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For Immediate Release

Investment Corporation

Japan Real Estate Investment Corporation

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Announcement of Forecast Revisions for the September 2020 Period and Forecast for the March 2021 Period

Japan Real Estate Investment Corporation (“JRE”) hereby announces that it has made the following revisions to the performance forecast for the fiscal period ending September 30, 2020 (from April 1, 2020 to September 30, 2020), released on November 15, 2019 at the time of the announcement of the financial results for the fiscal period ended September 30, 2019. JRE also announces the following performance forecast for the fiscal period ending March 31, 2021 (from October 1, 2020 to March 31, 2021).

Please note, however, that as of today, there is no revision made to the forecast for the fiscal period ending March 31, 2020 (from October 1, 2019 to March 31, 2020), released on November 15, 2019.

1. Forecast revisions for the September 2020 period (from April 1, 2020 to September 30, 2020)

	Operating Revenues	Operating Profit	Ordinary Profit	Net Profit	Dividend per Unit excluding Optimal Payable Distribution	Optimal Payable Distribution per Unit
Previously announced forecast (A)	million yen 34,130	million yen 15,410	million yen 14,420	million yen 14,410	yen 10,400	yen 0
Revised forecast (B)	million yen 35,440	million yen 16,210	million yen 15,240	million yen 15,230	yen 10,750	yen 0
Amount of increase/decrease (B-A)	million yen 1,310	million yen 800	million yen 820	million yen 820	yen 350	yen 0
Rate of increase/decrease	% 3.8	% 5.2	% 5.7	% 5.7	% 3.4	% -

(Note1) The forecast is calculated under the assumption that a public offering is made during the September 2020 period; therefore, the number of investment units outstanding is assumed to be 1,417,590, which is determined by adding to 1,385,210, the number of investment units outstanding as of today, 32,380, the number of units to be newly issued, that is calculated based on the total issue value of JPY 20 billion derived from the premise that it is equivalent to the proposed offering amount specified in the shelf registration statement relating to the public offering filed with the Kanto Local Finance Bureau today. There is no guarantee, however, that this public offering is made, and there is also a possibility that the number of units newly issued varies even if it is made. In such cases, the actual DPU might deviate from the forecast.

Other than the above, the forecast is an estimate as of today, which is calculated also on the basis of "Assumptions Underlying Forecast Revisions for the September 2020 period and Forecast for the March 2021 period" attached below; the actual operating revenues, operating profit, ordinary profit, net profit, and DPU are subject to change due to a future acquisition or disposition of real estate, and a change in the operating environment. Note that this forecast is not intended to be a guarantee of the actual performance or DPU. The same applies hereinafter.

(Note2) Figures in the columns for Operating Revenues, Operating Profit, Ordinary Profit, and Net Profit are rounded down to the nearest ten million yen.

2. Reason for the revisions

JRE has filed today a shelf registration statement relating to the public offering with the Director-General of the Kanto Local Finance Bureau in view of the current market situation. (For the details, please refer to the press release "Announcement of Filing of Shelf Registration Statement Relating to Public Offering" announced today.) Additionally, JRE also decided to acquire "Shinjuku Front Tower (additional acquisition)", "Shinjuku Eastside Square (additional acquisition)", and "Link Square Shinjuku" during the March 2020 period and the September 2020 period. (For the details, please refer to the press release "Announcement of Acquisition of Domestic Real Estate and Trust Beneficial Interests in Domestic Real estate" announced today.)

From the above, the assumptions underlying the performance forecast for the fiscal period ending September 30, 2020, which was announced on November 15, 2019 in "FINANCIAL RESULTS FOR THE FISCAL PERIOD ENDED SEPTEMBER 2019 (REIT)", has changed; therefore, JRE has made revisions to it.

3. Forecast for the March 2021 period (from October 1, 2020 to March 31, 2021)

	Operating Revenues	Operating Profit	Ordinary Profit	Net Profit	Dividend per Unit excluding Optimal Payable Distribution	Optimal Payable Distribution per Unit
Forecast for March 2021 period	million yen 35,620	million yen 16,370	million yen 15,390	million yen 15,380	yen 10,850	yen 0

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.

**Assumptions Underlying Forecast Revisions for the September 2020 period
and Forecast for the March 2021 period**

Item	Assumption
Accounting period	<ul style="list-style-type: none"> The September 2020 period: April 1, 2020 through September 30, 2020 (183 days) The March 2021 period: October 1, 2020 through March 31, 2021 (182 days)
Number of properties held by JRE	<ul style="list-style-type: none"> The number of the properties held by JRE as of March 25, 2020 is 73, and the assumption takes into account the additional interests in Shinjuku Front Tower and Shinjuku Eastside Square, which are to be acquired during the March 2020 period, and the interest in Link Square Shinjuku to be acquired during the September 2020 period. This assumption, however, is subject to change due to future property acquisitions and/or dispositions. There is no forward commitment made by JRE as of March 25, 2020, which is specified in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc."
Number of units outstanding	<ul style="list-style-type: none"> The number of investment units outstanding is assumed to be 1,417,590, which is determined by adding to 1,385,210, the number of investment units outstanding as of today, 32,380, the number of units to be newly issued, that is calculated based on the total issue value of JPY 20 billion, which is derived from the premise that it is equivalent to the proposed offering amount specified in the shelf registration statement relating to the public offering filed with the Kanto Local Finance Bureau today.
Interest-bearing debt	<ul style="list-style-type: none"> JRE maintains an LTV ratio within a range between 30% and 40% as an operational guideline. The balance of interest-bearing debt is JPY 386.9 billion as of today. JRE will execute a short-term loan of JPY 15 billion for the additional acquisitions of Shinjuku Front Tower and Shinjuku Eastside Square, and will execute another short-term loan of JPY 17 billion for the acquisition of Link Square Shinjuku. Furthermore, JRE intends to allocate the whole amount raised by issuing units to part of the above loan repayments on the basis of the assumption of JPY 20 billion of the total issue value, which is derived from the premise that it is equivalent to the proposed offering amount specified in the shelf registration statement relating to the public offering filed with the Kanto Local Finance Bureau today, and, if there is a residue, intends to retain it as cash reserves and apply it to future property acquisitions and/or loan repayments. The balance, however, is subject to change due to the presence or absence of the said public offering and any deviation from the expected number of the issued units and amount of the issue value. As for the September 2020 period, except for the loans pertaining to the aforementioned property acquisitions, JRE intends to refinance JPY 13 billion long-term loans due on June 15, 2020 and July 3, 2020 and JPY 11 billion short-term loan due on May 18, 2020 as of March 25, 2020. There are no investment corporation bonds to mature in the September 2020 period. As for the March 2021 period, except for the loans pertaining to the aforementioned property acquisitions, JRE intends to refinance JPY 28 billion long-term loans due on October 29, 2020, December 21, 2020, January 15, 2021, January 29, 2021 and March 24, 2021, and JPY 3 billion short-term loans due on December 28, 2020 and March 30, 2021, which is the principal repayment date of a short-term loan of JPY 1.7 billion to be executed on March 30, 2020, as of March 25, 2020. There are no investment corporation bonds to mature in the March 2021 period.
Operating revenues	<ul style="list-style-type: none"> Revenues from the properties held by JRE are calculated by taking into consideration conclusion of a new contract and cancellation of an existing contract, which has been confirmed as of March 25, 2020, and variable factors, such as rent revisions reflecting the recent office leasing market conditions, and ups and downs of rent revenues due to tenants' move in and out. Leasing business revenues pertaining to the additional interests in Shinjuku Front Tower and Shinjuku Eastside Square, and the interest in Link Square Shinjuku is calculated based on the expectation for the lease terms and conditions, etc. as of today.
Operating expenses	<ul style="list-style-type: none"> For the property tax, city planning tax, and depreciable property tax pertaining to the properties held by JRE, JRE reports the amount for an accounting period of the determined tax amount levied to JRE as leasing business expenses. In the event, however, that a property tax adjustment is incurred by JRE regarding a property that JRE acquired

	<p>within a fiscal year that the first day of the said accounting period belongs to, the said adjustment is included to the acquisition cost and therefore not reported as expenses for the said accounting period. In addition, JRE assumes the 2021 property taxes, city planning taxes, and property taxes for properties acquired or to be acquired in 2020 to be as follows:</p> <p>JPY 41 million for Seavans S Building, JPY 72 million for Otemachi Park Building, JPY 46 million for Shinjuku Front Tower (additional acquisition), JPY 30 million for Shinjuku Eastside Square (additional acquisition), and JPY 57 million for Link Square Shinjuku</p> <ul style="list-style-type: none"> • The property and other taxes will be JPY 3,290 million for the September 2020 period and JPY 3,290 million for the March 2021 period. • The depreciation will be JPY 6,620 million for the September 2020 period and JPY 6,510 million for the March 2021 period. • Repair expenses may vastly differ from the forecast because such costs fluctuate significantly from one fiscal period to another, and these costs are not regularly incurred.
Non-operating expenses	<ul style="list-style-type: none"> • Non-operating expenses, such as interest expenses on loans and investment corporation bonds, will be JPY 1,060 million for the September 2020 period and JPY 970 million for the March 2021 period.
Dividend amount	<ul style="list-style-type: none"> • It is assumed that JRE does not distribute dividends to its unitholders beyond the profit for a period. The total dividend amount, therefore, is up to a ceiling of the profit for a period and more than the equivalent of 90% of the distributable profit. • The gains on the reversal of the reduction entry, corresponding to the depreciation of the replaced property, will be subject to cash distributions in the September 2020 period and the March 2021 period. • As described in “Number of units outstanding”, it is assumed that JRE will issue investment units during the September 2020 period. There is no guarantee, however, that this public offering is made, and there is also a possibility that the number of units newly issued varies even if it is made. In such cases, the actual DPU might deviate from the forecast.
Other	<ul style="list-style-type: none"> • It is assumed that a revision that affects the above forecast will not be made to laws, tax systems, accounting standards, listing rules, and regulations of the Investment Trusts Association, Japan, and so on. • It is assumed that unexpected and significant changes will not occur to the general market trends or real estate market conditions or other factors. • As for the corporate tax, etc., they are calculated taking into account the amortization of fixed term land leaseholds in buildings and asset retirement obligations as well as the income taxes deferred on the above reserves for reduction entry.