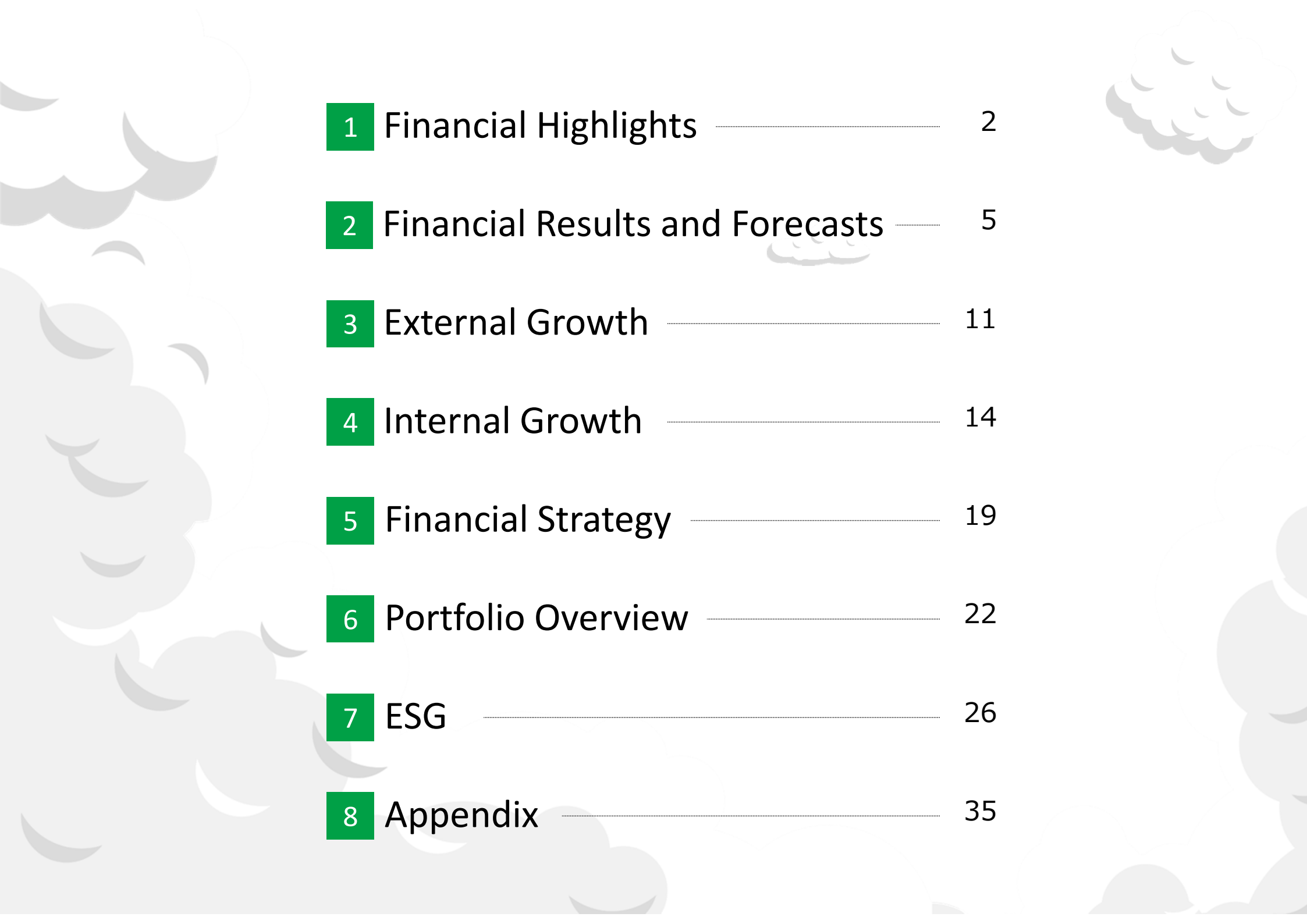


# JAPAN REAL ESTATE INVESTMENT CORPORATION

## Performance Review

for Fiscal Period Ended 31 March 2019





<b>1</b>	Financial Highlights	2
<b>2</b>	Financial Results and Forecasts	5
<b>3</b>	External Growth	11
<b>4</b>	Internal Growth	14
<b>5</b>	Financial Strategy	19
<b>6</b>	Portfolio Overview	22
<b>7</b>	ESG	26
<b>8</b>	Appendix	35



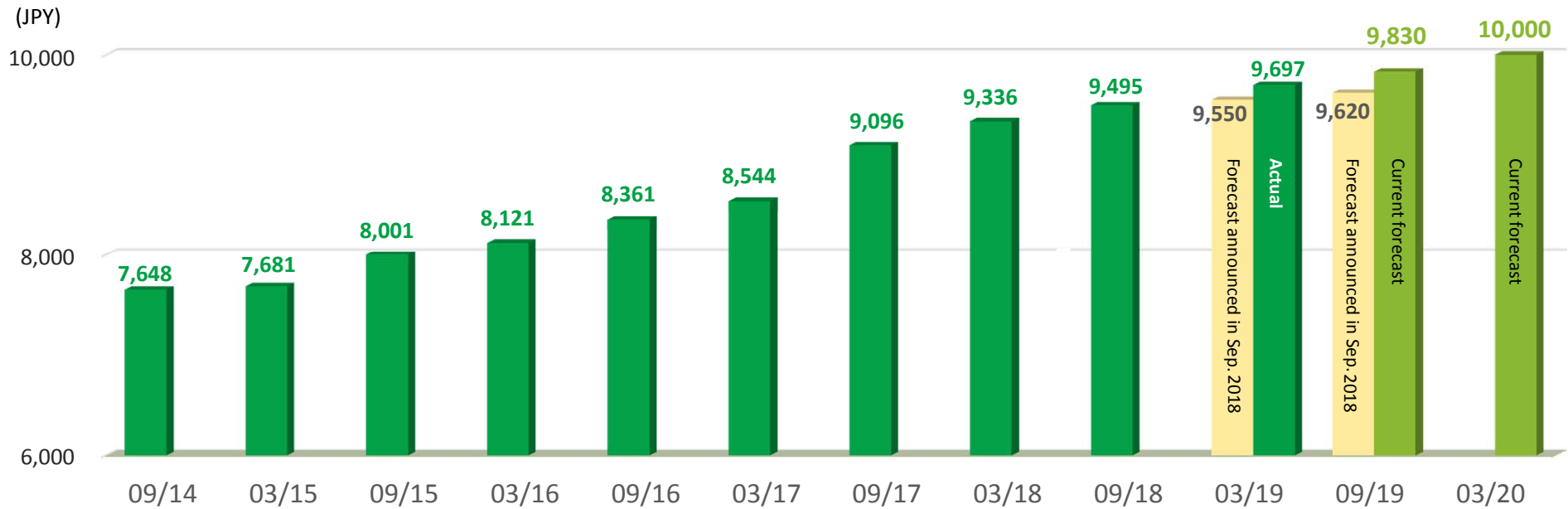
# 1 Financial Highlights



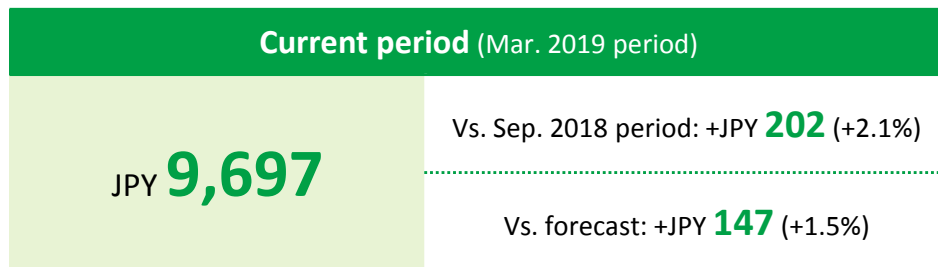
DPU continues to go up.

## Trends of DPU

▶ DPU has been rising consistently for the 10th consecutive periods.



## DPU Change



# Operating Highlights

Achieved external growth based on the steady internal growth.

## External Growth

### Acquired Properties

Acquired  
2 properties

Front Place  
Minami-Shinjuku

JPY **9,250** million



Daido Seimei  
Niigata Building

JPY **1,770** million



## Internal Growth

- ▶ Net rent revision has been positive for eight consecutive periods

Tenant Turnover

+JPY 28 million  
per month

Rent Revision

+JPY 19 million  
per month

Occupancy Rate  
at the end of  
Mar. 2019

99.5%  
(+0.3pt vs. Sep. 2018 period)

## Financial Strategy

- ▶ Maintaining sound financial position

LTV	▶ 40.5% (+0.3pt vs. Sep. 2018 period)
Average interest rate	▶ 0.55% (-0.01pt vs. Sep. 2018 period)
Average maturity	▶ 4.14 years (-0.1 years vs. Sep. 2018 period)
Long-term fixed debt ratio	▶ 92.2% (+3.5pt vs. Sep. 2018 period)

2

## Financial Results and Forecasts



# Financial Results for Mar. 2019 period

(In millions of JPY)

Item	Sep. 2018 period Actual	Mar. 2019 period Actual	Change	Forecast announced in Sep. 2018 period.	Change
<b>Operating Revenues</b>	33,066	33,022	(44)	32,830	+192
Property-related revenues	32,795	33,022	+226	32,830	+192
Gain on sales of real estate properties	270	0	(270)	0	0
<b>Operating Expenses</b>	18,487	18,473	(13)	18,470	+3
Property-related expenses (*1)	10,393	10,419	+25	10,440	(20)
Depreciation	6,449	6,400	(48)	6,370	+30
Administrative expenses	1,644	1,654	+9	1,660	(5)
(Asset management fee)	1,294	1,296	+2	1,270	+26
NOI (*2)	22,401	22,603	+201	22,390	+213
Property-related profits and losses (*2)	15,952	16,202	+250	16,010	+192
<b>Operating Profit</b>	14,578	14,548	(30)	14,350	+198
Non-operating income	13	5	(7)	0	+5
Non-operating expenses	1,243	1,112	(130)	1,110	+2
(Interest expenses)	1,130	1,068	(62)	1,070	(1)
<b>Ordinary Profit</b>	13,348	13,441	+92	13,240	+201
<b>Profit</b>	13,273	13,431	+157	13,230	+201
Reserve, etc.	120	(1)	(122)	0	(1)
Total dividends	13,152	13,432	+279	13,230	+202
Units outstanding	1,385,210 units	1,385,210 units	0 units	1,385,210 units	0 units
<b>DPU</b>	JPY 9,495	JPY 9,697	+JPY 202	JPY 9,550	+JPY 147
NAV per unit	JPY 535,087	JPY 544,768	+JPY 9,681		
Occupancy rate at period-end	99.2%	99.5%	+0.3%	99.3%	+0.2%

## Reasons for change

(In millions of JPY)

Operating revenues	
● Acquired / disposed properties	+103
● Existing properties	+122
● Gain on sale	(270)
(Contribution to dividends is (81)M because part of the gain has been reserved)	
Operating expenses	
● Acquired / disposed properties	+26
● Existing properties	(49)
Non-operating expenses	
● Interest expenses	(62)
● Public offering expenses	(61)

## Reasons for change vs. forecasts

(In millions of JPY)

Operating revenues	
● Acquired properties	+86
● Existing properties	+105
Operating expenses	
● Acquired properties	+31
● Existing properties	(21)

\*1 Excluding depreciation \*2 Excluding gain on sales of real estate properties



# Financial Forecasts for Sep. 2019 period and Mar. 2020 period

(In millions of JPY)

Item	Mar. 2019 period Actual	Sep. 2019 period Forecasts	Change	Mar. 2020 period Forecasts	Change
<b>Operating Revenues</b>	33,022	33,680	+657	33,680	0
Property-related revenues	33,022	33,680	+657	33,680	0
Gain on sales of real estate properties	0	0	0	0	0
<b>Operating Expenses</b>	18,473	18,940	+466	18,770	(170)
Property-related expenses (*1)	10,419	10,840	+420	10,700	(140)
Depreciation	6,400	6,430	+29	6,380	(50)
Administrative expenses	1,654	1,670	+15	1,680	+10
(Asset management fee)	1,296	1,300	+3	1,310	+10
NOI (*2)	22,603	22,840	+236	22,980	+140
Property-related profits and losses (*2)	16,202	16,410	+207	16,590	+180
<b>Operating Profit</b>	14,548	14,740	+191	14,900	+160
Non-operating income	5	10	+4	0	(10)
Non-operating expenses	1,112	1,120	+7	1,040	(80)
(Interest expenses)	1,068	1,070	+1	1,000	(70)
<b>Ordinary Profit</b>	13,441	13,630	+188	13,860	+230
<b>Profit</b>	13,431	13,620	+188	13,850	+230
Reserve, etc.	(1)	0	+1	0	0
Total dividends	13,432	13,620	+187	13,850	+230
Units outstanding	1,385,210 units	1,385,210 units	0 units	1,385,210 units	0 units
<b>DPU</b>	JPY 9,697	JPY 9,830	+JPY 133	JPY 10,000	+JPY 170
NAV per unit	JPY 544,768				
Occupancy rate at period-end	99.5%	99.0%	(0.5)%		

## Reasons for change during Sep. 2019 period (In millions of JPY)

Operating revenues	
● Acquired properties	+183
● Existing properties	+474
Operating expenses	
● Acquired properties	+88
● Existing properties	+351
-Land and building taxes on properties acquired in 2018	+137
-Land and building taxes on existing properties	+81

## Reasons for change during Mar. 2020 period (In millions of JPY)

Operating revenues	
● Existing properties	0
Operating expenses	
● Existing properties	(190)
Non-operating expenses	
● Interest expenses	(70)

\*1 Excluding depreciation \*2 Excluding gain on sales of real estate properties



# Balance Sheets as of 31 Mar. 2019

	As of 30 Sep. 2018	As of 31 Mar. 2019	Change
<b>Assets</b>			
<b>I Current assets</b>			
Cash and deposits	24,567	24,382	(184)
Other current assets	737	734	(2)
<b>Total current assets</b>	<b>25,304</b>	<b>25,117</b>	<b>(187)</b>
<b>II Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings (including those held in trust)	352,700	357,380	4,679
Structures (including those held in trust)	3,970	3,984	13
Machinery and equipment (including those held in trust)	4,807	4,954	147
Land (including those held in trust)	680,452	689,157	8,705
Accumulated depreciation	(120,986)	(127,367)	(6,381)
<b>Total property, plant and equipment</b>	<b>920,944</b>	<b>928,109</b>	<b>7,164</b>
<b>Intangible assets</b>			
Leasehold rights, etc. (including those held in trust)	6,972	6,955	(17)
<b>Total intangible assets</b>	<b>6,972</b>	<b>6,955</b>	<b>(17)</b>
<b>Investments and other assets</b>			
Investment securities	577	577	0
Long-term prepaid expenses, etc.	2,804	2,830	26
<b>Total investments and other assets</b>	<b>3,381</b>	<b>3,408</b>	<b>26</b>
<b>Total non-current assets</b>	<b>931,299</b>	<b>938,473</b>	<b>7,173</b>
<b>III Deferred assets</b>			
Investment corporation bond issuance costs	41	85	43
<b>Total deferred assets</b>	<b>41</b>	<b>85</b>	<b>43</b>
<b>Total assets</b>	<b>956,645</b>	<b>963,676</b>	<b>7,030</b>

(In millions of JPY)

	As of 30 Sep. 2018	As of 31 Mar. 2019	Change
<b>Liabilities</b>			
<b>I Current liabilities</b>			
Short-term loans payable	21,500	8,500	(13,000)
Current portion of long-term loans payable	25,000	49,000	24,000
Advances received	3,200	3,338	138
Other current liabilities	4,486	4,589	103
<b>Total current liabilities</b>	<b>54,186</b>	<b>65,428</b>	<b>11,241</b>
<b>II Non-current liabilities</b>			
Investment corporation bonds	22,993	32,993	10,000
Long-term loans payable	315,000	299,500	(15,500)
Deposits received from tenants	52,853	53,863	1,010
Other non-current liabilities	634	634	0
<b>Total non-current liabilities</b>	<b>391,481</b>	<b>386,991</b>	<b>(4,489)</b>
<b>Total liabilities</b>	<b>445,667</b>	<b>452,419</b>	<b>6,752</b>
<b>Net assets</b>			
Unitholders' capital	497,241	497,241	0
Voluntary retained earnings	429	550	120
Voluntary retained earnings	13,307	13,465	157
<b>Total net assets</b>	<b>510,978</b>	<b>511,256</b>	<b>278</b>
<b>Total liabilities and net assets</b>	<b>956,645</b>	<b>963,676</b>	<b>7,030</b>

(Note)

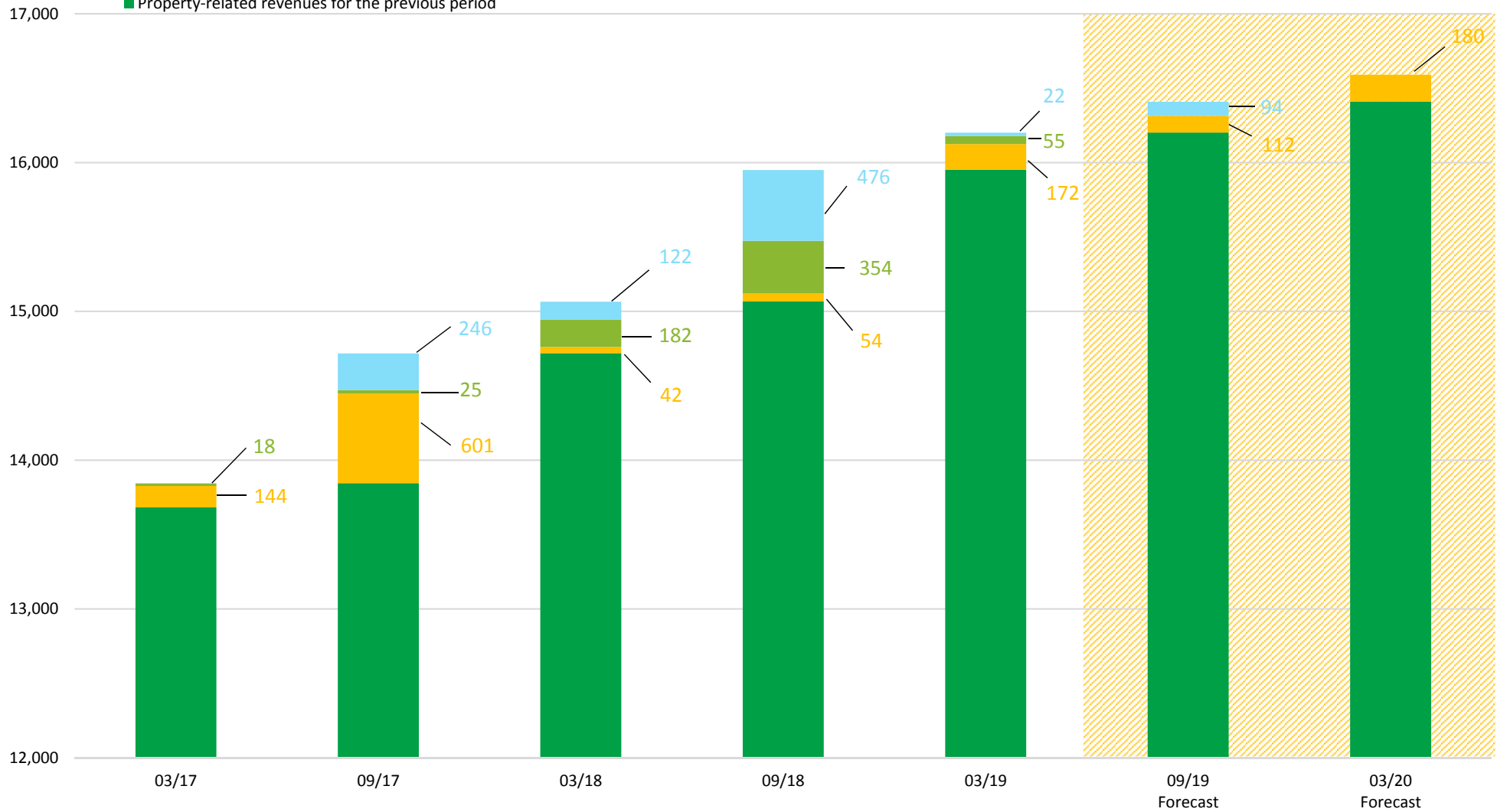
The balance of the internal reserves including reserve for reduction entry: JPY 873 million

# Property-related Revenues and Property-related Profits and Losses

## Property-related Profits and Losses

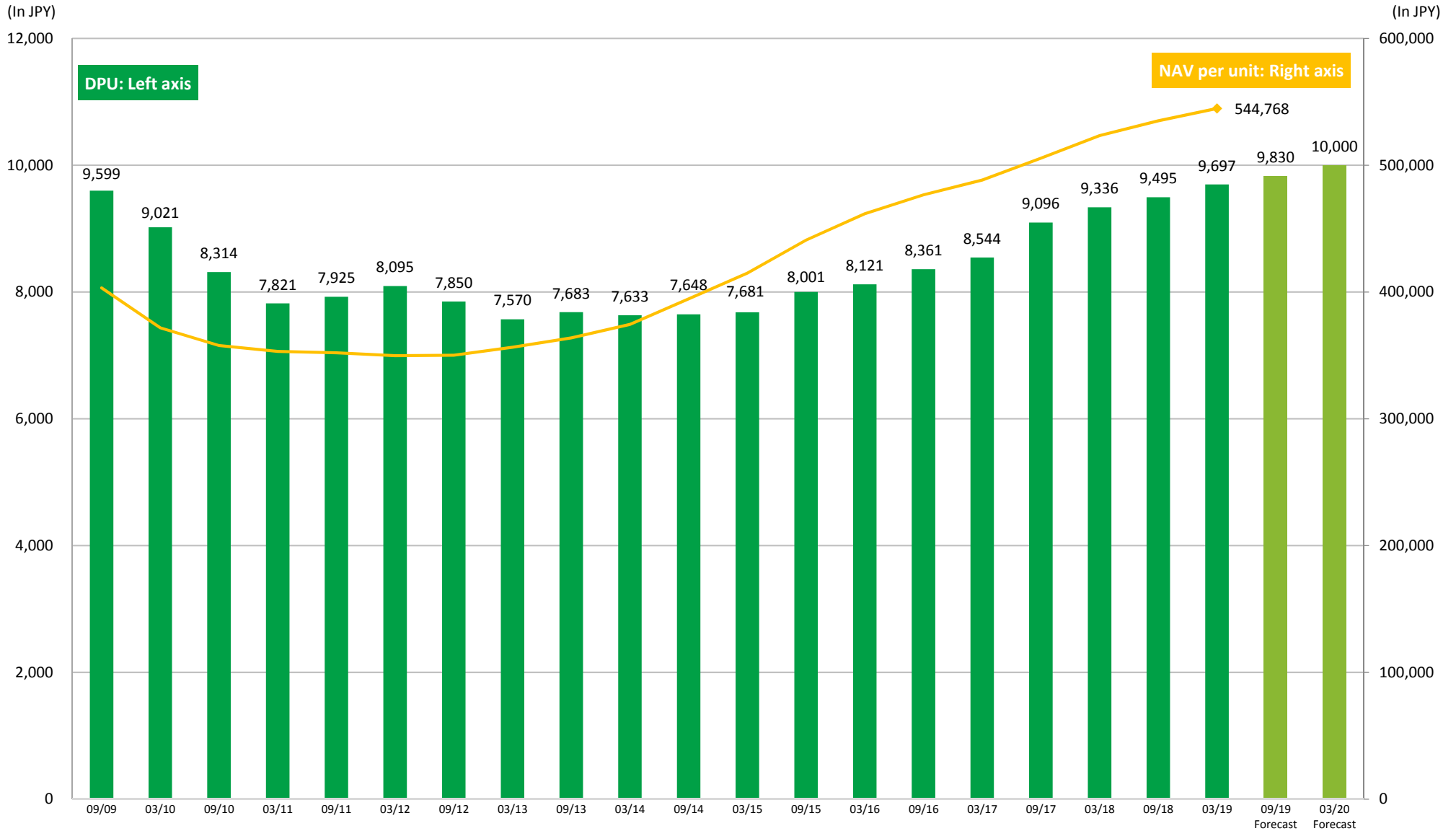
(In millions of JPY)

- External growth (Change due to the full term operation of the properties acquired / disposed during the previous period, etc.)
- External growth (Change due to the properties acquired / disposed during the period)
- Internal growth (Change due to the existing properties)
- Property-related revenues for the previous period



# DPU and NAV per unit

## Steady Growth in DPU and NAV per unit



# 3 External Growth





# Acquired Property

Acquired a relatively new and environmentally-friendly property that is extremely close to Shinjuku Station from our sponsor.

## Front Place Minami-Shinjuku



### Transaction summary

#### Seller

TMK invested by Mitsubishi Estate Co., Ltd.

#### Acquisition price

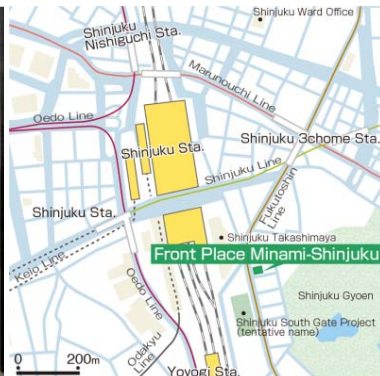
JPY 9,250 million

#### Acquisition date

23 January 2019

### Property summary

Location	Sendagaya, Shibuya-ku, Tokyo	
Area	<Land>	1,040m <sup>2</sup>
	<Building>	5,982m <sup>2</sup>
Completion	September 2015	
Share of ownership of the building	100.0%	
Leasable office space	4,095m <sup>2</sup>	
Occupancy rate	100.0%	
Estimated NOI	JPY 311 million	
NOI yield	3.4%	



# Acquired Property

Acquired a competitive property located in the main business district in Niigata city by negotiating transaction with the sponsor.

## Daido Seimei Niigata Building



### Transaction summary

#### Seller

Domestic business corporation

#### Acquisition price

JPY 1,770 million

#### Acquisition date

1 March 2019



### Property summary

Location	Chuo-ku, Niigata city	
Area	<Land>	875m <sup>2</sup>
	<Building>	5,327m <sup>2</sup>
Completion	October 1998	
Share of ownership of the building	100.0%	
Leasable office space	3,928m <sup>2</sup>	
Occupancy rate	94.7%	
Estimated NOI	JPY 101 million	
NOI yield	5.7%	

# 4 Internal Growth

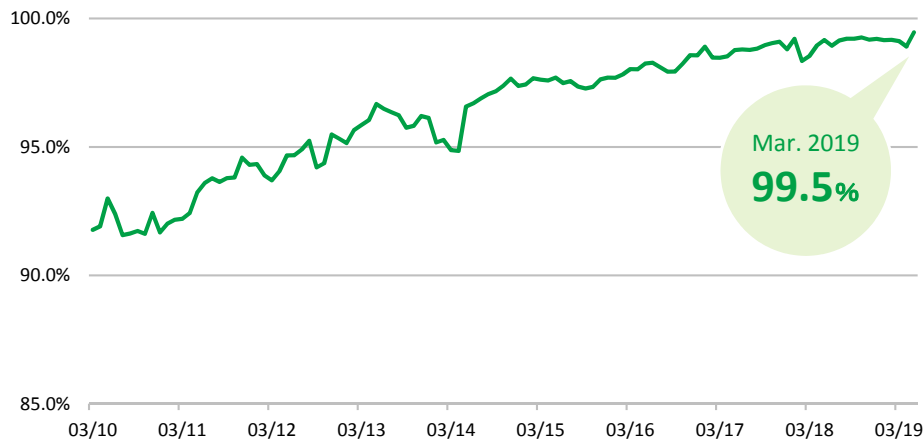


# Trends in Occupancy Rates and Turnover Rates

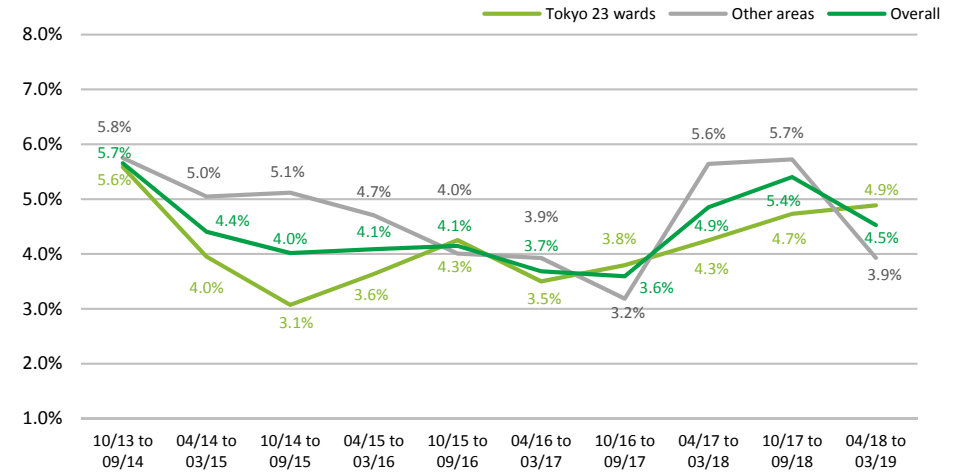
A certain amount of tenant replacement contributed to increase unit rents.

## Portfolio Occupancy Rate

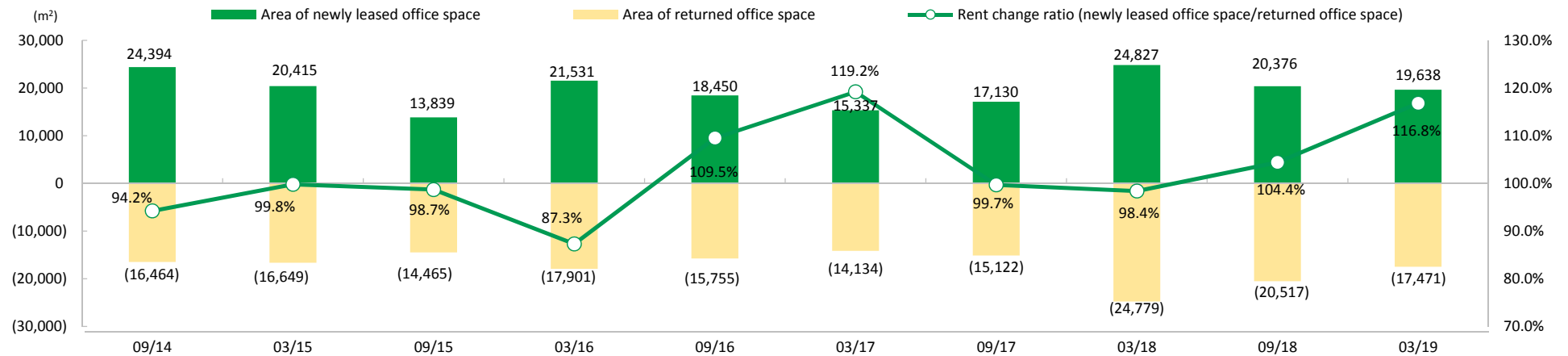
As in the previous period, occupancy rates at period-end were the highest since IPO in 2001.



## Ratio of Tenant Turnover



## Trends in Area of Newly Leased & Returned Office Space and Rent Change Ratio

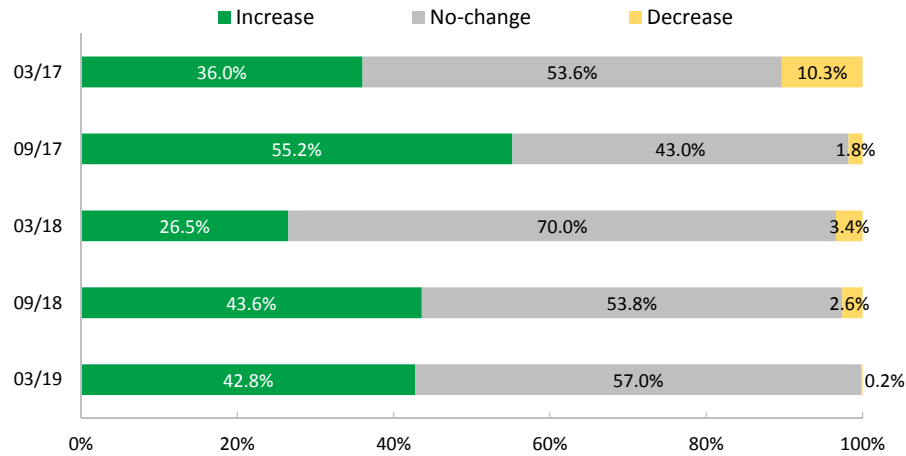




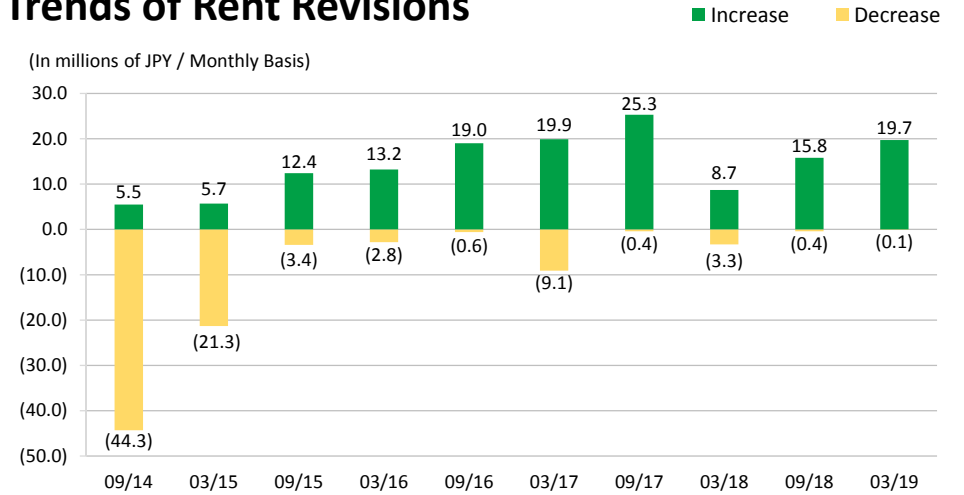
# Overview of Rent Revisions

Achieved rent increase that exceeded the previous period's.

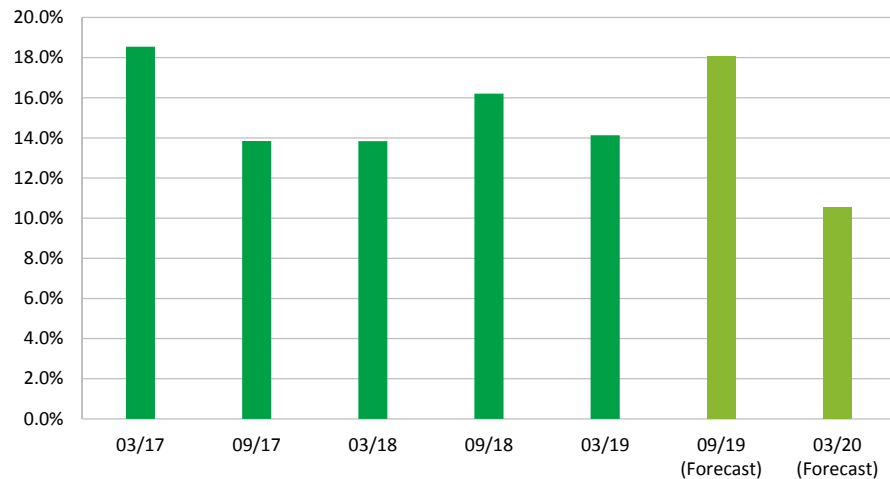
## Changes in Rent upon Rent Revisions (Monthly Rent Basis)



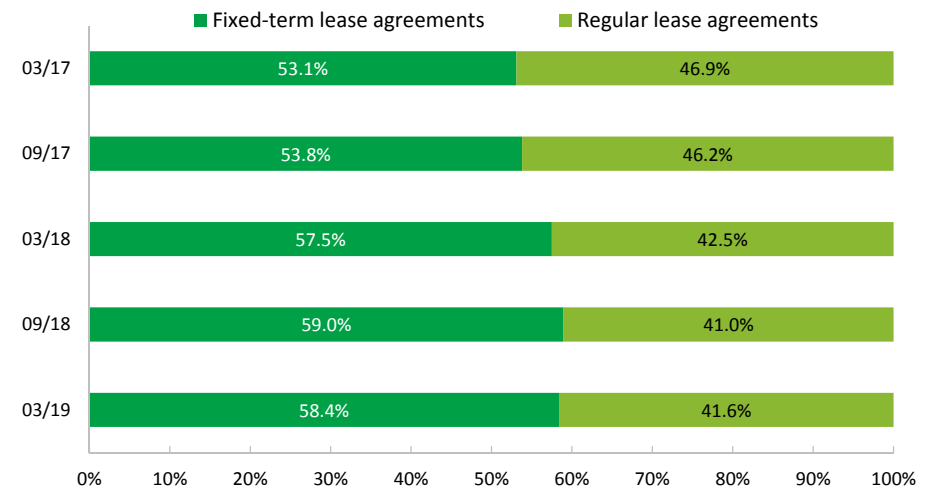
## Trends of Rent Revisions



## Percentages of Contracts Subject to Rent Revision (Monthly Rent Basis)



## Breakdown of Lease Types (Monthly Rent Basis)

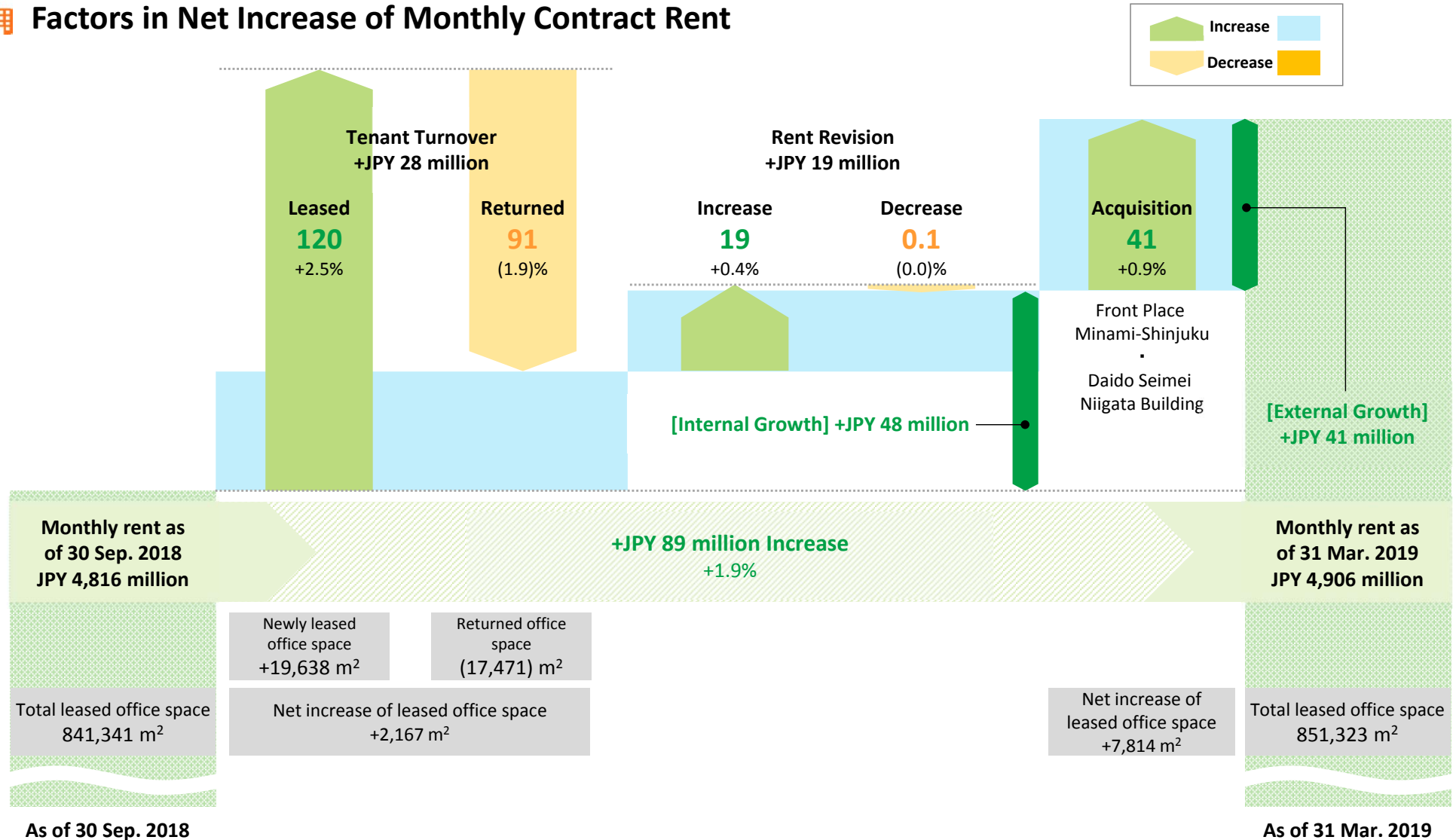


# Net Increase of Monthly Contract Rent

Thanks to the strong demands, achieved steady internal growth through tenant replacements and upward rent revisions.

## Factors in Net Increase of Monthly Contract Rent

(In millions of JPY)



\*Data for residential portions are excluded.

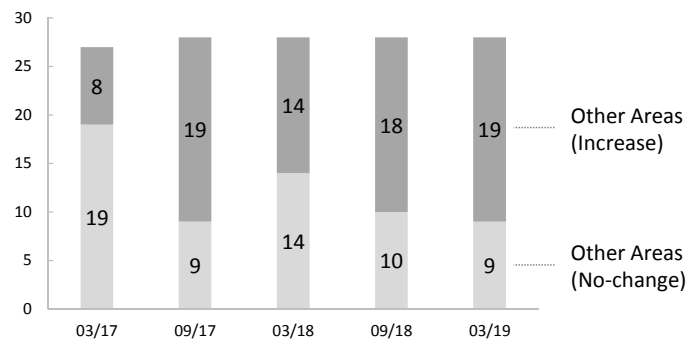
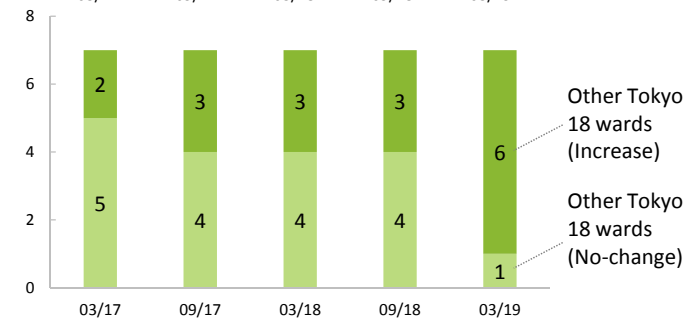
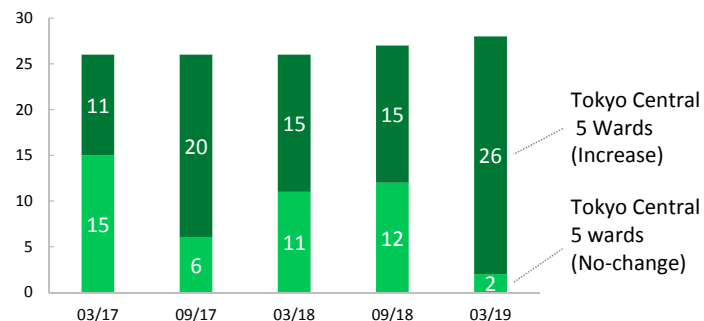
# Trends in Market Rent and Rent Gap

Rent gap favourably widened by increase in market rent.

## Market Rent of the Portfolio

Increases in 51 out of 63 properties

(Properties)



## Rent Gap

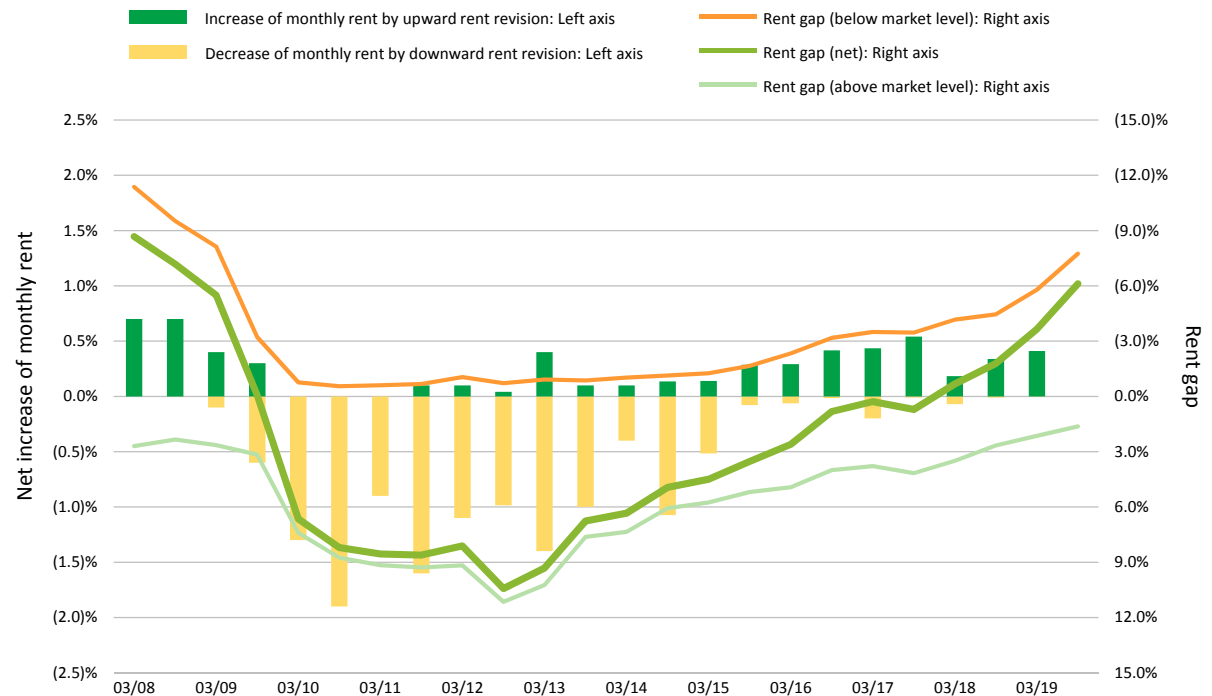
Rent gap favourably widened by increase in market rent

Rent Gap

JPY (300) million

Gap ratio **(6.1)%** (Below market level)

## Trends of Rent Gap



\*Excluding lease agreements in which revenues are fixed more than 1 year from the beginning of each period under fixed-term lease agreement.

# 5 Financial Strategy

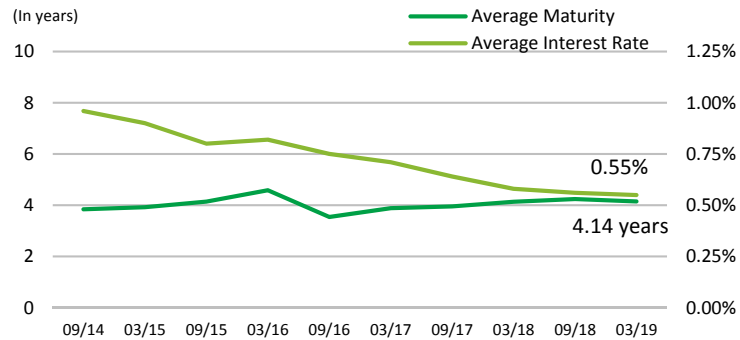




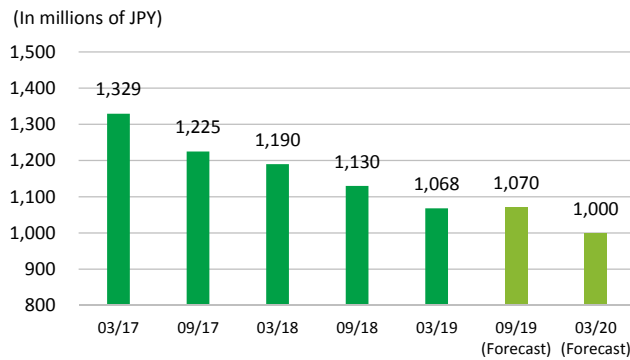
# Summary of Debts (1)

Under the low interest rate environment, kept reducing interest costs through refinancing.

## Average Interest Rate and Maturity



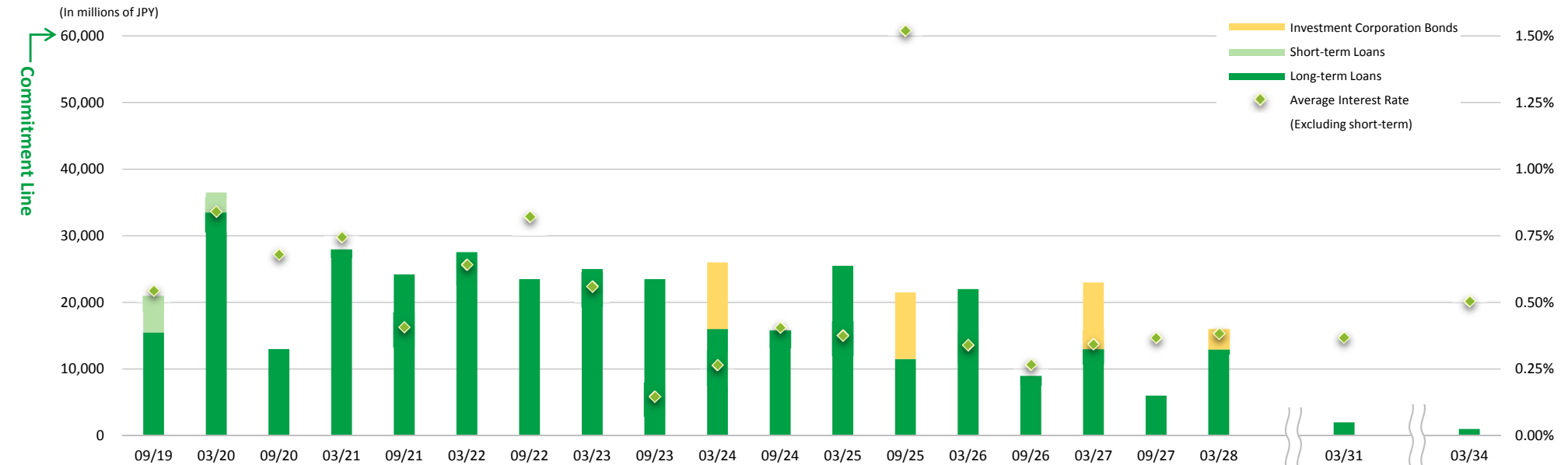
## Interest Expense



## Borrowings

Lender	Start of loan period	Amount of loan	Interest rate	Borrowing period
The Norinchukin Bank	23 January 2019	JPY 4,000 million	0.1988%	7.5 years
Shinkin Central Bank	23 January 2019	JPY 5,000 million	0.2213%	8 years
The Yamanashi Chuo Bank, Ltd.	26 March 2019	JPY 2,000 million	0.3688%	12 years
SUMITOMO LIFE INSURANCE COMPANY	26 March 2019	JPY 1,000 million	0.505%	15 years

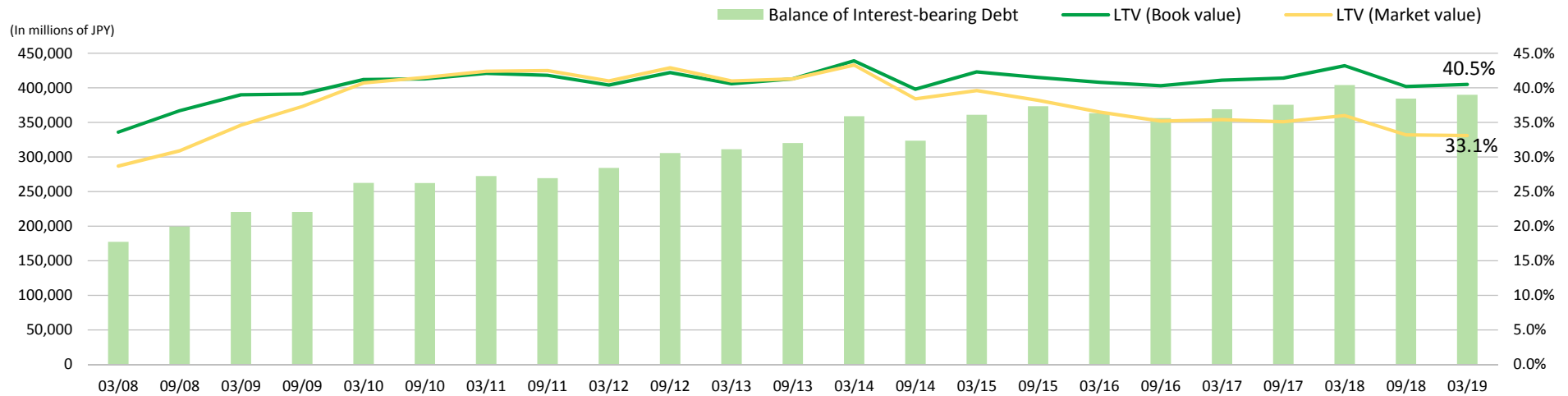
## Diversification of Repayment Dates



# Summary of Debts (2)

Maintaining sound financial position.

## Balance of Interest-bearing Debt and LTV



## Breakdown of Debts

	EOB (In millions of JPY)	%
Short-term loans	8,500	2.2%
Long-term loans (Variable interest)	22,000	5.6%
Long-term loans (Fixed interest)	326,500	83.7%
Investment corporation bonds	32,993	8.5%

Ratio of long-term loans: 97.8%

Ratio of loans with fixed interest rate: 92.2%

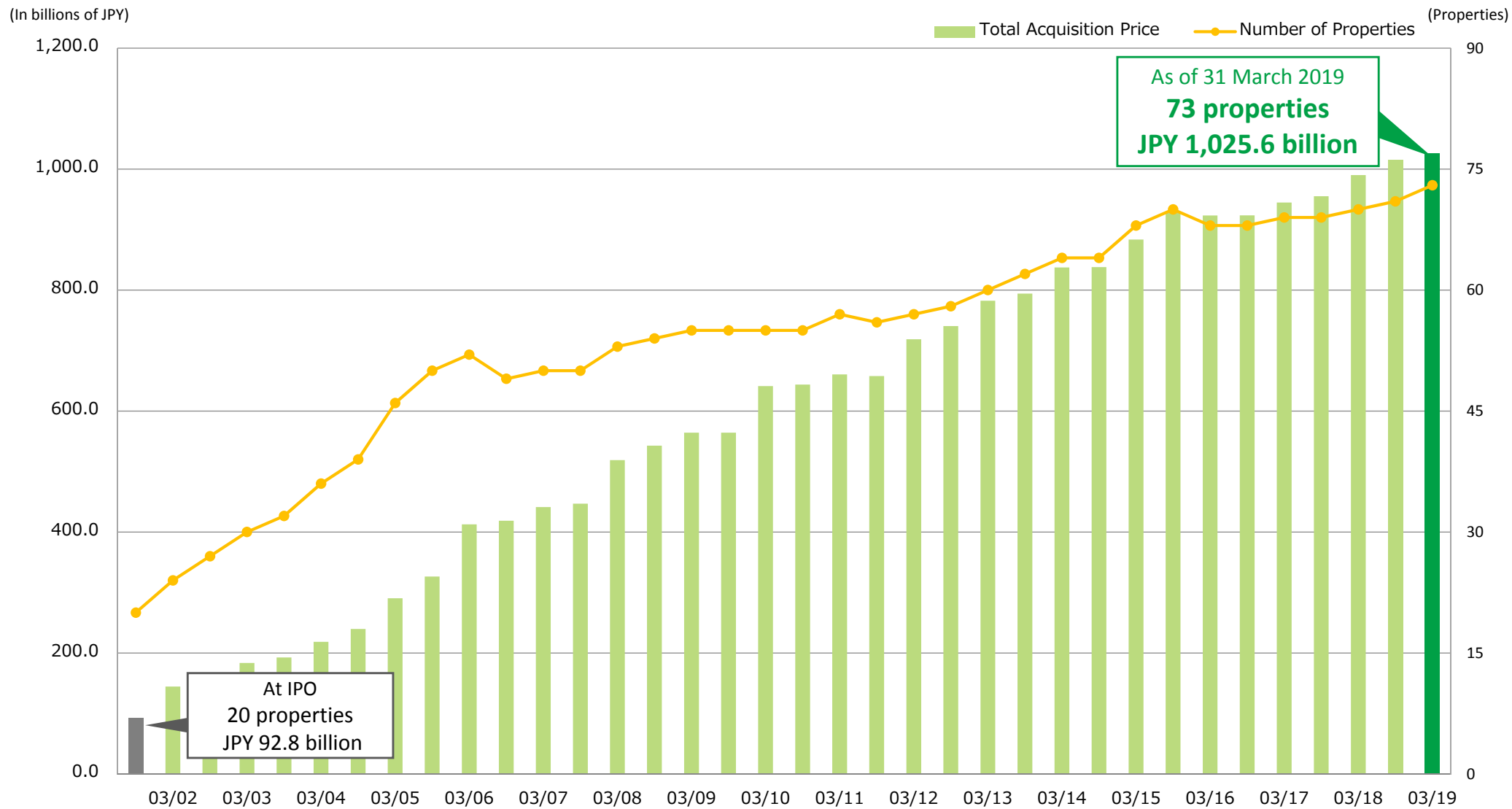
## JRE's Credit Ratings

	Rating	Outlook
S&P	A+	Stable
Moody's	A1	Stable
R&I	AA	Stable

# 6 Portfolio Overview

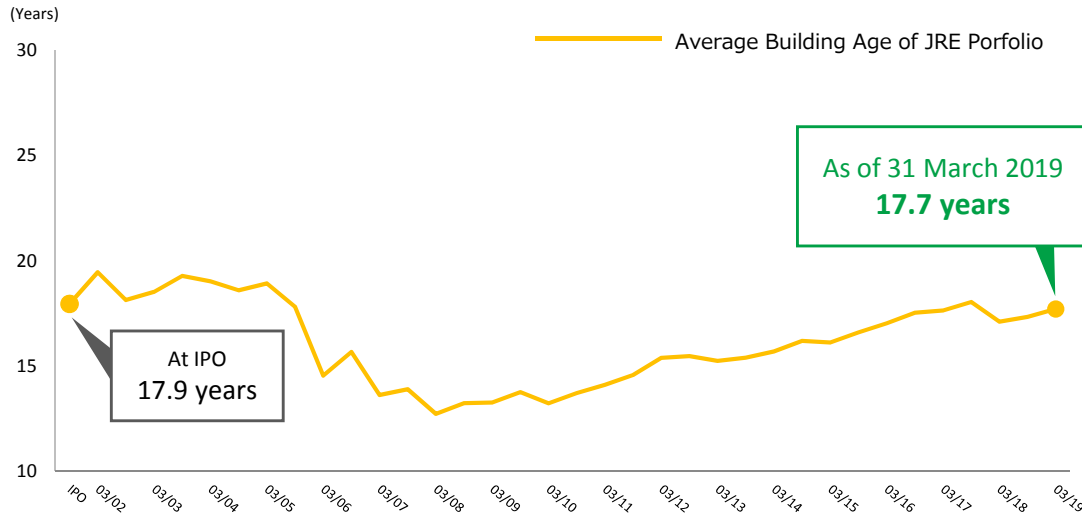


# Historical Asset Size

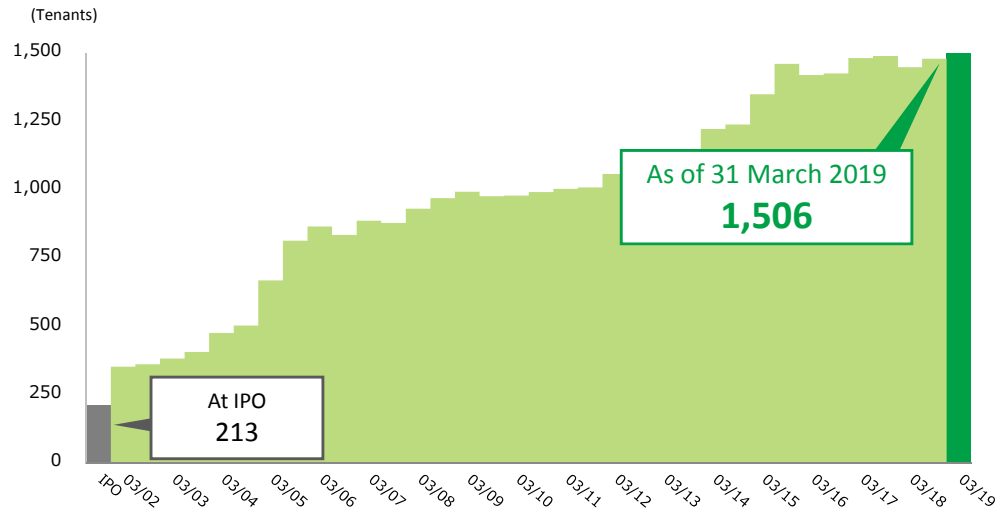


# Building Age and Diversification

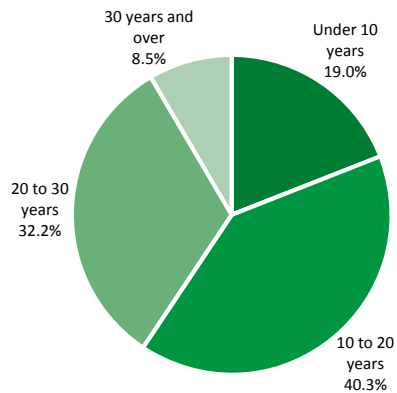
## Trends of Building Age



## Number of Tenants

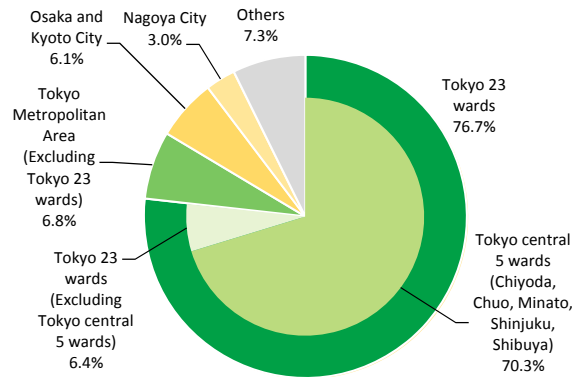


## Building Age



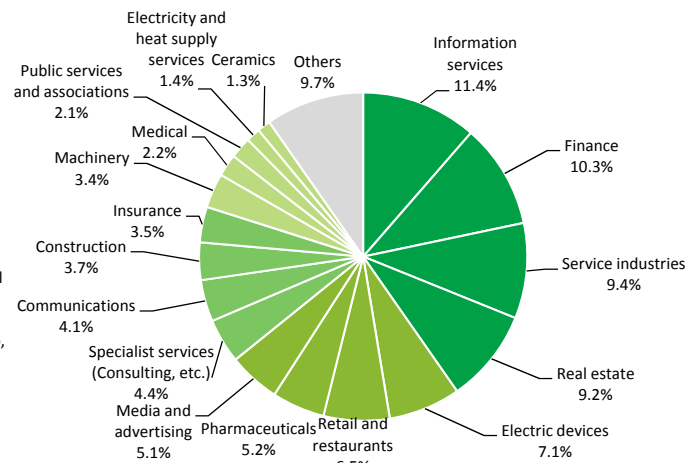
\* Acquisition price basis

## Geographic Diversification



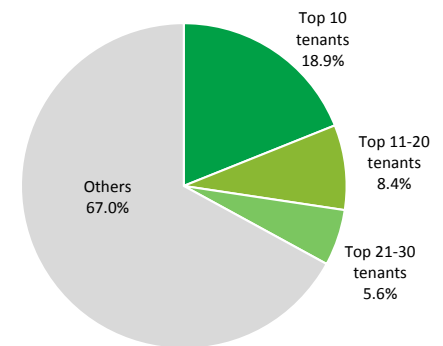
\* Acquisition price basis  
\* Tokyo metropolitan area represents Tokyo, Saitama, Chiba and Kanagawa prefectures.

## Tenant Diversification



\* Office space leased basis

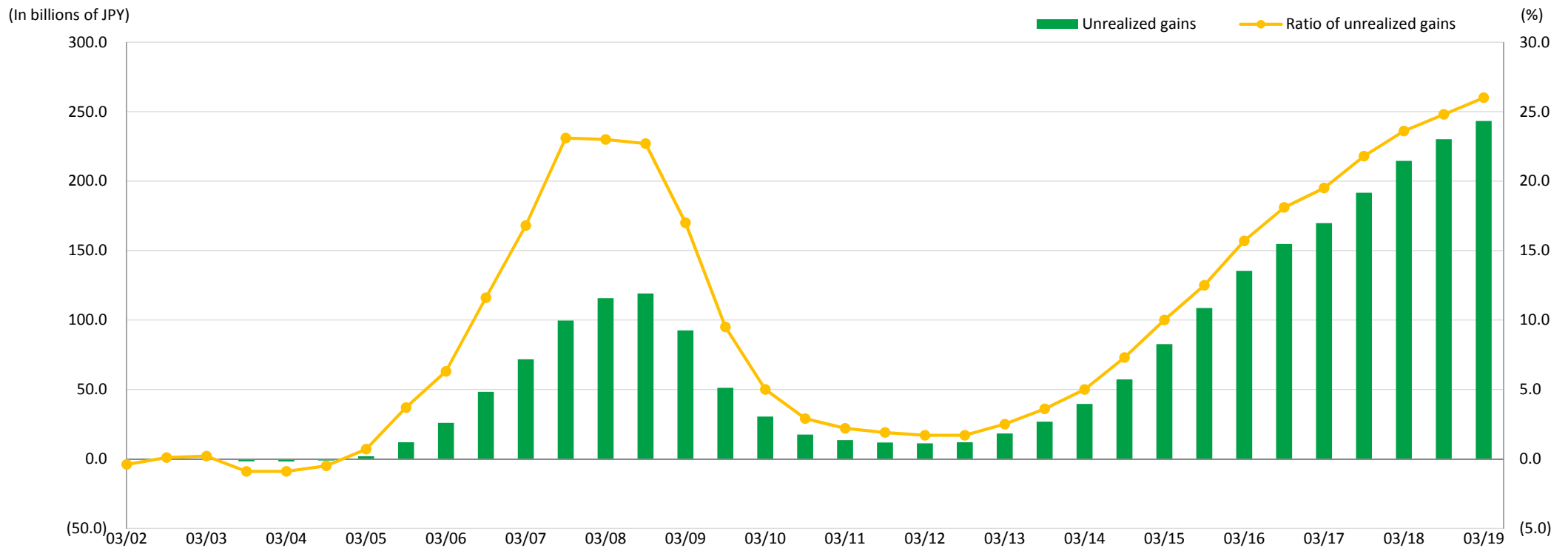
## Percentage of Major Tenants



\* Office space leased basis



# Trends of Unrealized Gain or Loss



## Recent Appraisal Values, Unrealized Gains, and Ratio of Unrealized Gains for Period-end

	Sep. 2018	Mar. 2019	Change
Appraisal value	JPY 1,158.1 billion	JPY 1,178.4billion	+JPY 20.3 billion
Unrealized gain	JPY 230.2 billion	JPY 243.3billion	+JPY 13.1billion
Ratio of unrealized gain	24.8%	26.0%	+1.2pt

**7** ESG



# Basic Policy and Management Structure of ESG

JRE further promotes ESG initiatives to enhance our unitholder value and asset value.

## Sustainability Policy

### 1 Contribution to creating a low-carbon society

In order to contribute to creating a low-carbon society, we will proactively promote efficient use of energy, mainly by improving operation systems and introducing appropriate facilities to increase energy conservation.

### 2 Contribution to creating a recycling-oriented society

In order to contribute to creating a recycling-oriented society, we will promote efficient use of water resources as well as implementing Reduce, Reuse and Recycling initiatives.

### 3 Contribution to creating a society in harmony with nature

In order to contribute to creating a society in harmony with nature, we will support efforts aimed at living harmoniously with the natural environment through planting initiatives conducive to biodiversity conservation.

### 4 Enhancement of safety and security

As part of disaster prevention and response initiatives, we will organize emergency drills based on public-private partnerships, and develop business continuity plans.

### 5 Initiatives aimed at officers and employees

We will provide education and training programs for officers and employees to raise environmental awareness and build capacity, as well as support a diverse human workforce and flexible work styles to meet individual lifestyles.

### 6 Collaboration with external stakeholders

We will collaborate with property management companies and other suppliers to work together to increase tenant satisfaction and build harmonious relationships with local communities.

### 7 Information disclosure and obtaining environmental certifications

We will endeavor to disclose ESG (Environment, Society and Governance)-related information to our investors and various other stakeholders. Also, we will work to obtain environmental certifications and ratings, including the Green Building certification, on a continuous basis.

## Sustainability Committee

- ▶ Japan Real Estate Asset Management Co., Ltd. (JRE-AM) convenes its Sustainability Committee with a view to implementing the Sustainability Policy in order to improve sustainability and maximize its unitholder value.

### Members of the committee

- President & CEO (Chief Sustainability Officer)
- Head of ESG Office, Planning Department (Sustainability Officer)
- General Managers of other departments and those practically in charge of sustainability at each department

### Reporting details, meeting frequency and examination process

- Examines and reports on various initiatives taken based on the Sustainability Policy
- Meets four times a year in principle
- Matters examined by the Sustainability Committee are reported to JRE's Board of Directors once a year

# International Initiatives

## Signatory to International Initiatives

### United Nation's Principles for Responsible Investment (PRI)

Signatory of:



Became signatory in August 2018

### United Nations Environment Programme Finance Initiative (UNEP FI)



Became signatory in August 2018

### United Nations Global Compact (UNGC)



Became Signatory in April 2018\*

\*Mitsubishi Estate Co., Ltd., JRE-AM's parent company became a signatory of the UNGC. Accordingly, JRE-AM has participated in this initiative as a member of Mitsubishi Estate Group.

## ESG Information Disclosure Framework / GRI Content Index

- ▶ We disclose ESG-related information on our website in reference to GRI (Global Reporting Initiatives) Standards. Also we update materials for financial results on our website in a timely manner.



# External Evaluation and Certifications (1)

## Commitment to GRESB

- ▶ Received Green Star and 5 Stars, the highest evaluation for the GRESB Real Estate Assessment

GRESB Rating	➤	5 Stars (Highest rating)
GRESB Public Disclosure	➤	A (Highest rating)
GRESB Membership	➤	Benchmark Committee Member



## Participation in the CDP's Climate Change Program

- ▶ Received the "B" in the 2018 Carbon Disclosure Project (CDP) Climate Change Program





# External Evaluation and Certifications (2)

## DBJ Green Building Certification

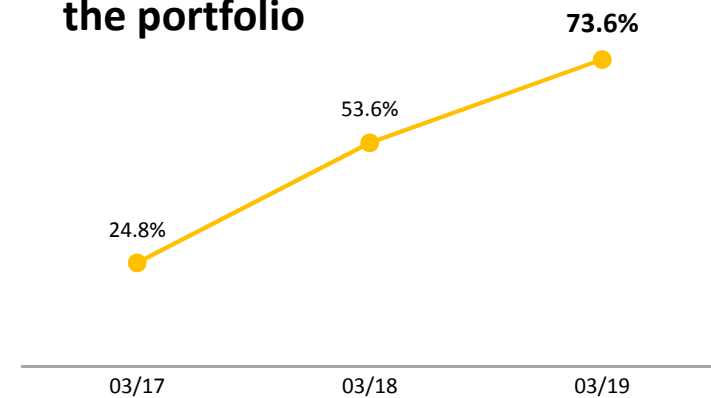


Evaluation	Property name					
★★★★★						
	<ul style="list-style-type: none"> <li>Otemachi Financial City North Tower</li> </ul>	<ul style="list-style-type: none"> <li>Mitsubishi UFJ Trust and Banking Building</li> </ul>	<ul style="list-style-type: none"> <li>Harumi Front</li> </ul>	<ul style="list-style-type: none"> <li>Shiodome Building</li> </ul>	<ul style="list-style-type: none"> <li>Shinjuku Eastside Square</li> </ul>	<ul style="list-style-type: none"> <li>Shinjuku Front Tower</li> </ul>
★★★★	<ul style="list-style-type: none"> <li>Kitanomaru Square</li> <li>Front Place Nihonbashi</li> <li>Harumi Center Building</li> <li>Akasaka Park Building</li> <li>Tamachi Front Building</li> </ul>	<ul style="list-style-type: none"> <li>Tokyo Opera City Building</li> <li>TIXTOWER UENO</li> <li>Osaki Front Tower</li> <li>MM Park Building</li> <li>Queen's Tower A</li> </ul>	<ul style="list-style-type: none"> <li>8·3 Square Kita Building</li> <li>Higashi Nibancho Square</li> <li>AER</li> <li>Kanazawa Park Building</li> <li>Nagoya Hirokoji Place</li> </ul>	<ul style="list-style-type: none"> <li>Nagoya Hirokoji Building</li> <li>Amagasaki Front Building</li> </ul>		
★★★	<ul style="list-style-type: none"> <li>Ginza 1Chome East Building</li> <li>Shiba 2Chome Daimon Building</li> </ul>	<ul style="list-style-type: none"> <li>Kanazawa Kamitsutsumicho Building</li> <li>Nishiki Park Building</li> </ul>	<ul style="list-style-type: none"> <li>Shijo Karasuma Center Building</li> <li>Shin-Fujita Building</li> </ul>	<ul style="list-style-type: none"> <li>Midosuji Daiwa Building</li> <li>NHK Hiroshima Broadcasting Center Building</li> </ul>		
★★	<ul style="list-style-type: none"> <li>Yoyogi 1Chome Building</li> </ul>	<ul style="list-style-type: none"> <li>Umeda Square Building</li> </ul>				

## BELS Certification

Evaluation	Property name	
★★★	<ul style="list-style-type: none"> <li>Front Place Nihonbashi</li> </ul>	<ul style="list-style-type: none"> <li>Amagasaki Front Building</li> </ul>
★★	<ul style="list-style-type: none"> <li>Kitanomaru Square</li> <li>Harumi Front</li> </ul>	<ul style="list-style-type: none"> <li>Harumi Center Building</li> <li>Shijo Karasuma Center Building</li> </ul>
★	<ul style="list-style-type: none"> <li>Ginza 1Chome East Building</li> <li>Tamachi Front Building</li> <li>TIXTOWER UENO</li> <li>Osaki Front Tower</li> </ul>	<ul style="list-style-type: none"> <li>8·3 Square Kita Building</li> <li>Higashi Nibancho Square</li> <li>Kanazawa Kamitsutsumicho Building</li> <li>Nagoya Hirokoji Place</li> </ul>

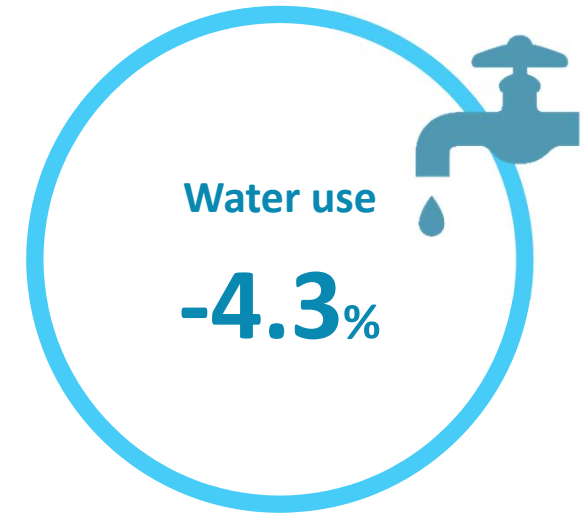
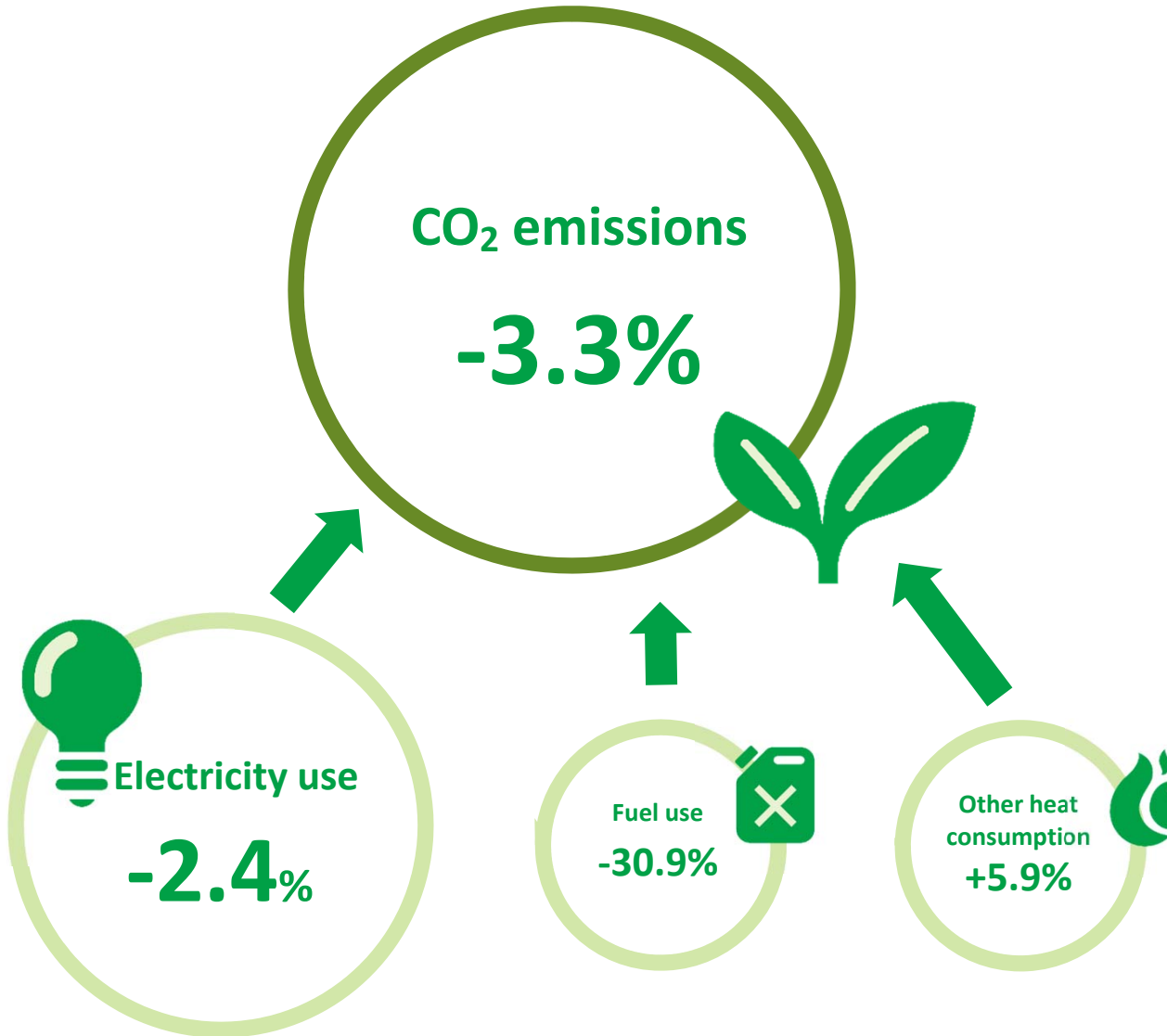
## Green Building-certified Properties in the portfolio



\* Acquisition price basis

# Environmental Measures

## Energy Performance Results (% change based on intensity)



\* Intensity: FY2018 vs. FY2013 (baseline year)  
\* The figures are preliminary. The figures will be given assurance by a third party organization (Ernst & Yong ShinNihon LLC) by the end of June, 2019.

## Improving Tenant Satisfaction

- ▶ JRE regularly conducts tenant satisfaction surveys aiming to improve operation and management of the buildings. In addition, JRE has been proactively implementing measures for the safety and health of tenants.

For Ginza Sanwa Building, JRE conducted a tenant satisfaction survey to check their level of satisfaction with the building and its operation. Based on the results, we renovated the common areas including the entrance hall.



- Formulation of the earthquake damage identification criteria
- Introduction of an earthquake damage identification system/tool
- Establishment of a system to check and share information about the damage caused by earthquakes
- Establishment of the guidelines on evacuation judgment
- Establishment of the guidelines on actions to be taken for stranded commuters in the event of disaster
- Organization of a disaster control council and implementation of disaster control and firefighting drills
- Implementation of indoor air quality measurement and pest control for tenant spaces
- Installation of automated external defibrillators (AEDs)

## Relationship with Local Communities

- ▶ JRE has been participating in a range of activities to contribute to local society.

- Contribution to urban development (participation in various committees on urban development)
- Local contribution in the event of a disaster (establishment of a system to host stranded commuters in the event of a disaster, participation in disaster controls drills)
- Support for local events, local group activities, and artistic and cultural activities (support a local summer festival, regularly hold local music events at the open spaces and common areas)
- Contribution to the local environment and community health (provide a space for “community cycles” and a space to conduct blood donation activities)

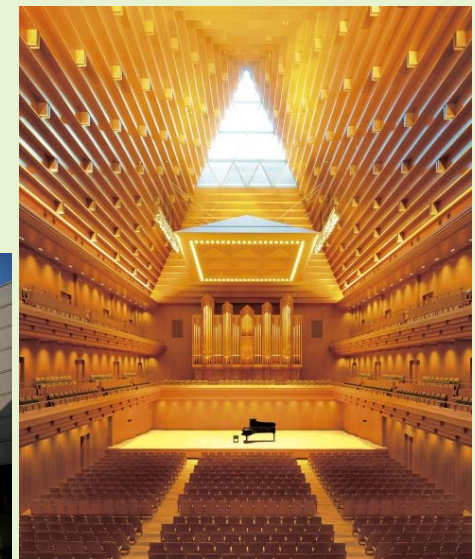


## Contribution to Artistic and Cultural Activities

- ▶ JRE has been supporting Tokyo Opera City Cultural Foundation.

Tokyo Opera City Concert Hall →

↓ Tokyo Opera City Art Gallery



## Principle of Compliance

### Basic Principle of Compliance for JRE

JRE's basic principle of compliance is to thoroughly observe legal and other relevant norms in regards to the business operation as well as to respond to the requirements from society. This means that the Investment Corporation administers and oversees the outsourcing companies from the same standpoint, while complying with legal and other relevant norms in its decision-making.

### Basic Principle of Compliance for JRE-AM


- Ensuring thorough compliance is our basic management principle, since we understand that any insufficiency in compliance would affect even our management base.
- As an Asset Management Company, we recognize that we bear the responsibility for realizing the values that are required by society in our business operation, and make proactive and continuous efforts for full compliance to enhance the value of our business operation qualitatively and quantitatively.
- We, the Asset Management Company for REIT, are jointly managed by Mitsubishi Estate Co., Ltd., and Mitsui & Co., Ltd. across business boundaries—they are Japan's leading companies in real estate, finance, and risk management. We therefore promote a sophisticated compliance system as a key member of these companies.
- We are determined to achieve a reputation for quality among our investors by promoting compliance activities, and thereby gain the trust of a wide spectrum of society.

## Compliance Promotion System

▶ The following is the compliance system for JRE-AM.







Beautiful sky! Refreshing wind of “Reiwa” era!  
The rules of golf had a major change this year.  
Now we can play in a more free and easy style that suits the times.

Even though the rules changed, you should keep your consistent shots.  
We can see clouds of global economic slowdown and domestic  
consumption tax increase, but let’s continue good course management.



## Disclaimer Concerning Forecasts

This presentation contains information regarding forecasts based on the plans and outlook of Japan Real Estate Investment Corporation (JRE). All data contained herein, other than those that describe current or historical data, are based on such forecasts. These forecasts are based on the assumptions, judgment, and data currently available from Japan Real Estate Asset Management Co., Ltd. and JRE. These data may contain known and unknown risks, uncertainty, and other factors not accounted for. The forecasts herein may be affected by known and unknown risks, uncertainty, or other factors, particularly with respect to JRE's internal and external growth and profitability-per-unit targets. The aforementioned risks, uncertainty, and other factors may result in significantly different results regarding JRE's future performance, management, and financial data implicitly or explicitly presented herein. JRE shall assume no obligation to update or further disclose data regarding these forecasts.

## Disclaimer Concerning Translations

This report was prepared in English solely for the convenience of readers outside Japan. No assurance or warranties are given for the completeness or accuracy of the English translations. The original Japanese documents shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this report.