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For Immediate Release

&lt;Investment Corporation&gt;

Japan Real Estate Investment Corporation

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(TSE code: 8952)

&lt;Asset Management Company&gt;

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## 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 the Board of Directors’ meeting held on March 28, 2018.

### 1. Issuance of New Investment Units through Public Offering

- (1) Number of investment units to be offered : 69,000 units
- (2) Amount to be paid in (issue value) : To be determined  
(Amount to be paid in (issue value) shall be determined at the Board of Directors’ meeting to be held on a date from Monday, April 9, 2018 to Thursday, April 12, 2018 [hereinafter referred to as “price determination date”]. Amount to be paid in (issue value) means the value per investment unit JRE receives from underwriters.)
- (3) Total amount to be paid in (issue value) : To be determined
- (4) Issue price (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 investment units on a firm commitment basis:  
SMBC Nikko Securities Inc., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Securities Co., Ltd. (hereinafter, collectively referred to as “Joint Managing Underwriters”), Nomura Securities Co.,

Ltd. and Daiwa Securities Co. Ltd. (hereinafter, collectively referred to as “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 publicly subscribed issue price (offering price) shall be tentatively 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 if the closing price is not available on such given 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), and then finally determined taking into account the demand forecast.

- (6) Underwriting agreement : Underwriters shall make payment of the total amount to be paid in (issue value) to JRE on the payment date. The price difference between the total amount of issue price (offering price) and the total amount to be paid in (issue value) shall be the proceeds of each underwriter, and JRE will not pay an underwriting fee to underwriters.
- (7) Demand forecast (bookbuilding) period : From Thursday, April 5, 2018 to Thursday, April 12, 2018 (maximal length)
- (8) Minimum subscription unit : One unit (subscriptions above one unit should be multiples of one unit).
- (9) Subscription period : From Tuesday, April 10, 2018 to Wednesday, April 11, 2018  
The above subscription period may be moved down, taking into account the demand forecast. In that case, the latest subscription period shall be from Friday, April 13, 2018 to Monday, April 16, 2018.
- (10) Payment date : Monday, April 16, 2018  
The above payment date may be moved down, taking into account the demand forecast. In that case, the latest payment date shall be Thursday, April 19, 2018.
- (11) Delivery date : The next business day after the payment date
- (12) Issue price (offering price), amount to be paid in (issue value), and other pertinent matters required for issuance of new investment units shall be determined at the Board of Directors’ meeting to be held hereafter.
- (13) Each clause mentioned above is subject to effectiveness of filing made with the relevant authorities pursuant to the Financial Instruments and Exchange Law.

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

- (1) Seller : SMBC Nikko Securities Inc.
- (2) Number of investment units to be sold : 6,900 units  
The above number represents the number of investment units to be sold through Over-Allotment conducted by SMBC Nikko Securities Inc., the lead manager of the public offering, considering the demand and other conditions with regard to 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 actual 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 in consideration of the demand for investment units through public offering.

- (3) Selling price : To be determined  
(To be decided on the price determination date. The selling price is to be the same as the public offering issue price (offering price).)
- (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 6,900 units of JRE that it borrows from Mitsubishi Estate Co., Ltd., which is an investor of JRE, in consideration of the degree of demand and other conditions for the public offering.
- (6) Subscription period : Same as the subscription period in the public offering.
- (7) Delivery date : Same as the delivery date in the public offering.
- (8) Minimum subscription unit : One unit (subscriptions above one unit should be multiples of one unit).
- (9) 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.
- (10) Each clause mentioned above is subject to effectiveness of filing made with the relevant authorities pursuant to the Financial Instruments and Exchange Law.

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

- (1) Number of investment units to be offered : 6,900 units
- (2) Allottee and number of investment units to be issued : SMBC Nikko Securities Inc. 6,900 units
- (3) Amount to be paid in (issue value) : To be determined  
(To be decided at the Board of Directors' meeting to be held on the price determination date. The amount to be paid in (issue value) is to be the same as that in the public offering.)
- (4) Total amount to be paid in (issue value) : To be determined
- (5) Subscription period (subscription date) : Tuesday, May 8, 2018
- (6) Payment date : Wednesday, May 9, 2018
- (7) Minimum subscription unit : One unit (subscriptions above one unit should be multiples of one unit).
- (8) Amount to be paid in (issue value) 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 a third-party allotment will also be canceled.
- (11) Each clause mentioned above is subject to effectiveness of filing made with the relevant authorities pursuant to the Financial Instruments and Exchange Law.

<Reference>

**1. Secondary Offering through Over-Allotment, etc.**

A secondary offering through over-allotment may be effected by SMBC Nikko Securities Inc., the lead manager of the public offering, after considering demand for the public offering and other conditions, up to a limit of 6,900 units borrowed (hereafter “borrowed investment units”) from Mitsubishi Estate Co., Ltd., an investor of JRE (hereafter, “secondary offering through over-allotment”). The number of investment units to be offered in the secondary offering through over-allotment is the upper limit and may be reduced, or the offering through over-allotment itself may be canceled depending on demand and other conditions.

In order to make SMBC Nikko Securities Inc. acquire the investment units of JRE necessary to repay the borrowed investment units by SMBC Nikko Securities Inc. in connection with the secondary offering through over-allotment, JRE resolved at the Board of Directors’ meeting held on Wednesday, March 28, 2018 that 6,900 new investment units of JRE will be issued and allocated to SMBC Nikko Securities Inc. (hereafter “third-party allotment”) on Wednesday, May 9, 2018 as a payment date.

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 by over-allotment, ending on Wednesday, May 2, 2018 (hereafter, “syndicate cover transaction period”), purchase up to the maximum number of investment units of JRE sold in the secondary offering through over-allotment on the Tokyo Stock Exchange (hereafter, “syndicate cover transaction”) with the aim of repaying the borrowed investment units. All the investment units of JRE procured by SMBC Nikko Securities Inc. through the syndicate cover transaction will be allocated to repay the borrowed investment units. In the syndicate cover transaction period, SMBC Nikko Securities Inc. may, 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 issued in the secondary offering through over-allotment.

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

SMBC Nikko Securities Inc. plans to underwrite the allocation under this issuance of new investment units by a third-party allotment of a number of investment units of JRE obtained by deducting the number of investment units purchased through stabilizing transaction and syndicate cover transaction that are to be used to return the borrowed investment units, from the number of investment units to be offered in the 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 subscription right will be forfeited and the final number of investment units with respect to the third-party allotment may be reduced to the same extent, or the issue itself may be canceled.

Whether the secondary offering through over-allotment is exercised and the number of investment units to be subscribed when the secondary offering through over-allotment is exercised will be determined on the price determination date. In case the secondary offering through over-allotment is not exercised, SMBC Nikko Securities Inc. will not borrow investment units of JRE from the aforementioned investor of JRE. Consequently, in case the secondary offering through over-allotment is not exercised, SMBC Nikko Securities Inc. will not respond 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 exercised.

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	1,309,310
Number of newly issued investment units by public offering	69,000
Number of investment units outstanding after public offering	1,378,310
Number of newly issued investment units by third-party allotment	6,900 (Note)
Number of investment units outstanding after third-party allotment	1,385,210 (Note)

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

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

The issuance of new investment units was decided on for the purpose to acquire specified assets that are conducive to the medium to long term growth of JRE or to repay interest-bearing debts while ensuring financial stability, after considering the situation pertaining to the real estate sales market, the current level of LTV (Interest-bearing debt/Total assets), the trend of the J-REIT market and the level of dividend payout.

## **4. Total amount to be procured, specific use of proceeds and scheduled outlay period**

### **(1) Total amount to be procured (approximate net balance)**

¥40,090,000,000 (maximum)

(Note 1) The above figures represent sum of ¥36,445,000,000 in net proceeds from the public offering and ¥3,644,000,000 maximum net 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 March 16, 2018.

### **(2) Specific use of proceeds and scheduled outlay period**

The above proceeds (¥36,445,000,000) raised through the public offering will be applied toward the funds for acquisition of specified assets (Note 1) and the repayment of a part of the short-term loans in case the price determination date is on Monday, April 9, 2018 or Tuesday, April 10, 2018. In case the price determination date is on Wednesday, April 11, 2018 or Thursday, April 12, 2018, the proceeds will be applied toward the repayments of a part of loans (Note 2). Any remaining proceeds will be used as cash reserves for acquisitions of new specified assets or repayment of loans. Also, the maximum proceeds (¥3,644,000,000) raised through the issuance of new investment units by third-party allotment on the same day of the resolution of the public offering will be applied toward the repayment of a part of the short-term loans. Any remaining proceeds will be used as cash reserves for acquisition of specified assets or repayment of loans.

(Note 1) It shall mean Shinjuku Front Tower that was mentioned in the release, “Announcement of Acquisition of Trust Beneficiary Rights of Domestic Properties” dated March 28, 2018.

(Note 2) In case the price determination date is on Wednesday, April 11, 2018 or Thursday, April 12, 2018, Shinjuku Front Tower will be acquired by loans executed on April 17, 2018 and the proceeds raised through the public offering will be applied toward the repayments of a part of loans including loans executed on April 17, 2018.

(Note 3) The amount of proceeds raised will be deposited with financial institutions until the time of expenditure.

## 5. Designation of distributees

Not applicable

## 6. Outlook

Please refer to the press release “Announcement of Revision of Forecast Results for the September 2018 Period and Forecast Results for the March 2019 Period” dated March 28, 2018 for the outlook.

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

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

	The September 2016 period	The March 2017 period	The September 2017 period
Net income per investment unit (Yen) (Note 1)	¥8,361	¥8,543	¥9,096
Dividend per investment unit (Yen)	¥8,361	¥8,544	¥9,096
Actual payout ratio (Note 2)	99.9%	100.0%	100.0%
Net assets per investment unit (Yen)	¥358,478	¥358,661	¥359,213

(Note 1) Net income per investment unit is calculated by dividing net income by the weighted average of number of daily issued investment units during the 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

	The September 2016 period	The March 2017 period	The September 2017 period
Initial price	¥647,000	¥600,000	¥589,000
High	¥696,000	¥650,000	¥612,000
Low	¥590,000	¥563,000	¥531,000
Closing price	¥605,000	¥590,000	¥541,000

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

	2017 October	November	December	2018 January	February	March (Note)
Initial price	¥540,000	¥531,000	¥552,000	¥536,000	¥559,000	¥552,000
High	¥542,000	¥564,000	¥552,000	¥571,000	¥561,000	¥564,000
Low	¥518,000	¥516,000	¥531,000	¥528,000	¥522,000	¥536,000
Closing price	¥532,000	¥546,000	¥535,000	¥561,000	¥554,000	¥560,000

(Note) Investment unit price for March 2018 indicates the price as of March 27, 2018

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

	March 27, 2018
Initial price	¥556,000
High	¥564,000
Low	¥555,000
Closing price	¥560,000

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

Not applicable

**8. Restriction on disposition and additional issuance of new investment units**

JRE has an agreement with SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. concerning the restriction of issuance of investment units from the price determination date to the delivery date and 90 days subsequent without obtaining prior written consent from SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (The third party-allotment is excluded).

However, SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. have the authority to cancel all or part of this restriction or to shorten such restriction period at its discretion in the above case.

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.