

May 15, 2026

For Immediate Release

Investment Corporation

Japan Real Estate Investment Corporation

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(TSE code: 8952)

Asset Management Company

Japan Real Estate Asset Management Co., Ltd.

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Announcement of Disposition of Domestic Real Estate

Japan Real Estate Investment Corporation (“JRE”) hereby announces that Japan Real Estate Asset Management Co., Ltd. (“JRE-AM”), the asset management company to which JRE entrusts asset investment, today decided to dispose of domestic real estate as described below.

1. Outline of the disposition

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|-------------------------------|--|
| Property name | Daido Seimei Niigata Building |
| Disposition price (planned) | JPY 1,650 million |
| Estimated book value | JPY 1,581 million |
| Estimated gain on disposition | JPY 40 million |
| Buyer | KAGOYA Asset Management Inc. (see item 4 below) |
| Brokerage | No |
| Decision date | May 15, 2026 |
| Contract date (scheduled) | May 20, 2026 |
| Transfer date (scheduled) | May 20, 2026 |
| Payment date (scheduled) | May 20, 2026 |
| (Notes) | <ul style="list-style-type: none"> • The disposition price does not include disposition expenses, property tax and city planning tax adjustments and consumption taxes. • The estimated book value is the book value estimated as of today, calculated by JRE-AM on the basis of capital expenditures planned to be incurred by and depreciation estimated as of the transfer date. • The estimated gain on disposition is the estimated amount as of today derived by subtracting the estimated book value and disposition expenses (partially undetermined) from the disposition price. |

2. Reason for the disposition

The office leasing market in Niigata City, where the property is located, continues to show only limited signs of recovery compared with other cities. In addition, as tenant demand increasingly shifts toward the area around Niigata Station, the market in the Furumachi district, where the property is situated, has been relatively stagnant, requiring careful attention to the property's competitiveness as an office building. Moreover, as the property is more than 27 years old, there is a risk of declining profitability due to increasing repair and renewal costs going forward. Against this backdrop, JRE-AM conducted a comparative review of holding the property for medium- to long-term operation versus disposing of it, and as a result, decided to proceed with the disposition. This disposition is part of our property replacement strategy aimed at enhancing the competitiveness of the portfolio and is expected to contribute to the enhancement of unitholder value. Although the disposition price is below the appraisal value (as of April 1, 2026), it has been determined to be at a reasonable level in light of market conditions in the property's submarket. The disposition price exceeds the estimated book value.

In addition, the proceeds from this sale are expected to be used for loan repayment and as funds on hand for the future acquisition of specific assets.

3. Description of the property to be disposed of

| | | | |
|------------------------------------|--|----------------------|-------|
| Property name | Daido Seimei Niigata Building | | |
| Type of specified asset | Domestic real estate | | |
| Type of ownership | | | |
| | Land | Ownership | |
| | Building | Ownership | |
| Location (Building address) | 6-1214-2 Kamiohkawamae-dori, Chuo-ku, Niigata City, Niigata Prefecture | | |
| Completion | October 1998 | | |
| Usage | Offices | | |
| Appraisal value (Date of value) | JPY 1,800 million (as of April 1, 2026) | | |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. | | |
| Outline of lease | | | |
| | Total number of tenants | 8 | |
| | Total rent revenues | JPY 71 million | |
| | Security deposit | JPY 81 million | |
| | Total leased area | 3,344 m ² | |
| | Net rentable area | 3,928 m ² | |
| | Occupancy rate | March 31, 2024 | 87.7% |
| | | September 30, 2024 | 91.3% |
| | | March 31, 2025 | 91.3% |
| | | September 30, 2025 | 87.7% |
| | | March 31, 2026 | 85.1% |
| Special notes | None | | |
| (Notes) | <ul style="list-style-type: none"> • "Usage" shows the main entries, among those listed in the real property registry. • "Outline of lease" indicates the figures as of the end of the fiscal period ended March 2026. | | |

4. Outline of buyer

| | |
|--------------------|---|
| Corporate name | KAGOYA Asset Management Inc. |
| Location | 5F COCON KARASUMA, 620 Suigin-ya-cho, Shijo-sagaru, Karasuma-dori, Shimogyo-ku, Kyoto City, Kyoto Prefecture (Note) |
| Representative | Sadahiro Kitagawa, Representative Director |
| Principal business | Asset management and investment business, with a primary focus |

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| | on real estate and data center-related sectors | |
| Paid-in capital | JPY 3 million (as of November 4, 2022 in the company registry) | |
| Date of establishment | December 22, 2005 | |
| Net assets | JPY 2,497 million (as of December 31, 2025) | |
| Total assets | JPY 4,835 million (as of December 31, 2025) | |
| Relationship with JRE and JRE-AM | | |
| | Capital relationship | None |
| | Personnel relationship | None |
| | Business relationship | None |
| | Applicability to related parties | No |

(Note) This address differs from the company's registered address.

5. Settlement method

The payment will be made in a lump-sum at the time of transfer.

6. Future outlook

For the operating performance forecasts for the fiscal period ending September 2026 (April 1, 2026 to September 30, 2026) and the fiscal period ending March 2027 (October 1, 2026 to March 31, 2027), please refer to "Financial Results for the Fiscal Period Ended March 2026 (REIT)" announced today.

7. Summary of appraisal report

| | |
|-----------------|---------------------------------------|
| Property name | Daido Seimei Niigata Building |
| Appraisal value | JPY 1,800 million |
| Appraiser | Daiwa Real Estate Appraisal Co., Ltd. |
| Date of value | April 1, 2026 |

| Item | Amount | Description |
|---|-----------|---|
| Value indicated by the income approach | 1,800,000 | Indicated by the income approach, placing more weight on the DCF method that incorporates fluctuations of the future net cash flow, while employing the direct capitalization method for verification |
| Value indicated by the direct capitalization method | 1,860,000 | |
| (1) Operating income [(1)-(2)] | 165,194 | |
| ① Potential rental income | 177,505 | Estimated by considering the new rent levels of comparable properties, the current contracts, as well as the medium- to long-term competitiveness of the subject property, etc. |
| ② Vacancy loss | 12,310 | Recorded based on average vacancy rates in previous years and of comparable properties, considering the competitiveness of the subject property |
| (2) Operating expenses | 59,815 | |
| Maintenance and management fee | 24,145 | Estimated based on expenses incurred in previous years for the maintenance and management fee, and the expenses of comparable properties for property management fee |
| Property management fee | (Note) | |
| Utilities expenses | 16,000 | Estimated based on expenses incurred in previous years, taking into account occupancy rates |
| Repair expenses | 6,221 | Estimated according to the average annual expenses stated in the engineering report |
| Leasing cost | 891 | Estimated with reference to the leasing cost of comparable properties, etc. |
| Property tax and city planning tax | 12,193 | Estimated based on the taxes levied for fiscal year 2025 |
| Insurance Premium | 364 | Recorded the actual amount as deemed appropriate |
| Other expenses | 0 | |
| (3) Net operating income [(1)-(2)] | 105,379 | |
| (4) Operating profit on lump-sum payments | 937 | Estimated under the assumption of an investment yield of 1.0% |
| (5) Capital expenditures | 15,067 | Estimated based on the average annual repair/renewal expenses stated in the engineering report |
| (6) Net cash flow [(3)+(4)-(5)] | 91,249 | |
| (7) Capitalization rate | 4.9% | Estimated with reference to the market capitalization rates of comparable properties |
| Value indicated by the DCF method | 1,770,000 | |
| Discount rate | 4.7% | Estimated from the discount rates in the transactions of comparable properties and comparisons with the yields of other financial instruments, etc. |
| Terminal capitalization rate | 5.1% | Estimated on the basis of the capitalization rate, while taking into account the marketability of the subject property at the end of the holding period |
| Value indicated by the cost approach | 1,080,000 | |
| Land ratio | 43.4% | |
| Building ratio | 56.6% | |

* In thousands of yen (amounts are rounded down to the nearest thousand yen)

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| Any special considerations in the reconciliation between indicated values and determination of the final appraisal value | Nothing in particular |
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(Note) No consent has been obtained from the property management company to disclose the property management fee as a separate item. Moreover, if the property management fee for the subject property is disclosed separately, it might potentially affect other deals done by the property management company, which could negatively affect JRE in efficiently delegating property management services under its policy on the maintenance and management of target investment properties. This could in turn undermine the interests of its unitholders. Accordingly, the maintenance and management fee and the property management fee are shown by the combined amount.

This is the English translation of the announcement in Japanese dated May 15, 2026.
No assurance or warranties are given for the completeness or accuracy of this English translation.