

November 2, 2023

For Immediate Release

Investment Corporation

Japan Real Estate Investment Corporation

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(TSE code: 8952)

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## Announcement of Acquisition 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 acquire domestic real estate as follows:

### 1. Outline of the Acquisition

Property name	Seavans S Building (additional acquisition) (ratio of ownership interest: 4.21725%)
Acquisition price (planned)	JPY 2,290 million
Seller	Undisclosed (see item 4 below)
Brokerage	Yes (not an interested party)
Decision date	November 2, 2023
Contract date	November 2, 2023
Transfer date (scheduled)	December 1, 2023
Payment date (scheduled)	December 1, 2023

(Note) The ratio of ownership interest in the field of "Property name" indicates the percentage of JRE's ownership interest in the entire property. JRE acquired partial ownership of the property (13.45%) on January 31, 2020, and the total ownership ratio will become 17.66725% with the additional acquisition.

### 2. Reason for the Acquisition

JRE will acquire the property pursuant to the policies and types of assets targeted for asset investment stipulated in its Articles of Incorporation. The property is high-specification building with great functionality, situated in a favorable location in central Tokyo, which JRE determined will contribute to enhancing its medium- to long-term competitiveness and expanding its asset size.

The property was evaluated for the following points in particular:

- (1) Excellent building and facilities

Seavans S Building S is an office building with high specification features, including a ceiling height of 2.7 meters, a raised floor of 80 millimeters, and an electrical capacity of 45VA/m<sup>2</sup>. Typical office floors are equipped with rectangular and pillar-free floor plates of approx. 2,000 m<sup>2</sup>, where flexible workspace arrangements according to various business needs can be accommodated. Significant renovations have been carried out in 2012, retaining a grade comparable to new buildings. The property received the highest S rank under the CASBEE Certification, demonstrating high competitiveness in terms of environment.

(2) Superior location

The property offers excellent access to domestic and international transportation, conveniently located seven minutes on foot from Hamamatsucho station on JR Lines and Tokyo Monorail Line, and three minutes on foot from Tokyo Waterfront New Transit Waterfront Line (Yurikamome) Hinode station, for connection to Tokyo and Shinagawa stations for using the Shinkansen bullet train, and to the Haneda Airport. A pedestrian deck extends from Hamamatsucho station close to the proximity of the property. Hamamatsucho station is currently undergoing renovation, with planned improvement of the pedestrian network surrounding the station including widening of the deck from the south gate which leads to the property. In addition, a large complex facility is being developed in the adjacent district, expected to further increase in the value of the area.

### 3. Description of the Property to Be Acquired

Property name	Seavans S Building (additional acquisition) (ratio of ownership interest: 4.21725 %)	
Type of specified asset	Domestic real estate	
Type of ownership		
Land	Ownership pertaining to the following: • 1-3-12, Shibaura, Minato-ku, Tokyo (3,832.26m <sup>2</sup> ): Co-ownership interest of 55,637/400,000	
Building	Co-ownership interest of sectional ownership (Seavans S Bldg. business interest: 4.21725%) • For 16th through 22nd floor (13,932.31m <sup>2</sup> ): Co-ownership interest of one-seventh	
Location (Building address)	1-2-3, Shibaura, Minato-ku, Tokyo	
Usage	Offices	
Area		
Land	26,468.48 m <sup>2</sup> (area stated in the real property registry)	
Building	166,405.36 m <sup>2</sup> (gross floor area stated in the real property registry)	
Structure	S/RC/SRC structure with flat roof, 24 stories above the ground and 2 basement levels	
Typical floor area	2,012 m <sup>2</sup>	
Completion	January 1991	
Matters related to earthquake resistance	PML: 1.7% (based on the seismic risk assessment report by Tokio Marine dR Co., Ltd.)	
Mortgage	Yes (to be released before the transfer)	
Appraisal value (Date of value)	JPY 2,300 million (as of October 1, 2023)	
Appraisal institution	Daiwa Real Estate Appraisal Co., Ltd.	
Outline of lease		
Total number of tenants	16	
Total rent revenues	JPY 140 million per year	
Security deposit	No receipt of security deposits based on Agreement between the co-owners	
Total leased area	1,782 m <sup>2</sup>	
Net rentable area	1,906 m <sup>2</sup>	
Occupancy rate	March 31, 2022	100.0%

		September 30, 2022	84.6%
		March 31, 2023	92.3%
		September 30, 2023	97.9%
		Scheduled acquisition date	93.5%
Special notes	<ul style="list-style-type: none"><li>• Matters pertaining to the first option on the transfer of sectional ownership interest in the property is provided for in the co - owners agreement. Note that no right of the site pertaining to the sectional ownership interest is established over said land.</li><li>• The boundary confirmation has not been completed.</li><li>• According to a survey report prepared by Tokio Marine dR Co., Ltd., the land-use history research found that the possibility of soil contamination cannot be denied; however, a risk of health hazard is deemed low.</li></ul>		
<p>(Note)</p> <ul style="list-style-type: none"><li>• JRE, upon acquisition of the property, will lease the whole space to be acquired to a master lessee in accordance with a joint operating agreement, in which the master lessee will then sublease it to third parties under a master lease contract of a pass-through type.</li><li>• "Area" represents ones stated in the real property registry, which is subject to the whole building and site comprised of Seavans S Bld., N Bldg., and AMALL.</li><li>• "Structure," and "Completion" show the same entries stated in the real property registry. "Usage," however, indicates the main entries, among those listed in the real property registry.</li><li>• "Outline of lease" is based on the data provided by the seller.</li><li>• JRE's business balance is calculated in accordance with the joint operating agreement, by multiplying that of the whole Seavans S Bldg. by JRE's additionally acquired business interest in it (4.21725%).</li><li>• "Total rent revenues," "Total leased area," and "Net rentable area" represent the figures derived by multiplying the ones pertaining to the whole Seavans S Bldg. by JRE's additionally acquired business interest in it (4.21725%).</li><li>• As for "Security deposit", they are centrally managed by the master lessee under the master lease contract.</li><li>• "Total number of tenants" and "Occupancy rate" are the ones pertaining to the whole Seavans S Bldg.</li><li>• "Total number of tenants," "Total leased area," "Net rentable area," and "Occupancy rate on the scheduled acquisition date" are forecasts as of the scheduled acquisition date.</li><li>• NOI (Net Operating Income): JPY 95 million a year (an estimated amount)</li><li>• Depreciation: JPY 19 million a year (an estimated amount)</li></ul>			

#### 4. Outline of Seller

The seller's information is undisclosed due to the absence of its consent.

There are no capital, personnel or business relationships to note between JRE or JRE-AM and the seller. In addition, the seller does not fall under the category of a related party of JRE or JRE-AM.

#### 5. Status of Owners, Etc. of the Property

This property is not acquired from any party that falls under an interested party of JRE or JRE-AM.

#### 6. Settlement Method

##### 1) Acquisition fund (anticipated)

Loans and cash on hand

(Note) For more information about loans for the acquisition, the details will be announced once they are determined.

##### 2) Settlement method

Lump-sum payment at the time of transfer

## 7. Future Outlook

The scheduled date of acquisition of the property falls under the operating period ending March 2024, and there is no impact on the operating performance of JRE in the fiscal period ending September 2023 (April 1, 2023 to September 30, 2023). Moreover, there are no revisions to the operating performance forecast for the fiscal period ending March 2024 (October 1, 2023 to March 31, 2024) as the acquisitions will likely have only a marginal effect on performance.

<Reference>

Performance forecasts announced on May 15, 2023 and actual results

	Operating Revenues	Operating Profit	Ordinary Profit	Net Profit	Dividend per Unit (excluding dividend in excess of earnings)	Dividend in excess of earnings per unit
Period ended	JPY million	JPY million	JPY million	JPY million	JPY	JPY
March 31, 2023 (Actual)	37,345	17,041	16,172	16,161	11,667	0
September 30, 2023 (Forecast)	38,610	17,390	16,380	16,370	11,500	0
March 31, 2024 (Forecast)	41,050	19,320	18,260	17,620	11,550	0

## 8. Summary of Appraisal Report

Property name	Seavans S Building (additional acquisition) (ratio of ownership interest: 4.21725%)
Appraisal value	JPY 2,300 million
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
Date of value	October 1, 2023

Item	Amount	Description
Value indicated by the income approach	2,300,000	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	2,360,000	
(1) Operating income [①-②]	160,161	
① Potential rental income	168,590	Estimated considering the medium- to long-term competitiveness of the subject property and new rent levels of comparable properties
② Vacancy loss	8,428	Recorded based on expenses incurred in previous years and average vacancy rates of comparable properties, considering the competitiveness of the subject property
(2) Operating expenses	63,770	
Maintenance and management fee	24,404	Estimated based on expenses incurred in previous years for the maintenance and management fee, and the current contract for property management fee
Property management fee	(note)	
Utilities expenses	21,351	Estimated referring to expenses incurred in previous years
Repair expenses	841	Estimated according to the average annual expenses stated in the engineering report
Leasing cost	1,137	Estimated considering levels of expenses of comparable properties
Property tax and city planning tax	14,935	Recorded on the basis of recent results
Insurance Premium	432	Recorded on the basis of recent results
Other expenses	668	Recorded on the basis of recent results
(3) Net operating income [(1)-(2)]	96,390	

	(4) Operating profit on lump-sum payments	0	Excluded from consideration in accordance with the ML contract
	(5) Capital expenditures	6,575	Estimated referring to the average annual repair/renewal expenses stated in the engineering report
	(6) Net cash flow [(3)+(4) - (5)]	89,814	
	(7) Capitalization rate	3.8%	Estimated referring to the market capitalization rates of comparable properties
	Value indicated by the DCF method	2,280,000	
	Discount rate	3.6%	Estimated from the discount rates in the transactions of comparable properties and comparisons with the yields of other financial instruments, etc.
	Terminal capitalization rate	4.0%	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	2,060,000	
	Land ratio	89.0%	
	Building ratio	11.0%	

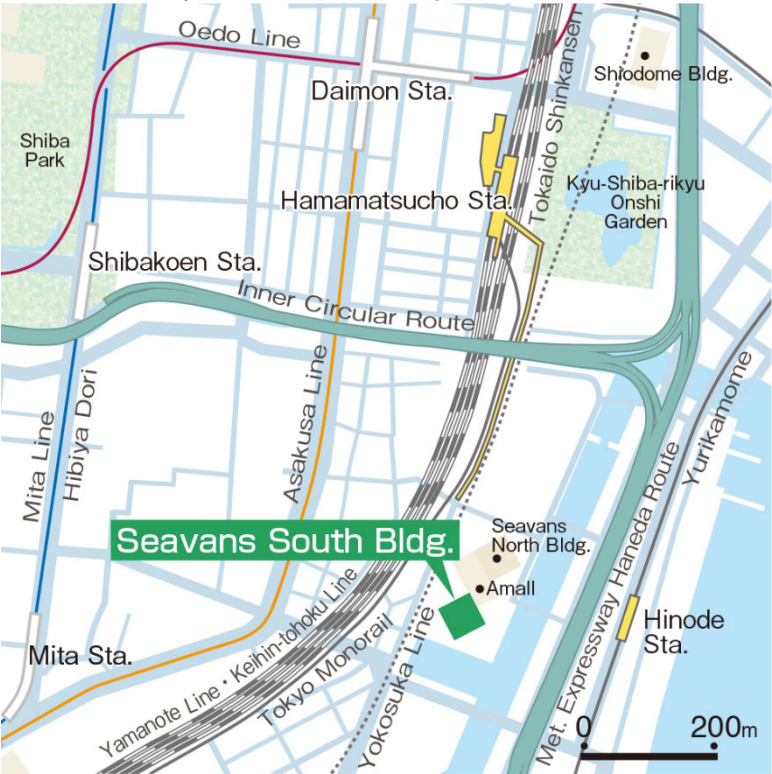
\* In thousands of yen (amounts are rounded down to the nearest thousand yen)

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 November 2, 2023.  
No assurance or warranties are given for the completeness or accuracy of this English translation.

(Reference) map of Seavans S Building



(Reference) Exterior view of Seavans S Building

