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For Immediate Release

Investment Corporation

Japan Real Estate Investment Corporation

Yutaka Yanagisawa, Executive Director

(TSE code: 8952)

Asset Management Company

Japan Real Estate Asset Management Co., Ltd.

Naoki Umeda, President &amp; CEO

Contact: Masaru Motooka

Executive Officer &amp; General Manager

Planning Department

Phone: +81-3-3211-7951

## Announcement of Acquisition of Domestic Real Estate and Trust Beneficial Interests in Domestic Real estate

Japan Real Estate Investment Corporation (“JRE”) hereby announces that Japan Real Estate Asset Management Co., Ltd. (“JRE-AM”), an asset management company to which JRE entrusts the asset investment, has decided today to acquire domestic real estate and trust beneficial interests in domestic real estate as follows:

**<<Properties to be acquired>>**

Name of property	Location	Proposed acquisition price	Date of contract (scheduled)	Date of transfer (scheduled)
Shinjuku Front Tower (additional acquisition)	Shinjuku-ku, Tokyo	JPY 10,100 million	March 25, 2020	March 27, 2020
Shinjuku Eastside Square (additional acquisition)	Shinjuku-ku, Tokyo	JPY 8,460 million	March 25, 2020	March 27, 2020
Link Square Shinjuku	Shibuya-ku Tokyo	JPY 17,300 million	April 13, 2020	April 20, 2020

**<<Reason of the acquisitions>>**

JRE-AM has decided to acquire the properties after considering its current and future portfolio strategies, while comprehensively taking into account the characteristics of the properties, the profitability of the portfolio, and the trend of the real estate market, in conformity with “the basic policy of asset management” and “the investment stance” set forth in the articles of incorporation of JRE.

«Property to be acquired: Shinjuku Front Tower (additional acquisition)»

1. Outline of the acquisition

Name of property	Shinjuku Front Tower
Proposed acquisition price	JPY 10,100 million
Seller	Mitsubishi Estate Co., Ltd.
Brokerage	No
Date of decision	March 25, 2020
Date of contract	March 25, 2020
Date of transfer (scheduled)	March 27, 2020
Date of payment (scheduled)	March 27, 2020

2. Reason of the acquisition

JRE-AM appreciated the property especially for the following points:

(1) Environment-friendly specifications

Shinjuku Front Tower is a large office building with retail spaces on the lower floors, which was completed in 2011. This building has achieved a high level of energy-saving performance by landscaping the site, greening the wall and rooftop, and adopting an automatic light modulation system and high quality heat reflecting glass, etc. Thanks to those specifications, the property has received five stars, the highest rank, in the DBJ Green Building certification.

(2) Superior location

This property is located in the Nishi-Shinjuku area, which is one of the most prominent business districts in Tokyo. It is 4 minutes on foot to Nishi-Shinjuku subway station, and has easy walking access to Nakano-Sakaue subway station. Additionally, it is also within walking distance to Shinjuku station, which boasts a number of railway and subway lines stopping at.

3. Description of the property to be acquired

Name of property	Shinjuku Front Tower
Type of specified assets	Trust beneficial interest in domestic real estate
Type of ownership	
Land	Ownership (co-ownership interest: 9.89/100)
Building	Trust beneficial interest in Co-ownership interests in the following strata titles: <ul style="list-style-type: none"> <li>▪ Office spaces excluding the space owned by a co-owner (4th through 34th floor) (52,713.71 m<sup>2</sup>): 10/100</li> <li>▪ Retail spaces (1st through 3rd floor)( 4,298.89m<sup>2</sup>): 10/100</li> </ul> ※ Building ownership ratio: 9.91%
Trustee	Mitsubishi UFJ Trust and Banking Corporation
Location (Building address)	2-21-1, Kita-Shinjuku, Shinjuku-ku, Tokyo
Usage	Offices and stores
Area	
Land	9,628.17 m <sup>2</sup> ( the area stated in the real property registry)
Building	92,092.30m <sup>2</sup> (the gross floor area stated in the real property registry)
Structure	S/SRC structure with flat roof, 35 stories above the ground and 2 basement levels
Typical floor area	1,689 m <sup>2</sup>

Completion	August 2011	
Matters related to earthquake resistance	PML: 2.1% ( based on the seismic risk assessment report by Tokio Marine & Nichido Risk Consulting Co., Ltd.)	
Mortgage	No	
Appraisal value ( Date of value)	JPY 10,200 million (as of March 1, 2020)	
Appraisal institution	Japan Real Estate Institute	
Outline of lease		
Total number of tenants	43	
Total leasing business income	JPY 473 million per year	
Security deposit	JPY 440 million	
Total rented area	5,710 m <sup>2</sup>	
Net rentable area	5,710 m <sup>2</sup>	
Occupancy rate	March 31, 2018	99.9%
	September 30, 2018	97.0%
	March 31, 2019	100.0%
	September 30, 2019	100.0%
	Scheduled date of acquisition	100.0%
Special notes	<ul style="list-style-type: none"> <li>• The property is located in an area designated under the district plan of Kita-Shinjuku District. When constructing buildings, etc., it is required to comply with the said district plan. Moreover, the property and the adjacent property (2-195-10, Kita-Shinjuku, Shinjuku-ku) are jointly certified as a single housing estate, where all the improvements there are considered to be built on a single site, in accordance with the Building Standards Act 86, paragraph 1. A reciprocal easement has been established between the owners of those two properties in order to put a cap on each other's maximum floor area for FAR calculation and construction area, and the said land has been registered to this effect.</li> <li>• Matters pertaining to first option on the purchase of a co-owner's interest in the property are provided for.</li> </ul>	

(Note)

- JRE acquired a co-ownership interest in this property (the building ownership ratio: 27.24798%) as of April 17, 2018, and the building ownership ratio is to total 37.16% with this additional acquisition.
- Proportion of the right of site: 98,917,614,500/100,000,000,000, where JRE is to acquire a 10.0% co-ownership interest of the above proportion and JRE's co-ownership interest will total 37.5% with this acquisition.
- JRE, upon acquisition of the property, will lease the whole owned space to Mitsubishi Estate, a master lessee, and the master lessee will then sublease it to third parties under the master lease contract of a pass-through type.
- "Area", "Structure", and "Completion" show the same ones as stated in the real property registry. "Usage", however, indicates the main ones, among those listed in the real property registry.
- "Total number of tenants", "Total rented area", "Net rentable area", and "Occupancy rate as of the scheduled date of the acquisition" are forecasts as of the scheduled acquisition date.
- "Outline of lease" are based on the data provided by the seller and calculated on the basis of JRE's interest. "Total number of tenants" shows the one pertaining to all the strata titles for sale.
- JRE's interest includes the co-ownership interest in the portions treated as common elements pursuant to the management bylaws.
- NOI (Net Operating Income): JPY 381 million a year (an estimated amount)
- Depreciation: JPY 78 million a year (an estimated amount)

#### 4. Outline of seller

Corporate name	Mitsubishi Estate Co., Ltd.
Location	1-1-1, Otemachi, Chiyoda-ku, Tokyo
Representative	Junichi Yoshida, President & Chief Executive Officer
Principal business	Real estate business
Paid-in capital	JPY 142,147 million (as of Dec. 31, 2019)
Date of establishment	May 7, 1937
Net assets	(Consolidated): JPY 1,925,804 million (as of Dec. 31, 2019)
Total assets	(Consolidated): JPY 5,995,817 million (as of Dec. 31, 2019)
Major shareholders and their shareholding percentages (as of Sep. 30, 2019)	The Master Trust Bank of Japan, Ltd. (Shintaku Acc.): 8.31% Japan Trustee Services Bank, Ltd. (Shintaku Acc.): 4.99% Meiji Yasuda Life Insurance Company: 3.42%
Relationship with JRE or JRE-AM	
Capital relationship	Mitsubishi Estate Co., Ltd. ("Mitsubishi Estate") is a parent company of JRE-AM, holding a 90% stake in it. Mitsubishi Estate also holds 17,120 investment units of JRE as of September 30, 2019, which accounts for 1.24% of the number of units outstanding.
Personnel relationships	14 personnel from Mitsubishi Estate are on loan to JRE-AM as of March 25, 2020 and JRE's executive director concurrently serves as corporate advisor of Mitsubishi Estate.
Business relationship	Mitsubishi Estate is the previous owner and trust beneficiary of some of the JRE-owned properties. It is also a lessee for JRE. In addition, it has several collateral contracts regarding properties held by JRE.

Applicability to related parties	Mitsubishi Estate falls within the definition of related party of JRE-AM under the Regulation for Terminology, Forms, and Preparation Methods of Financial Statements. Furthermore, Mitsubishi Estate falls within the definition of interested persons, etc. of JRE-AM under the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No.480 of 2000, including later amendments), and also falls within the definition of interested parties under the internal rules of JRE-AM.
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#### 5. Status of owners, etc. of the property

Property name (Location)	Shinjuku Front Tower (2-21-1, Kita-Shinjuku, Shinjuku-ku, Tokyo)	
Status of owners, etc. of the property	The previous owner	The second previous owner
Corporate name	Mitsubishi Estate Co., Ltd.	—
Relationship with interested parties of JRE	See item 4 above “Outline of seller”	—
Acquisition background and reason, etc.	Newly built in August 2011	—
Acquisition price	—	—
Acquisition date	—	—

#### 6. Summary of appraisal report

Name of property	Shinjuku Front Tower
Appraisal value	JPY 10,200 million
Appraisal institution	Japan Real Estate Institute
Date of value	March 1, 2020

Item	Amount	Description
Value indicated by the income approach	10,200,000	Determined that both the values indicated by the direct capitalization method and the DCF method are normative to the same degree as each other, thus combining both and estimated the value as shown on the left
Value indicated by the direct capitalization method	10,400,000	
(1) Operating Income [①-②]	503,150	
① Potential rental income	535,928	Recorded on the basis of the current average rent and new rent levels of comparable properties, etc.
② Vacancy Loss	32,778	Recorded on the basis of historical vacancy rates and average vacancy rates of comparable properties, etc.
(2) Operating expenses	147,506	
Maintenance and management fee	86,560 (Note)	Estimated on the basis of the contract for the property management fee, while referring to expenses incurred in previous years for the maintenance management fee
Property management fee		
Utilities expenses	0	Not recorded because utilities expenses are expensed from maintenance fees to the co-owner’s management association
Repair expenses	5,204	Estimated according to the average annual expense stated in the engineering report, while referring to expenses incurred in previous years

Leasing Cost	4,056	Recorded based on the estimated tenant turnover period
Property tax and city planning tax	51,686	Estimated on the basis of the taxes levied for fiscal year 2019
Insurance Premium	0	Not recorded because this is expensed from maintenance fees to the co-owner's management association
Other expenses	0	No expense applicable to the said item
(3) Net Operating Income [(1)-(2)]	355,644	
(4) Operating profit on lump-sum payments	4,252	Estimated under the assumption of an interest rate of 1%
(5) Capital expenditure	7,631	Estimated referring to repair/renewal expenses incurred by comparable properties, the building age, and the average annual repair/renewal expenses stated in the engineering report
(6) Net Cash Flow [(3)+(4) - (5)]	352,265	
(7) Capitalization rate	3.4%	Determined by adding or subtracting a spread derived from individuality of the subject property to or from the standard cap rate of the said area, referring to market capitalization rates of comparable properties
Value indicated by the DCF method	10,000,000	
Discount rate	3.1%	Determined referring to capitalization rates of comparable properties, while taking into account individuality of the subject property
Terminal capitalization rate	3.6%	Determined referring to market capitalization rates of comparable properties, while taking into account the marketability of the subject property at the termination of its retention period
Value indicated by the cost approach	10,000,000	
Land ratio	81.7%	
Building ratio	18.3%	

\* 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): The property management company did not consent to us disclosing the property management fee. If the fee for the subject property is disclosed, it might potentially affect other deals done by the company, which could affect JRE in effective delegation of property management services under our policy on property maintenance and management. This could in turn undermine the interests of our unit holders. Accordingly, the maintenance-management fee and property management fee are shown in the total amount for presentation.

## «Property to be acquired: Shinjuku Eastside Square (additional acquisition)»

### 1. Outline of the acquisition

Name of property	Shinjuku Eastside Square
Proposed acquisition price	JPY 8,460 million
Seller	Mitsubishi Estate Co., Ltd.
Brokerage	No
Date of decision	March 25, 2020
Date of contract	March 25, 2020
Date of transfer (scheduled)	March 27, 2020
Date of payment (scheduled)	March 27, 2020

### 2. Reason of the acquisition

JRE-AM appreciated the property especially for the following points:

(1) Quality specifications

Shinjuku Eastside Square, completed in 2012, boasts a typical floor plate of approx. 6,000 m<sup>2</sup>, which is one of the largest scale of its kind in Tokyo. People who work or visit there can stay relaxed admiring lush greenery planted here and there on the site, and the building serves as a kind of a landmark for the surrounding neighborhood due to the above virtue as well as its sophisticated and eye-catching design.

As for the environmental aspect, the property won the highest rank of five stars in the DBJ Green Building certification, because it is equipped with environmentally-responsible specifications, such as Low-E multi-layer glass and rainwater recycling facilities, etc., realizing high energy efficiency.

(2) Superior location

This property is directly connected to Higashi-Shinjuku subway station, and additionally a short stroll to Shinjuku station, where a number of railway and subway lines stop, hence its easy accessibility to public transportation.

**3. Description of the property to be acquired**

Name of property	Shinjuku Eastside Square	
Type of specified assets	Trust beneficial interest in domestic real estate	
Type of ownership		
	Land	Ownership (co-ownership interest: 4/100)
	Building	Ownership (co-ownership interest: 4/100)
Trustee	Mitsubishi UFJ Trust and Banking Corporation	
Location (Building address)	6-27-30, Shinjuku, Shinjuku-ku, Tokyo	
Usage	Offices and stores	
Area		
	Land	25,320.28 m <sup>2</sup> ( the area stated in the real property registry)
	Building	167,245.46m <sup>2</sup> (the gross floor area stated in the real property registry)
Structure	S/RC structure with flat roof, 20 stories above the ground and 2 basement levels	
Typical floor area	5,914 m <sup>2</sup>	
Completion	March 2012	
Matters related to earthquake resistance	PML: 1.2% ( based on the seismic risk assessment report by Tokio Marine & Nichido Risk Consulting Co., Ltd.)	
Mortgage	No	
Appraisal value ( Date of value)	JPY 8,490 million (as of March 1, 2020)	
Appraisal institution	Japan Real Estate Institute	
Outline of lease		
	Total number of tenants	40
	Total leasing business income	JPY 355 million per year
	Security deposit	JPY 340 million
	Total rented area	4,678 m <sup>2</sup>
	Net rentable area	4,678 m <sup>2</sup>
	Occupancy rate	March 31, 2018 100.0%
		September 30, 2018 100.0%

	March 31, 2019	94.4%
	September 30, 2019	94.9%
	Scheduled date of acquisition	100.0%
Special notes	<ul style="list-style-type: none"> <li>• The property is located in an area designated under the district plan of Shinjuku 6-chome Northwest District. When constructing buildings, etc., it is required to comply with the said district plan. Moreover, this property and the adjacent property (6-315-33, Shinjuku, Shinjuku-ku) are jointly certified as a single housing estate, where all the improvements there are considered to be built on a single site, in accordance with the Building Standards Act 86, paragraph 1. The maximum floor-area ratio ("FAR") of 600% is permitted for the said single housing estate, and 599.99% of the allowance has been used up, in which the FAR of this property and the adjacent property are 608.09% and 219.56% respectively. The owners of those two properties, therefore, are not permitted to do any extension, repair, or renovation work which causes the FAR to go beyond the allowance of 600.0%. To ensure the aforementioned restriction is observed, the agreement between the owners had been concluded, and JRE succeeded to the rights and duties under this agreement from the seller.</li> <li>• Matters pertaining to first option on the purchase of a co-owner's interest in the property are provided for.</li> </ul>	
(Note)		
<ul style="list-style-type: none"> <li>• JRE acquired a co-ownership interest in this property of 14% as of October 1, 2014, and that of 3.6% and 13.4% as of January 25, 2017 and March 30, 2018 respectively; therefore, JRE's co-ownership interest is to total 35% with this additional acquisition.</li> <li>• JRE, upon acquisition of the property, will lease the whole owned space to Mitsubishi Estate, a master lessee, and the master lessee will then sublease it to third parties under the master lease contract of a pass-through type.</li> <li>• "Area", "Structure", and "Completion" show the same ones as stated in the real property registry. "Usage", however, indicates the main ones, among those listed in the real property registry.</li> <li>• "Total number of tenants", "Total rented area", "Net rentable area", and "Occupancy rate as of the scheduled date of the acquisition" are forecasts as of the scheduled acquisition date.</li> <li>• "Outline of lease" are based on the data provided by the seller and calculated on the basis of JRE's interest. "Total number of tenants" shows the one pertaining to the whole building.</li> <li>• NOI (Net Operating Income): JPY 334 million a year (an estimated amount)</li> <li>• Depreciation: JPY 66 million a year (an estimated amount)</li> </ul>		

#### 4. Outline of seller

See "Outline of seller" on page 4.

#### 5. Status of owners, etc. of the property

Property name (Location)	Shinjuku Eastside Square (6-27-30, Shinjuku, Shinjuku-ku, Tokyo)	
Status of owners, etc. of the property	The previous owner	The second previous owner
	Corporate name	Shinjuku Rokuchome Specific Purpose Company (TMK)
	Relationship with interested parties of JRE	Mitsubishi Estate had a preferred equity investment in the second previous owner
	Acquisition background	Newly built in March 2012



and reason, etc.	management purpose	
Acquisition price	Omitted because the previous owner held the property for more than one year	—
Acquisition date	October 2014	—

## 6. Summary of appraisal report

Name of property	Shinjuku Eastside Square
Appraisal value	JPY 8,490 million
Appraisal institution	Japan Real Estate Institute
Date of value	March 1, 2020

Item	Amount	Description
Value indicated by the income approach	8,490,000	Estimated the value as shown on the left because both the values indicated by the direct capitalization method and the DCF method match
Value indicated by the direct capitalization method	8,490,000	
(1) Operating Income [①-②]	398,654	
① Potential rental income	433,723	Recorded on the basis of the current average rent and new rent levels of comparable properties, etc.
② Vacancy Loss	35,069	Recorded on the basis of historical vacancy rates and average vacancy rates of comparable properties, etc.
(2) Operating expenses	100,516	
Maintenance and management fee	35,241	Estimated on the basis of the contract for the property management fee, while referring to expenses incurred in previous years for the maintenance management fee
Property management fee	(Note)	
Utilities expenses	27,213	Estimated on the basis of expenses incurred in previous years, while referring to occupancy rates
Repair expenses	3,166	Estimated according to the average annual expense stated in the engineering report, while referring to expenses incurred in previous years
Leasing Cost	3,205	Recorded based on the estimated tenant turnover period
Property tax and city planning tax	31,171	Estimated on the basis of the taxes levied for fiscal year 2019
Insurance Premium	520	Estimated based on expenses incurred in previous years, while referring to ones of comparable properties
Other expenses	0	No expense applicable to the said item
(3) Net Operating Income [(1)-(2)]	298,138	
(4) Operating profit on lump-sum payments	3,247	Estimated under the assumption of an interest rate of 1%
(5) Capital expenditure	4,112	Estimated referring to repair/renewal expenses incurred by comparable properties, the building age, and the average annual repair/renewal expenses stated in the engineering report
(6) Net Cash Flow [(3)+(4) - (5)]	297,273	
(7) Capitalization rate	3.5%	Determined by adding or subtracting a spread derived from individuality of the subject property to or from the standard cap rate of the said area, referring to market capitalization rates of comparable properties
Value indicated by the DCF method	8,490,000	
Discount rate	3.1%	Determined referring to capitalization rates of comparable properties, while taking into account individuality of the subject property
Terminal capitalization rate	3.6%	Determined referring to market capitalization rates of

		comparable properties, while taking into account the marketability of the subject property at the termination of its retention period
Value indicated by the cost approach	8,190,000	
Land ratio	84.5%	
Building ratio	15.5%	

\* 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): The property management company did not consent to us disclosing the property management fee. If the fee for the subject property is disclosed, it might potentially affect other deals done by the company, which could affect JRE in effective delegation of property management services under our policy on property maintenance and management. This could in turn undermine the interests of our unit holders. Accordingly, the maintenance-management fee and property management fee are shown in the total amount for presentation.

## <<Property to be acquired: Link Square Shinjuku>>

### 1. Outline of the acquisition

Name of property	Link Square Shinjuku
Proposed acquisition price	JPY 17,300 million (Note)
Seller	Mitsubishi Estate Co., Ltd.
Brokerage	No
Date of decision	March 25, 2020
Date of contract (scheduled)	April 13, 2020
Date of transfer (scheduled)	April 20, 2020
Date of payment (scheduled)	April 20, 2020

(Note) JRE acquired the ownership of the said land and then-existing building (Nippon Brunswick Building) as of March 24, 2004, and disposed of that building as of August 23, 2013. In this deal, JRE is going to acquire co-ownership interests in the strata titles for sale and the fixed term land lease right pertaining to the land with leasehold interest that JRE holds.

### 2. Reason of the acquisition

By way of background of this acquisition, JRE holds the land with leasehold interest on which Link Square Shinjuku stands, and exercised its preferential right to negotiate on the purchase of Mitsubishi Estate's ownership interest in this property after completion of its redevelopment project, which has led to JRE acquiring this brand-new building. A series of collaborative efforts between JRE and Mitsubishi Estate culminated in this acquisition.

JRE-AM appreciated the property especially for the following points:

#### (1) Brand spanking new building

Link Square Shinjuku, just completed in August 2019, is a large-scale redevelopment building with the latest and advanced features. A view from its upper office floors overlooks Shinjuku Gyoen National Garden. On the lower floors, a space intended for its workers called "Lounge Meeting Terrace" and a nursery are located, which offers a comfortable work environment that allows diverse personnel to play an active role. A pedestrian deck and a public square occupying about 40% of the whole site are rich with a wide variety of planted greenery, thus playing a part in urban greening.

#### (2) Superior location

The property is located in a rapidly developing area in front of the south exit of Shinjuku station with multiple lines stopping. It also sits on Meiji Street, thereby being easily recognized. The third floor of the building is directly connected to the south exit of Shinjuku station by the pedestrian deck, which provides walker-friendly access. There are two more subway stations available within walking distance, and

altogether it enjoys great locational advantage.

### 3. Description of the property to be acquired

Name of property	Link Square Shinjuku	
Type of specified assets	Domestic real estate	
Type of ownership		
Land	Fixed term land lease right	
Building	Co-ownership interests in the following strata titles: <ul style="list-style-type: none"> <li>• Office spaces (1st basement floor, 1st through 16th floor) (28,204.06 m<sup>2</sup>): 36.28/100</li> <li>• Retail spaces (1st through 3rd floor)( 1,943.46m<sup>2</sup>): 51/100</li> <li>• Regional contribution facilities (2nd floor) (483.47m<sup>2</sup>): 37.34/100</li> </ul> ※ Building ownership ratio:37.34%	
Location (Building address)	5-27-5, Sendagaya, Shibuya-ku, Tokyo	
Usage	Offices and stores	
Area		
Land	3,852.34 m <sup>2</sup> ( the area stated in the real property registry)	
Building	42,049.96m <sup>2</sup> (the gross floor area stated in the real property registry)	
Structure	S/SRC structure with flat roof, 16 stories above the ground and 2 basement levels	
Typical floor area	1,862 m <sup>2</sup>	
Completion	August 2019	
Matters related to earthquake resistance	PML: 1.9% ( based on the seismic risk assessment report by Tokio Marine & Nichido Risk Consulting Co., Ltd.)	
Mortgage	No	
Appraisal value ( Date of value)	JPY 17,728 million (as of March 1, 2020)	
Appraisal institution	Daiwa Real Estate Appraisal Co., Ltd.	
Outline of lease		
Total number of tenants	16	
Total leasing business income	JPY 1,221 million per year	
Security deposit	JPY 1,110 million	
Total rented area	9,786 m <sup>2</sup>	
Net rentable area	9,786 m <sup>2</sup>	
Occupancy rate	Newly built in August 2019	
	September 30, 2019	100.0%
	Scheduled date of acquisition	100.0%
Special notes	<ul style="list-style-type: none"> <li>• Matters pertaining to first option on the purchase of a co-owner's interest in the property are to be provided for. Note that a right of site is not established over the said land.</li> </ul>	

(Note)

- The fixed term land lease right pertaining to the said land with leasehold interest is to be extinguished with this acquisition.
- JRE, upon acquisition of the property, will lease the whole owned space to Mitsubishi Estate, a master lessee, and the master lessee will then sublease it to third parties under the master lease contract of a pass-through type.
- "Area", "Structure", and "Completion" show the same ones as stated in the real property registry. "Usage", however, indicates the main ones, among those listed in the real property registry.
- "Total number of tenants", "Total rented area", "Net rentable area", and "Occupancy rate as of the scheduled date of the acquisition" are forecasts as of the scheduled acquisition date.
- "Outline of lease" are based on the data provided by the seller and calculated on the basis of JRE's interest. "Total number of tenants" shows the one pertaining to all the strata titles for sale.
- JRE's interest includes the co-ownership interest in the portions treated as common elements pursuant to the management bylaws.
- NOI (Net Operating Income): JPY 686 million a year (an estimated amount)
- Depreciation: JPY 256 million a year (an estimated amount)
- The above NOI and depreciation are calculated for the interests to be acquired (interests in the strata titles and the fixed term land lease right pertaining to it).

#### 4. Outline of seller

See "Outline of seller" on page 4.

#### 5. Status of owners, etc. of the property

Property name (Location)	Link Square Shinjuku (5-27-5, Sendagaya, Shibuya-ku, Tokyo)	
Status of owners, etc. of the property	The previous owner	The second previous owner
Corporate name	Mitsubishi Estate Co., Ltd.	—
Relationship with interested parties of JRE	See item 4 above "Outline of seller"	—
Acquisition background and reason, etc.	Newly built in August 2019	—
Acquisition price	—	—
Acquisition date	—	—

#### 6. Summary of appraisal report

Name of property	Link Square Shinjuku
Appraisal value	JPY 17,728 million
Appraisal institution	Daiwa Real Estate Appraisal Co., Ltd.
Date of value	March 1, 2020

Item	Amount	Description
Value indicated by the income approach	23,300,000	Indicated by putting more weight on the DCF method, which weaves fluctuation of the future net cash flows into the value, while employing the direct capitalization method for verification
Value indicated by the direct capitalization method	23,400,000	

(1) Operating Income [(1)-(2)]	1,077,491	
① Potential rental income	1,121,691	Recorded on the basis of new rent levels of comparable properties, etc.
② Vacancy Loss	44,199	Recorded on the basis of historical vacancy rates and average vacancy rates of comparable properties, etc.
(2) Operating expenses	323,753	
Maintenance and management fee	141,928 (Note)	Estimated on the basis of the contract for the property management fee, while referring to expenses incurred in previous years for the maintenance management fee
Property management fee		
Utilities expenses	18,357	Estimated on the basis of expenses incurred in previous years and ones of comparable properties.
Repair expenses	9,341	Estimated according to the average annual expense stated in the engineering report
Leasing Cost	8,839	Estimated in light of cases of comparable properties
Property tax and city planning tax	138,680	Estimated on the basis of the taxes levied for fiscal year 2019
Insurance Premium	1,217	Estimated referring to comparable properties
Other expenses	5,387	Recorded an amount equivalent to 0.5% of the operating income as a reserve fund
(3) Net Operating Income [(1)-(2)]	753,737	
(4) Operating profit on lump-sum payments	9,076	Estimated under the assumption of an interest rate of 1%
(5) Capital expenditure	15,014	Estimated referring to renewal expenses incurred by comparable properties
(6) Net Cash Flow [(3)+(4) - (5)]	747,799	
(7) Capitalization rate	3.2%	Determined referring to market capitalization rates of comparable properties
Value indicated by the DCF method	23,200,000	
Discount rate	3.0%	Determined by comparing the discount rates pertaining to trading comparable properties and the yields of other financial instruments
Terminal capitalization rate	3.4%	Determined on the basis of the capitalization rate, while taking into account the marketability of the subject property at the termination of its retention period
Value indicated by the cost approach	23,800,000	
Land ratio	71.7%	
Building ratio	28.3%	

\* 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	This is a case where one who holds a leased fee interest in the land beneath a building purchases the said building with the fixed term land lease right, and upon the purchase of the said property, options that are attached to the lease contract over the said land are to be extinguished. For this reason, it is necessary for the appraisal value to be valid that a consideration for this extinguishment should be taken into account. Accordingly, the exercise price of those options shall be subtracted from the appraisal value under the assumption of continuous revenue from this property, thus the value to be determined in this case being JPY 17,728,000,000 that is calculated by subtracting JPY 5,572,000,000 (the option exercise price) from JPY 23,300,000,000 (the above value indicated by the income approach).
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(Note): The property management company did not consent to us disclosing the property management fee. If the fee for the subject property is disclosed, it might potentially affect other deals done by the company, which could affect JRE in effective delegation of property management services under our policy on property maintenance and management. This could in turn undermine the interests of our unit holders. Accordingly, the maintenance-management fee and property management fee are shown in the total amount for presentation.

#### **<<Transaction with interested party>>**

Those transactions fall under a transaction with an interested party. In order for such a transaction to proceed, JRE-AM first goes through the deliberation and approval process at the compliance committee, and then obtains the approval at the investment management council pursuant to the rules for interested party transactions.

#### **<<Settlement method>>**

##### 1) Acquisition fund

Shinjuku Front Tower:	a loan and cash reserves
Shinjuku Eastside Square:	a loan and cash reserves
Link Square Shinjuku:	a loan and cash reserves

##### 2) Settlement method

A lump-sum payment at the time of transfer

(Note) For more information about the loans for the acquisitions of Shinjuku Front Tower and Shinjuku Eastside Square, please refer to the press release “Announcement of Debt Financing “announced today. As for the loan for Link Square Shinjuku, the details will be announced once they are determined.

#### **<<Future outlook>>**

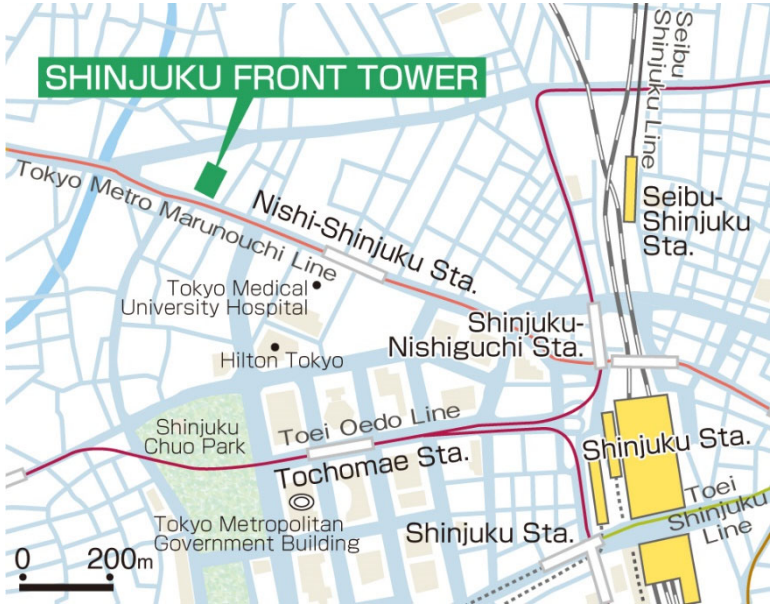
JRE does not make any revision to the operating performance forecast for the fiscal period ending March 31, 2020 (from October 1, 2019 to March 31, 2020) because these acquisitions will likely have only a marginal effect on the performance.

For revisions to the forecast for the fiscal period ending September 30, 2020 (from April 1, 2020 to September 30, 2020) and a newly released forecast for the fiscal period ending March 31, 2021 (from October 1, 2020 to March 31, 2021), please refer to the press release “Announcement of forecast revisions for the September 2020 period and forecast for the March 2021 period” announced today.

This is the English translation of the announcement in Japanese dated March 25, 2020.

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

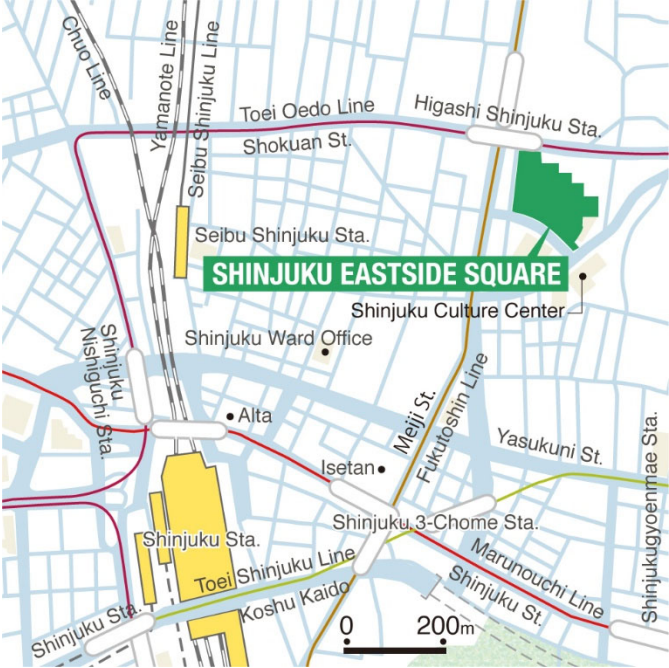
(Reference) map of Shinjuku Front Tower



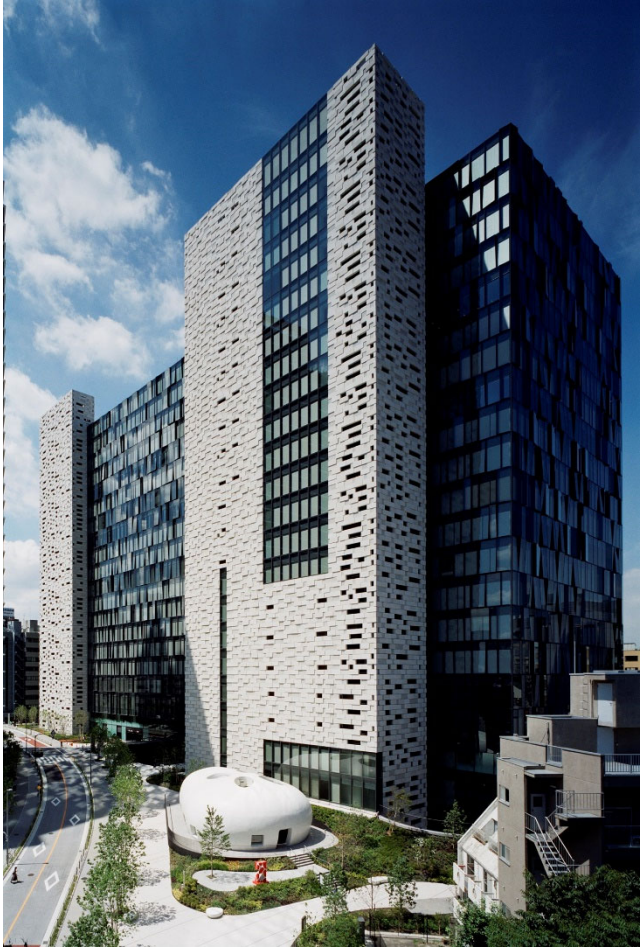
(Reference) Exterior of Shinjuku Front Tower



(Reference) map of Shinjuku Eastside Square

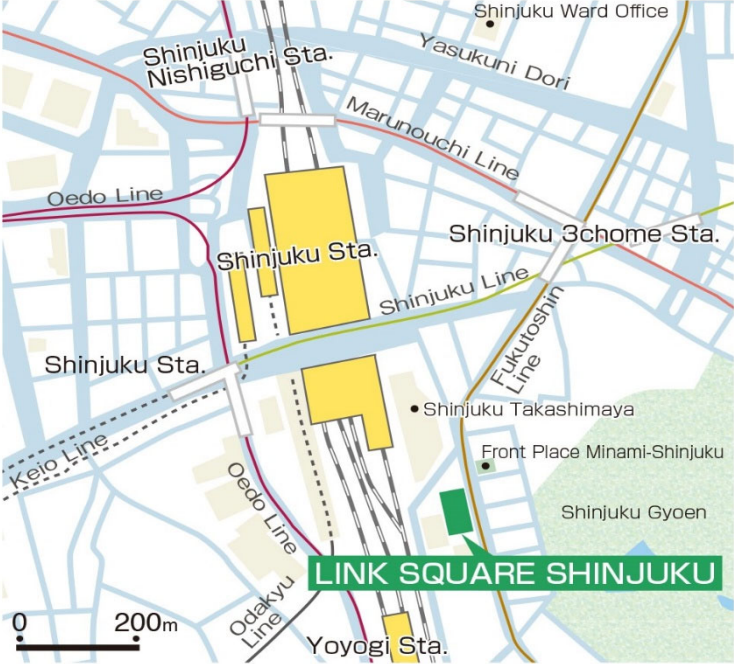


(Reference) Exterior of Shinjuku Eastside Square





(Reference) map of Link Square Shinjuku



(Reference) Exterior of Link Square Shinjuku

