2023. The Short-term Loan after Refinancing is as described in the "Announcement of Loan Prepayment and Debt Financing" dated March 23, 2023.

(Note 2) The amount of proceeds raised will be deposited with financial institutions until the time of expenditure.

6. Designation of distributees

Not applicable

7. Outlook

For the outlook, please refer to the press release “Announcement of Forecast Revisions for the September 2023 Period and Forecasts for the March 2024 Period” dated March 28, 2023.

8. Management conditions and states of equity finance during the three most recent fiscal periods

(1) Management conditions during the three most recent fiscal periods

	Fiscal period ended September 2021	Fiscal period ended March 2022	Fiscal period ended September 2022
Net profit per investment unit (JPY) (Note 1)	JPY 12,175	JPY 11,583	JPY 12,121
Dividend per unit (JPY)	JPY 11,356	JPY 11,400	JPY 11,500
Actual payout ratio (Note 2)	93.3%	98.4%	94.9%
Net assets per investment unit (JPY)	JPY 372,829	JPY 373,057	JPY 373,778

(Note 1) Net profit per investment unit is calculated by dividing net profit by the weighted average of number of issued investment units on a daily basis during the relevant fiscal period.

(Note 2) Actual payout ratio is described by rounding down to the first decimal place.

(2) Recent investment unit price conditions

i. Changes in investment unit prices in the three most recent fiscal periods

	Fiscal period ended September 2021	Fiscal period ended March 2022	Fiscal period ended September 2022
Opening price	JPY 654,000	JPY 668,000	JPY 637,000
High	JPY 711,000	JPY 709,000	JPY 655,000
Low	JPY 632,000	JPY 572,000	JPY 584,000
Closing price	JPY 668,000	JPY 639,000	JPY 597,000

ii. Changes in investment unit prices during the last six months

	October 2022	November	December	January 2023	February	March (Note)
Opening price	JPY 605,000	JPY 628,000	JPY 610,000	JPY 581,000	JPY 561,000	JPY 565,000
High	JPY 629,000	JPY 631,000	JPY 614,000	JPY 582,000	JPY 575,000	JPY 567,000
Low	JPY 568,000	JPY 594,000	JPY 557,000	JPY 543,000	JPY 554,000	JPY 537,000
Closing price	JPY 623,000	JPY 609,000	JPY 577,000	JPY 557,000	JPY 564,000	JPY 539,000

(Note) Price of investment unit in March 2023 indicates the price up to Monday, March 27, 2023.

iii. Investment unit prices on the business day immediately prior to the resolution date of the issuance

	March 27, 2023
Opening price	JPY 542,000
High	JPY 545,000

Low	JPY 537,000
Closing price	JPY 539,000

(3) Equity finance activities during the three most recent fiscal periods

Not applicable

9. Restriction on disposition and additional issuance of new investment units

JRE has agreed with SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. that it shall not issue any investment units (other than the issue thereof through the third party-allotment) during the period from the price determination date to the date 90 days after the delivery date without obtaining prior written consent from SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

However, SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. have the authority to cancel all or part of the above-mentioned restriction on issue of new investment units or to shorten such restriction period at their discretion in the above case.

This is the English translation of the announcement in Japanese dated March 28, 2023.

No assurance or warranties are given for the completeness or accuracy of this English translation.