



February 28, 2017

To whom it may concern:

<Investment Corporation>

Japan Real Estate Investment Corporation

Hiroshi Nakajima, Executive Director

(TSE code: 8952)

<Asset Management Company>

Japan Real Estate Asset Management Co., Ltd.

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## **Notice on Acquisition of Domestic Property and Trust Beneficiary Right in Trust of Domestic Property**

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 assets, decided on February 28, 2017 the acquisition of domestic property and trust beneficiary right in trust of domestic property as follows:

### **«List of properties to be acquired»**

Name of Asset	Address	Type of Asset	Scheduled Acquisition Price	Scheduled Acquisition Date
Tamachi Front Building	Minato-ku, Tokyo	Domestic property	¥ 6,210 million	March 30, 2017
Shiodome Building (additional acquisition)	Minato-ku, Tokyo	Trust beneficiary right in trust of domestic property (Share of quasi-co-ownership: 5.0%)	¥ 10,450 million	

## 《Tamachi Front Building》

### 1. Outline of the acquisition

- 1) Asset to be acquired: Domestic property  
Land: Ownership  
Building: Ownership
- 2) Name of asset: Tamachi Front Building
- 3) Acquisition price: ¥6,210 million
- 4) Scheduled acquisition date: March 30, 2017
- 5) Seller: Shiba Yon Development Specific Purpose Company (TMK)
- 6) Method of Settlement: Lump sum payment at closing of acquisition
- 7) Acquisition funds: Loans (Note) and Own funds

(Note) The detail of the loans will be informed as soon as it is decided.

### 2. Reasons for the acquisition

JRE will acquire the asset 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 to be acquired is a medium-sized, recently-built property located in Tamachi area which attracts attention as a business base. The property offers superior traffic convenience as it is close to Tamachi Station of JR Line and Mita Station of subway Mita Line and subway Asakusa Line.

#### (2) Brand new office building with sophisticated features

Completed in July 2014, the property is a multi-tenant office building with excellent visibility due to the curtain wall and exceptionally designed appearance. In addition, it has a standard floor with an open-plan which can be divided into two (leasable floor space is approximately 140 tsubo) and ceiling height is 2,800 mm (OA floor: 100 mm). The property mainly uses LED light for both the leased and common space to respond to environmental concerns. Therefore, competitiveness of the property is very high for this area.

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

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

#### (1) Details of the property

Location		
Address shown in land registry	Land	321-3 and 322-2, 4 Chome, Shiba, Minato-ku, Tokyo
	Building	321-3 and 322-2, 4 Chome, Shiba, Minato-ku, Tokyo
Address	13-2, 4 Chome, Shiba, Minato-ku, Tokyo	
Usage	Offices, Shops	

Area	
Land	747.31 m <sup>2</sup>
Building	5,747.80 m <sup>2</sup>
Structure	Steel-framed, steel-framed reinforced concrete structure, flat roof Above ground: 9 floors Below ground: 1 floor
Completion date	July 2014
Architect	Mitsubishi Jisho Sekkei Inc.
Constructor	Fujita Corporation
Building confirmation and inspection body	The Building Center of Japan
Type of ownership	
Land	Ownership
Building	Ownership
Acquisition price	¥ 6,210 million
Appraisal value (Appraisal institution) (Appraisal date)	¥ 6,330 million (Japan Real Estate Institute) (as of February 1, 2017)
PML value	3.3% (Based on an earthquake risk assessment report issued by Tokyo Marine & Nichido Risk Consulting Co., Ltd.)
Collateral	Mortgage (the mortgage will be released before acquisition of the property)
Property management company	Mitsubishi Estate Co., Ltd. (Note 1) (Note 2)

(Note 1): The property management company to be appointed after the acquisition

(Note 2): Outline of the property management company

Corporate name	Mitsubishi Estate Co., Ltd.
Address of the registered head office	6-1, 1 Chome, Otemachi, Chiyoda-ku, Tokyo
Representative	Hiroataka Sugiyama, President and CEO
Paid-in capital	¥ 141,659 million (As of August 31, 2016)
Major shareholders (Ratio of shareholders) (as of September 30, 2016)	The Master Trust Bank of Japan, Ltd. (Trust Account) (6.10%) State Street Bank and Trust Company (3.89%) Japan Trustee Services Bank, Ltd. (Trust Account) (3.75%)
Principal business	Real estate business
Relationship with JRE or the asset management company	Mitsubishi Estate Co., Ltd. ("Mitsubishi Estate") is a parent company and a shareholder that holds a 90% stake of the asset management company to which JRE entrusts the management of its assets. In addition, Mitsubishi Estate holds 17,120 units of JRE's investment units as of January 31, 2017 (1.31% of total outstanding investment units). 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, 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	8	
Total leasable space	3,792 m <sup>2</sup>	
Total leased space	3,792 m <sup>2</sup>	
Trend in occupancy rates	(Newly built in July 2014) *Listed in the land registry	
	March 31, 2015	69.6%
	March 31, 2016	100.0%
	Scheduled acquisition date	100.0%
Total rent revenue	¥ 328 million per year (Estimated under ordinary state occupancy)	
Security Deposit	¥ 288 million in total (Estimated under ordinary state occupancy)	
NOI (Net Operating Income)	¥ 242 million per year (Estimated under ordinary state occupancy)	
Depreciation	¥ 63 million per year (Estimated under ordinary state occupancy)	
(Note)	<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.</p> <p>-Total number of tenants, total leasable space, total leased space and occupancy rate on the scheduled acquisition date are projections as of the scheduled acquisition date.</p> <p>-NOI is an estimated amount under ordinary state occupancy given the fixed property taxes and city planning taxes, in addition to the terms and conditions of lease agreements as of the scheduled acquisition date, etc.</p> <p>-Estimated occupancy rate: 97%</p> <p>-Total rent revenue, security deposit and depreciation represents the estimated amount under ordinary state occupancy.</p> <p>-The above figures (except total rent revenue, security deposit, NOI and depreciation) are based on the data provided by the seller.</p>	

(3) Specifications for leasable floor space

Ceiling height	2,800 mm (after installing 100 mm of OA Floor)
Standard floor area	465 m <sup>2</sup>
Office automation floor	100 mm
Electric capacity	50 VA/ m <sup>2</sup>
Air conditioning system	Individual air conditioning by zones (max. 12 zones per floor)
Floor load	500 kg/ m <sup>2</sup>
Others	Around-the-clock entry and exit

(4) Outline of the engineering report

i. Outline of repair items

Date of report		February 3, 2017
Preparer of report		Shimizu Corporation
Repairing expenses/Capital expenditure for the next 15 years (Annual average)	Repairing expenses	¥ 3 million
	Capital expenditure	¥ 3 million
	Total	¥ 6 million

ii. Description concerning utilization status of asbestos

(Description on the possible use of asbestos)

Sprayed materials with asbestos	None
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4. Outline of seller

Corporate name	Shiba Yon Development Specific Purpose Company (TMK)
Address of the registered head office	7-1, 2 Chome, Nihonbashi, Chuo-ku, Tokyo
Representative	Masami Mikami, Director
Establishment date	January 2008
Paid-in capital	¥ 3,700 million as of February 13, 2017
Major shareholder (Ratio of shareholders)	Undisclosed due to non-approval of disclosure by the seller
Principal Business	(1) Undertaking, managing, and disposing of specified assets in accordance with an asset securitization plan under the Act on Securitization of Assets (2) Any operations that occur in relation to the securitization of such specified assets
Net Assets and Total Assets in the preceding fiscal period	Undisclosed due to non-approval of disclosure by the seller
Relationship with JRE or the asset management company	
Capital relationship	Mitsubishi Estate Co., Ltd., a parent company that holds a 90% stake of the asset management company to which JRE entrusts the management of its assets, has a preferred equity investment in Shiba Yon Development Specific Purpose Company (TMK).
Personal relationship	None in particular
Business relationship	None in particular
Applicability to related parties	Shiba Yon Development Specific Purpose Company falls within the definition of related party of the asset management company under the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. Furthermore, Shiba Yon Development Specific Purpose Company 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, and also falls within the definition of related party under the internal rules of the asset management company.

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

Property name (Address)	Tamachi Front Building (13-2, 4 Chome, Shiba, Minato-ku, Tokyo)	
Owner of the property	Previous Owner	Second Previous Owner
Corporate name	Shiba Yon Development Specific Purpose Company (TMK)	None
Relationship to party with special interest	Reference to above 4. Outline of seller	-
Acquisition background and reasons, etc.	Newly built in July 2014	-
Acquisition price	-	-
Acquisition date	-	-

**6. Transactions with related parties**

The acquisition of the property is deemed as transaction with related parties. When executing such 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**

February 28, 2017	Determination of the acquisition of the property
March 3, 2017	Execution of the agreement for the acquisition (scheduled)
March 30, 2017	Lump sum payment at closing of the acquisition (scheduled)

## 9. Outline of appraisal report

Name of asset	Tamachi Front Building
Appraisal value	¥ 6,330,000 thousand
Appraisal institution	Japan Real Estate Institute
Date of appraisal	February 1, 2017

Item	Amount (thousand yen)	General Outline
Capitalization Value	6,330,000	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	6,470,000	
(1) Operating Revenue [①－②]	330,340	
① Annual Rent Revenue	347,937	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	17,597	Estimated by assessing the level of occupancy rates that are expected on a stable basis over the mid- to long term based on occupancy condition, etc. of comparable properties.
(2) Operating Expenses	90,668	
Maintenance Cost for Building	39,729 (Note)	Referenced actual costs in past years and comparable properties for the estimation of building maintenance costs, and referenced contract terms for the estimation of the property management fee. Comparable properties and individual characteristics were also analyzed for the estimation.
Property Management Fee		
Brokerage Fee etc.	2,613	Estimated based on the assumed turnover period of tenants.
Utilities Expenses	14,400	Estimated based on the actual costs in past years and analyzing factors such as occupancy rates.
Repairing Expenses	3,507	Estimated by analyzing annual average of repairing expenses listed in the engineering reports.
Property and Other Taxes	29,723	Estimated based on property and other taxes related materials.
Casualty Insurance	492	Estimated by analyzing current insurance premiums and those for comparable cases.
Other Expenses	204	Applied neighborhood association membership fee
(3) Net Operating Income [(1)－(2)]	239,672	
(4) Profit from Managing Security Deposit	3,092	Estimated by assuming an interest rate of 1%
(5) Capital Expenditure	3,217	Estimated based on annual average of spend listed in the engineering reports.
(6) Net Cash Flow [(3)+(4)－(5)]	239,547	
(7) Cap Rate	3.7%	Determined by applying future transaction yields, etc. to the standard cap rate, while adding and deducting individual characteristics to the standard cap rate.
Discounted Cash Flow Value	6,180,000	
Discount Rate	3.5%	Estimated by referencing the investment yields of comparable properties and analyzing the individual characteristics of the property from a comprehensive perspective.

	Terminal Cap Rate	3.9%	Determined by referencing the investment yields of comparable properties and analyzing future trends with regard to investment yields from a comprehensive perspective.
	Integrated Value	6,310,000	
	Ratio of Land	77.0%	
	Ratio of Building	23.0%	

\* Values below a thousand yen are cut off.

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 of the subject property did not agree 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 to be appointed, which could affect JRE to delegate effective property management service based on JRE's policy of property maintenance and operation. This could in turn undermine the interest of JRE's unitholders. Accordingly, maintenance costs for the building and property management fees are shown in total amount.



## «Shiodome Building (Additional acquisition)»

### 1. Outline of the acquisition

- |                                |  |
|--------------------------------|--|
| 1) Asset to be acquired:       | Trust beneficiary right in trust of domestic property<br>(5% of quasi-co-ownership) (Note 1) |
| 2) Name of asset:              | Shiodome Building  |
| 3) Trustee:                    | Mitsubishi UFJ Trust and Banking Corp.   |
| 4) Term of trust agreement:    | From March 22, 2004 to March 31, 2022  |
| 5) Acquisition price:          | ¥10,450 million  |
| 6) Scheduled acquisition date: | March 30, 2017   |
| 7) Seller:                     | Mitsui & Co. Real Estate Ltd.  |
| 8) Method of Settlement:       | Lump sum payment at closing of acquisition   |
| 9) Acquisition funds:          | Loans (Note 2) and Own funds   |

(Note 1) JRE acquired quasi-co-ownership of a trust beneficially right in trust of Shiodome Building on December 19, 2008, January 15, 2010 and on May 1, 2015, and owns 45.0% share of the quasi-co-ownership as of February 28, 2017. Following the above acquisition of additional shares, JRE will hold 50.0% share of the quasi-co-ownership.

(Note 2) The detail of the loans will be informed as soon as it is decided.

### 2. Reasons for the acquisition

JRE will acquire the asset 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) High competitiveness

This property is located in front of Hamamatsucho Station of JR Line and is the South gateway of Shiodome area. It is also within three minutes' walk from Hamamatsucho Station of JR Line and Daimon Station of subway Asakusa Line and subway Oedo Line. In addition, it is accessible to Tokyo Station and Shinagawa Station, which is a hub station for "Shinkansen", and also to Haneda Airport (Tokyo International Airport), providing great traffic convenience.

As for other features, it is comparatively new building completed in December 2007 and has over 1,000 tsubo area and 2,900 mm ceiling height (with 100 mm of OA floor) of open-plan spacious standard floor for leasing.

#### (2) Increase in shares of co-ownership of the building

Since JRE's shares of quasi-co-ownership of trust beneficially right in trust of this property will go up to 50.0% from the current shares of 45.0% after the above acquisition, further improvement in operational efficiency and the value of the asset can be expected.

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

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

(1) Details of the property in trust

Location		
Address shown in land registry	Land	71-19, 1 Chome, Kaigan, Minato-ku, Tokyo and other 14 lots
	Building	71-19, 1 Chome, Kaigan, Minato-ku, Tokyo and other
Address		2-20, 1 Chome, Kaigan, Minato-ku, Tokyo
Usage		Offices, Shops
Area		
Land		12,054.22 m <sup>2</sup> (Total land area of the building site) (Note 1)
Building		115,930.83 m <sup>2</sup> (Total floor space of the entire building)
Structure		Steel-framed, Steel-framed reinforced concrete structure, flat roof Above ground: 24 floors Below ground: 2 floors
Completion date		December 2007
Architect		Mitsubishi Jisho Sekkei Inc., Nikken Sekkei Ltd.
Constructor		Taisei Corporation
Building confirmation and inspection body		The Building Center of Japan
Type of ownership		
Land		Ownership
Building		Ownership
Acquisition price		¥ 10,450 million
Appraisal value (Appraisal institution) (Appraisal date)		¥ 10,800 million (Daiwa Real Estate Appraisal Co., Ltd.) (as of February 1, 2017)
PML value		1.4% (Based on an earthquake risk assessment report issued by Tokyo Marine & Nichido Risk Consulting Co., Ltd.)
Collateral		None
Property management company		Mitsubishi Jisho Property Management Co., Ltd. (Note 2)

(Note1) A part of the land has a compartmentalized surface right created to protect railroad structures and to build a subway facilities.

(Note2) Outline of the property management company

Corporate name	Mitsubishi Jisho Property Management Co., Ltd.
Address of the registered head office	2-3, 2 Chome, Marunouchi, Chiyoda-ku, Tokyo
Representative	Futoshi Chiba, President & CEO
Paid-in capital	¥ 390 million
Major shareholder	Mitsubishi Estate Co., Ltd.
Principal business	Comprehensive administration and management services for office buildings, commercial complexes, and so forth

Relationship with JRE or the asset management company	<p>Mitsubishi Estate Co., Ltd., a parent company that holds a 90 % stake of the asset management company, to which JRE entrusts the management of its assets, holds a 100 % stake in Mitsubishi Jisho Property Management Co., Ltd. (“Mitsubishi Jisho Property Management”).</p> <p>Mitsubishi Jisho Property Management 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, and also falls within the definition of related party under the internal rules of the asset management company.</p>
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(2) Tenant details

Total number of tenants	38	
Total leasable space	4,019 m <sup>2</sup>	
Total leased space	4,019 m <sup>2</sup>	
Trend in occupancy rates	March 31, 2012	98.4%
	March 31, 2013	95.2%
	March 31, 2014	98.2%
	March 31, 2015	98.2%
	March 31, 2016	93.2%
	Scheduled acquisition date	100.0%
Total rent revenue	¥ 475 million per year (Estimated under ordinary state occupancy)	
Security and deposit	¥ 371 million in total (Estimated under ordinary state occupancy)	
NOI (Net Operating Income)	¥ 378 million per year (Estimated under ordinary state occupancy)	
Depreciation	¥ 89 million per year (Estimated under ordinary state occupancy)	
(Note)	<div>-Total number of tenants, total leasable space, total leased space and occupancy rate on the scheduled acquisition date are projections as of the scheduled acquisition date.</div> <div>-NOI is an estimated amount under ordinary state occupancy given the fixed property taxes and city planning taxes, in addition to the terms and conditions of lease agreements as of the scheduled acquisition date, etc.</div> <div>-Estimated occupancy rate: 95%</div> <div>-Total rent revenue, security deposit and depreciation represents the estimated amount under ordinary state occupancy.</div> <div>-The above figures (except total rent revenue, security deposit, NOI and depreciation) are based on the data provided by the seller.</div> <div>- The above figures are calculated only for the additionally-acquired share of quasi-co-ownership, but the total number of tenants represents the total number of all the building's tenants.</div>	

(3) Specifications for leasable floor space

Ceiling height	2,900 mm (Some floors: 3,200 mm)
Standard floor area	3,501 m <sup>2</sup>
Office automation floor	100 mm (Some parts: 400 mm)
Electric capacity	60 VA/ m <sup>2</sup>
Air conditioning system	Individual air conditioning by zones (max. 102-104 zones per floor)
Floor load	500 kg/ m <sup>2</sup> (Heavy duty zone: 1,000kg/ m <sup>2</sup> )
Others	Around-the-clock entry and exit

(4) Outline of the engineering report

i. Outline of repair items

Date of report		February 1, 2017
Preparer of report		Shimizu Corporation
Repairing expenses/Capital expenditure for the next 15 years (Annual average for the assets to be acquired by JRE)	Repairing expenses	¥ 4 million
	Capital expenditure	¥ 15 million
	Total	¥ 19 million

ii. Description concerning utilization status of asbestos

(Description on the possible use of asbestos)

Sprayed materials with asbestos	None
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4. Outline of seller

Corporate name	Mitsui & Co. Real Estate Ltd.
Address of the registered head office	13-1, 1 Chome, Nishi-Shimbashi, Minato-ku, Tokyo
Representative	Shunsuke Furuya, President & CEO
Establishment date	November 1, 2000
Paid-in capital	¥ 3 billion
Major shareholders (Ratio of shareholders)	Mitsui & Co., Ltd. (100%)
Principal Business	Real estate sales, exchange, leasing and management. Brokerage of real estate leasing and sales transactions. Plan, propose and consult effective utilization and development of real estate.
Net Assets and Total Assets in the preceding fiscal period	Net Assets: ¥ 31,327 million (Fiscal year ended March 2016) Total Assets: ¥ 79,837 million (Fiscal year ended March 2016)
Relationship with JRE or the asset management company	
Capital relationship	Mitsui & Co., Ltd., a shareholder that holds a 10% stake of the asset management company to which JRE entrusts the management of its assets, has a 100% investment in Mitsui & Co. Real Estate Ltd.
Personal relationship	1 officer of the asset management company is on temporary assignment from Mitsui & Co. Real Estate Ltd. as of February 28, 2017.
Business relationship	None in particular

Applicability to related parties	Mitsui & Co. Real Estate Ltd. falls within the definition of related party of the asset management company under the Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements. Furthermore, Mitsui & Co. Real Estate Ltd. does not fall 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, however, falls within the definition of related party under the internal rules of the asset management company.
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## 5. Information on property owners, etc.

Property name (Address)	Shiodome Building (2-20, 1 Chome, Kaigan, Minato-ku, Tokyo)		
Owner of the property	Previous owner	Second Previous Owner	Third Previous Owner
Corporate Name	Mitsui & Co. Real Estate Ltd.	MARE Y.K.	None
Relationship to party with special interest	Reference to the above 4.Outline of seller.	Mitsubishi Estate Co., Ltd. (a parent company that holds a 90% stake of the asset management company to which JRE entrusts the management of its assets) and Mitsui & Co., Ltd. (a shareholder that holds a 10% stake of the asset management company) had an anonymous association investment.	-
Acquisition background and reason etc.	Acquire for management of asset investment	Newly built in December 2007	-
Acquisition price	Not to state as the previous owner is holding over one year	-	-
Acquisition date	March 2012	-	-

## 6. Transactions with related parties

The acquisition of the property is not deemed as transaction with related parties, however, falls within the definition of transaction with related parties under the internal rules of the asset management company. When executing such 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

February 28, 2017	Determination of the acquisition of the property
March 1, 2017	Execution of the agreement for the acquisition (scheduled)
March 30, 2017	Lump sum payment at closing of the acquisition (scheduled)

## 9. Outline of appraisal report

Name of asset	Shiodome Building
Appraisal value	¥ 10,800,000 thousand
Appraisal institution	Daiwa Real Estate Appraisal Co., Ltd.
Date of appraisal	February 1, 2017

Item	Amount (thousand yen)	General Outline
Capitalization Value	10,800,000	Estimated with DCF method which is referring future net cash flow and also with the validation of capitalization value by direct method.
Direct Capitalization Value	11,100,000	
(1) Operating Revenue [①－②]	492,196	
① Annual Rent Revenue	512,994	Estimated based on a level and trend of comparable cases referring to medium to long term competitiveness etc.
② Amount of Loss due to Vacancy	20,798	Calculated with the estimation of medium to long term stable vacancy rate based on a level of comparable cases and considering competitiveness etc.
(2) Operating Expenses	102,916	
Maintenance Cost for Building	32,454	Maintenance cost for building is evaluated referring to the budget, actual costs in past years and comparable properties' cases. Property management fee is evaluated referring comparable properties' cases.
Property Management Fee	(Note)	
Brokerage Fee etc.	3,368	Applied one month rent fee referring comparable properties' cases.
Utilities Expenses	28,000	Calculated based on the actual costs in the past years considering occupancy rate.
Repairing Expenses	4,815	Estimated based on annual average of repairing expenses listed in the engineering reports.
Property and Other Taxes	31,561	Estimated based on the actual figures for fiscal 2016.
Casualty Insurance	565	Estimated based on actual insurance premiums in the past years.
Other Expenses	2,150	Calculated based on the actual promotion expenses etc.
(3) Net Operating Income [(1)－(2)]	389,280	
(4) Profit from Managing Security Deposit	3,981	Assessed at a rate of return on investment of 1%
(5) Capital Expenditure	15,021	Estimated based on annual average of spend listed in the engineering reports.
(6) Net Cash Flow [(3)+(4)－(5)]	378,240	
(7) Cap Rate	3.4%	Estimated based on the standard yield out of analyzed transaction yield of comparable properties' cases for A class building, taking account of market trend of leasing and acquisition for the area.

Discounted Cash Flow Value	10,650,000	
Discount Rate	3.2%	Estimated by referencing the transactions of comparable properties and comparing with yields of other financial instruments, etc.
Terminal Cap Rate	3.6%	Estimated with consideration of the marketability etc. upon termination of analyzing the cap rate.
Integrated Value	8,500,000	
Ratio of Land	82.8%	
Ratio of Building	17.2%	

\* Values below a thousand yen are cut off.

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 of the subject property did not agree 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 to delegate effective property management service based on JRE's policy of property maintenance and operation. This could in turn undermine the interest of JRE's unitholders. Accordingly, maintenance costs for the building and property management fees are shown in total amount.

#### 《Future outlook》

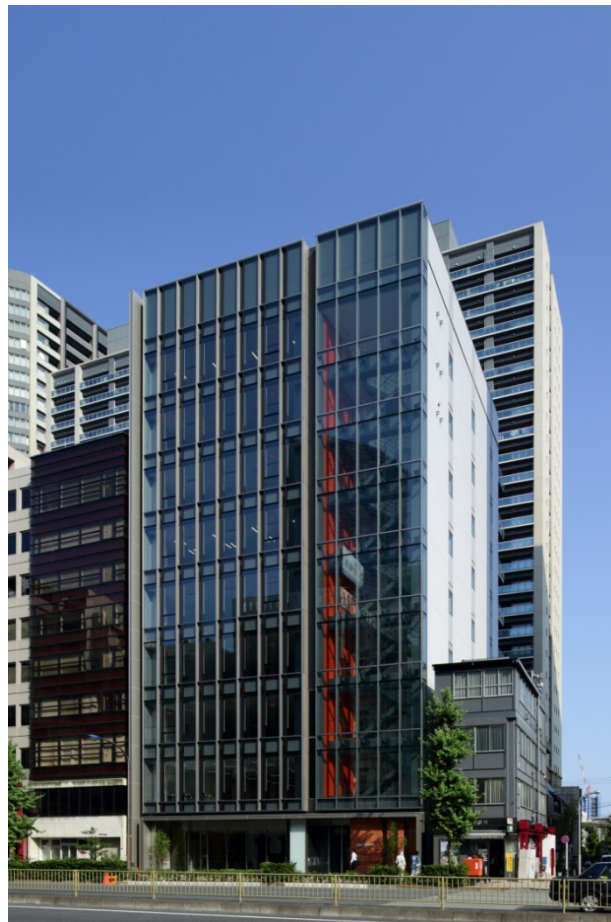
As the impact of the acquisition on JRE's management performance for March 2017 period (from October 1, 2016 to March 31, 2017) and September 2017 period (from April 1, 2017 to September 30, 2017) is expected to be minor, no revision of the forecast for performance will be made.

#### Reference materials (attachments)

- Information map and exterior appearance of Tamachi Front Building
- Information map and exterior appearance of Shiodome Building
- List of all the assets of JRE after the acquisition of these assets

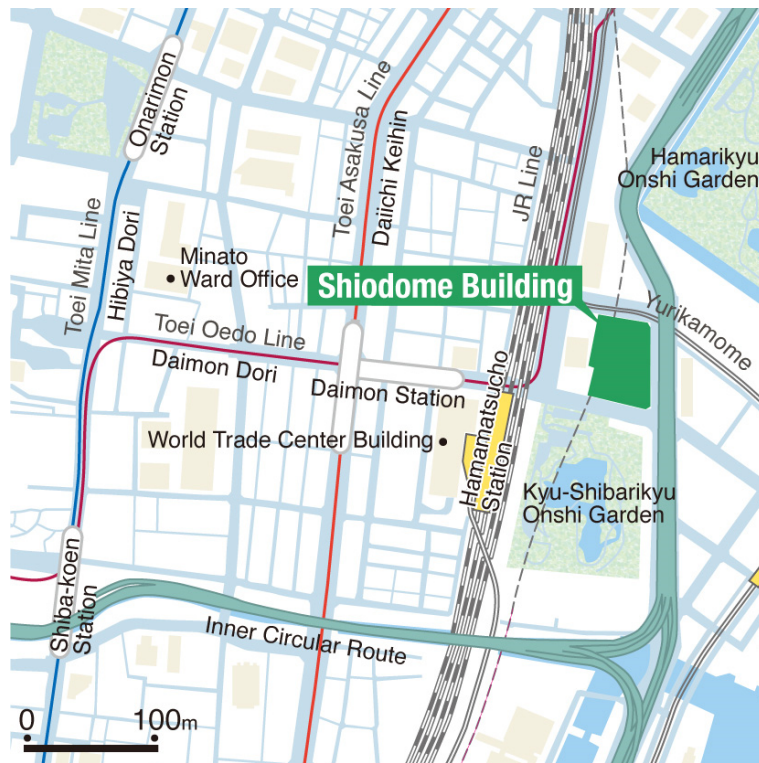
This notice is the English translation of the announcement in Japanese dated February 28, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

(Reference) Information map and exterior appearance of Tamachi Front Building





(Reference) Information map and exterior appearance of Shiodome Building



## (Reference) List of all the assets of JRE after the acquisition of these assets

Area	Name	Location	Type of asset	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	8.6%	74.8%
	MD Kanda Building	Chiyoda-ku, Tokyo	Real property	May 31, 2002	9,520,000	1.0%	
	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	1.6%	
	Nibancho Garden	Chiyoda-ku, Tokyo	Real property	April 1, 2005	14,700,000	1.6%	
	Mitsubishi UFJ Trust and Banking Building	Chiyoda-ku, Tokyo	Real property	March 28, 2007	44,700,000	4.7%	
	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	2.2%	
				April 3, 2006	10,700,000		
				Total	20,900,000		
	Yurakucho Denki Building	Chiyoda-ku, Tokyo	Real property	August 1, 2003	7,200,000	0.8%	
	Kodenmacho Shin-Nihonbashi Building	Chuo-ku, Tokyo	Trust beneficiary right in trust of real property	September 25, 2001	3,173,000	0.3%	
	Kyodo Building (Kayabacho 2Chome)	Chuo-ku, Tokyo	Trust beneficiary right in trust of real property	March 1, 2011	4,410,000	0.5%	
	Burex Kyobashi Building	Chuo-ku, Tokyo	Real property	July 22, 2002	5,250,000	0.6%	
	Ginza 1Chome East Building	Chuo-ku, Tokyo	Trust beneficiary right in trust of real property	March 2, 2015	6,459,000	0.7%	
	Ginza Sanwa Building	Chuo-ku, Tokyo	Real property	March 10, 2005	16,830,000	1.8%	
	Ryoshin Ginza East Mirror Building	Chuo-ku, Tokyo	Real property	March 15, 2005	5,353,500	0.8%	
				May 24, 2010	2,645,922		
				Total	7,999,422		
	Harumi Front	Chuo-ku, Tokyo	Real property	January 7, 2013	31,300,000	3.3%	
	Harumi Center Building	Chuo-ku, Tokyo	Real property	December 18, 2007	26,800,000	2.8%	
	Akasaka Park Building	Minato-ku, Tokyo	Real property	November 15, 2011	60,800,000	6.4%	
	Aoyama Crystal Building	Minato-ku, Tokyo	Real property	March 14, 2003	7,680,000	0.8%	
	Clover Shiba-koen	Minato-ku, Tokyo	Trust beneficiary right in trust of real property	January 20, 2015	4,500,000	0.5%	
	Shiodome Building	Minato-ku, Tokyo	Trust beneficiary right in trust of real property	December 19, 2008	21,250,000	10.2%	
				January 15, 2010	34,600,000		
				May 1, 2015	10,100,000		
				March 30, 2017	10,450,000		
				Total	96,400,000		
	Shiba 2Chome Daimon Building	Minato-ku, Tokyo	Trust beneficiary right in trust of real property	September 10, 2001	4,859,000	0.5%	
	Cosmo Kanasugibashi Building	Minato-ku, Tokyo	Trust beneficiary right in trust of real property	September 25, 2001	2,808,000	0.3%	
	Tamachi Front Building	Minato-ku, Tokyo	Real property	March 30, 2017	6,210,000	0.7%	
	Shinjuku Eastside Square	Shinjuku-ku, Tokyo	Trust beneficiary right in trust of real property	October 1, 2014	23,100,000	3.2%	
				January 25, 2017	6,660,000		
				Total	29,760,000		
	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	3.4%	
				March 24, 2010	22,426,831		
				Total	31,776,831		
	TIXTOWER UENO	Taito-ku, Tokyo	Real property	June 15, 2012	22,000,000	2.3%	
	Higashi-Gotanda 1Chome Building	Shinagawa-ku, Tokyo	Real property	November 1, 2004	5,500,000	0.6%	
	Osaki Front Tower	Shinagawa-ku, Tokyo	Real property	February 1, 2011	12,300,000	1.3%	
	Omori-Eki Higashiguchi Building	Ota-ku, Tokyo	Trust beneficiary right in trust of real property	September 10, 2001	5,123,000	0.5%	
	Nippon Brunswick Building (Land with leasehold interest)	Shibuya-ku, Tokyo	Real property	March 24, 2004	6,670,000	0.6%	
				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%	
da Vinci Harajuku	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	1.3%		
Shibuya Cross Tower	Shibuya-ku, Tokyo	Real property	November 30, 2001	34,600,000	3.7%		
Ebisu Neonato	Shibuya-ku, Tokyo	Real property	November 14, 2003	3,740,000	1.5%		
			April 1, 2004	360,000			
			February 18, 2014	10,512,000			
			Total	14,612,000			
Harmony Tower	Nakano-ku Tokyo	Real property	February 28, 2005	8,500,000	1.2%		
			December 19, 2012	520,000			
			March 27, 2015	2,100,000			
			Total	11,120,000			
Otsuka Higashi-Ikebukuro Building	Toshima-ku, Tokyo	Trust beneficiary right in trust of real property	September 25, 2001	3,541,000	0.4%		
Ikebukuro 2Chome Building	Toshima-ku, Tokyo	Trust beneficiary right in trust of real property	September 25, 2001	1,728,000	0.2%		
Ikebukuro YS Building	Toshima-ku, Tokyo	Real property	August 2, 2004	4,500,000	0.5%		
Tokyo metropolitan area (excluding 23 wards)	Hachioji First Square	Hachioji City, Tokyo	Real property	March 31, 2005	3,300,000	0.6%	7.4%
				March 19, 2008	2,379,112		
				Total	5,679,112		
	Saitama Urawa Building	Saitama City, Saitama Prefecture	Real property	September 25, 2001	1,232,000	0.3%	
				October 11, 2001	1,342,000		
				Total	2,574,000		
	MM Park Building	Yokohama City, Kanagawa Prefecture	Real property	March 24, 2008	37,400,000	4.0%	
Queen's Tower A	Yokohama City, Kanagawa Prefecture	Trust beneficiary right in trust of real property	January 31, 2014	17,200,000	1.8%		
Kawasaki Isago Building	Kawasaki City, Kanagawa Prefecture	Trust beneficiary right in trust of real property	September 25, 2001	3,375,000	0.4%		
Musashi Kosugi STM Building	Kawasaki City, Kanagawa Prefecture	Real property	March 25, 2008	4,000,000	0.4%		
Total: Tokyo metropolitan area					777,230,766	82.3%	82.3%

Area	Name	Location	Type of asset	Acquisition date	Acquisition price (Note 1) (thousand yen)	Percentage of portfolio	Percentage by area
Hokkaido	8・3 Square Kita Building	Sapporo City, Hokkaido	Real property	June 1, 2007	7, 1 0 0, 0 0 0	0. 8 %	0. 8 %
Tohoku region	Jozenji Park Building	Sendai City, Miyagi Prefecture	Real property	January 31, 2005	1, 0 0 0, 0 0 0	0. 1 %	3. 5 %
	Higashi Nibancho Square	Sendai City, Miyagi Prefecture	Real property	January 7, 2013	9, 9 5 0, 0 0 0	1. 1 %	
	Sendai Honcho Honma Building	Sendai City, Miyagi Prefecture	Trust beneficiary right in trust of real property	September 25, 2001 June 28, 2006 total	2, 9 2 4, 0 0 0 2 5 0, 0 0 0 3, 1 7 4, 0 0 0	0. 3 %	
	AER	Sendai City, Miyagi Prefecture	Real property	September 1, 2015	1 8, 6 4 0, 0 0 0	2. 0 %	
Hokuriku region	Kanazawa Park Building	Kanazawa City, Ishikawa Prefecture	Real property	February 28, 2002 March 3, 2003 total	2, 8 8 0, 0 0 0 1, 7 0 0, 0 0 0 4, 5 8 0, 0 0 0	0. 5 %	0. 8 %
	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 November 1, 2006 June 9, 2014 April 1, 2016 total	3, 8 5 0, 0 0 0 1, 3 0 0, 0 0 0 6 5 0, 0 0 0 1 7 5, 0 0 0 5, 9 7 5, 0 0 0	0. 6 %	3. 3 %
				July 31, 2013	8, 5 6 7, 0 0 0	0. 9 %	
				September 10, 2001	1 4, 5 3 3, 0 0 0	1. 5 %	
				August 8, 2003	1, 8 6 5, 0 0 0	0. 2 %	
	Nagoya Misono Building	Nagoya City, Aichi Prefecture	Real property	September 10, 2001	1 4, 5 3 3, 0 0 0	1. 5 %	
Kinki region	Shijo Karasuma Center Building	Kyoto City, Kyoto Prefecture	Real property	September 3, 2013	4, 4 0 0, 0 0 0	0. 5 %	7. 6 %
	Umeda Square Building	Osaka City, Osaka Prefecture	Trust beneficiary right in trust of real property	April 1, 2015	1 5, 5 2 3, 5 2 0	1. 6 %	
	Shin-Fujita Building	Osaka City, Osaka Prefecture	Trust beneficiary right in trust of real property	September 1, 2008	2 4, 0 0 0, 0 0 0	2. 5 %	
	Sakaishujhonmuchi Building	Osaka City, Osaka Prefecture	Real property	September 25, 2001 December 26, 2003 total	2, 2 6 4, 0 0 0 1, 9 0 0, 0 0 0 4, 1 6 4, 0 0 0	0. 4 %	
				September 25, 2001 February 28, 2002 total	6, 9 3 4, 0 0 0 7, 3 8 0, 0 0 0 1 4, 3 1 4, 0 0 0	1. 5 %	
	Amagasaki Front Building	Amagasaki City, Hyogo Prefecture	Trust beneficiary right in trust of real property	March 25, 2015	9, 3 0 0, 0 0 0	1. 0 %	
Chugoku region	Lit City Building	Okayama City, Okayama Prefecture	Real property	February 1, 2006	4, 6 5 0, 0 0 0	0. 5 %	0. 8 %
	NHK Hiroshima Broadcasting Center Building	Hiroshima City, Hiroshima Prefecture	Real property	March 25, 2004 March 3, 2008 total	1, 3 2 0, 0 0 0 1, 4 5 0, 0 0 0 2, 7 7 0, 0 0 0	0. 3 %	
Kyushu region	Tosei Tenjin Building	Fukuoka City, Fukuoka Prefecture	Real property	September 25, 2001	1, 5 5 0, 0 0 0	0. 2 %	1. 1 %
	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 right in trust of real property	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 7. 7 %	1 7. 7 %
Total: Portfolio					9 4 4, 7 2 3, 2 8 6	1 0 0. 0 %	1 0 0. 0 %

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

(Note2) The sales price of Nippon Brunswick Building (building) dated August 23, 2013 is indicated minus ¥1,170 million, which is the building acquisition price on the date of the acquisition as of March 24, 2004.

(Note3) 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.