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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 2023 Period and Forecasts for the March 2024 Period

Japan Real Estate Investment Corporation (“JRE”) hereby announces that it has revised its performance forecasts for the fiscal period ending September 30, 2023 (from April 1, 2023 to September 30, 2023), published in “Financial Results for the Fiscal Period Ended September 2022 (REIT)” dated November 15, 2022, and also released the forecasts for the fiscal period ending March 31, 2024 (from October 1, 2023 to March 31, 2024).

For the forecasts for the fiscal period ending March 31, 2023 (October 1, 2022 to March 31, 2023) announced on November 15, 2022, there are no revisions to them as of today.

1. Forecast revisions for the September 2023 period (from April 1, 2023 to September 30, 2023)

	Operating Revenues	Operating Profit	Ordinary Profit	Net Profit	Dividend per unit (excluding dividend in excess of earnings)	Dividend per unit in excess of earnings
Previously announced forecasts (A)	JPY million 37,180	JPY million 16,570	JPY million 15,670	JPY million 15,660	JPY 11,300	JPY 0
Revised forecasts (B)	JPY million 38,380	JPY million 17,360	JPY million 16,380	JPY million 16,370	JPY 11,500	JPY 0
Amount of increase/decrease (B-A)	JPY million 1,200	JPY million 790	JPY million 710	JPY million 710	JPY 200	JPY 0
Rate of increase/decrease	% 3.2	% 4.8	% 4.5	% 4.5	% 1.8	% -

Disclaimer: This document is intended to serve as a press release to make available to the public the information on Forecast Revisions for the September 2023 Period and Forecasts for the March 2024 Period of Japan Real Estate Investment Corporation (“JRE”), and does not constitute and should not be construed as an offer to sell or solicitation of an offer to purchase any investment unit or other investment in JRE. Prospective investors are advised to read the JRE's prospectus for issuance of new investment units and secondary offering (and its amendments thereto, if any) and make any investment decisions at their own risk and responsibility.

- (Note1) It is assumed that the number of investment units outstanding is 1,422,874, which is determined by adding to 1,385,210, the number of units outstanding as of today, 35,200 and 2,464, the respective numbers of units to be newly issued through a public offering and a third-party allocation that have been resolved at the board of directors' meeting held today. As for the number of units to be issued through the third-party allocation, it is determined under the assumption that all the maximum 2,464 units are to be subscribed for and issued. The same shall apply hereinafter.
- (Note2) The above forecast figures are estimates as of today, which are calculated based on "Assumptions Underlying Forecast Revisions for the September 2023 period and Forecasts for the March 2024 period" attached below; the actual operating revenues, operating profits, ordinary profits, net profits, and DPUs are subject to change due to future acquisition or disposition of real estate properties, changes in the asset management environment, and other factors. Moreover, the forecast should not be construed as a guarantee of the actual financial results and dividend amount. The same shall apply hereinafter.
- (Note3) Figures in the columns of Operating Revenues, Operating Profit, Ordinary Profit, and Net Profit are rounded down to the nearest ten million Japanese yen. The same shall apply hereinafter.

2. Reason for the revisions

JRE has resolved at its board of directors' meeting held today to issue new investment units and conduct a secondary offering. During the March 2023 period, JRE also has acquired "the ARGYLE aoyama" and "Toyosu Foresia," and will acquire "Shinjuku Eastside Square (additional acquisition)" and "CIRCLES Hirakawacho." For details of the properties already acquired and to be acquired, please refer to "Announcement of Acquisition of Trust Beneficiary Interests in Domestic Real Estate" dated February 16, 2023 and "Announcement of Acquisition of Domestic Real Estate and Trust Beneficiary Interest in Domestic Real Estate" dated today, respectively.

JRE, therefore, decided to revise its performance forecasts for the September 2023 period published in "Financial Results for the Fiscal Period Ended September 2022 (REIT)" dated November 15, 2022 due to the changes in the assumptions on which the forecasts were based.

3. Forecasts for the March 2024 period (from October 1, 2023 to March 31, 2024)

	Operating Revenues	Operating Profit	Ordinary Profit	Net Profit	Dividend per unit (excluding dividend in excess of earnings)	Dividend per unit in excess of earnings
Forecasts for March 2024 period	JPY million 40,770	JPY million 19,270	JPY million 18,260	JPY million 17,620	JPY 11,550	JPY 0

This is the English translation of the announcement in Japanese dated March 28, 2023.

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

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Assumptions Underlying Forecast Revisions for the September 2023 period
and Forecasts for the March 2024 period

Item	Assumption
Accounting period	<ul style="list-style-type: none"> • The September 2023 period: April 1, 2023 through September 30, 2023 (183 days) • The March 2024 period: October 1, 2023 through March 31, 2024 (183 days)
Number of properties held by JRE	<ul style="list-style-type: none"> • For the September 2023 period, JRE assumes 76 properties, taking into account the current number of 75, the acquisition of interests in Shinjuku Eastside Square and CIRCLES Hirakawacho scheduled for March 30, 2023, and the disposition of a 30% interest in Harumi Front scheduled for April 3, 2023. • For the March 2024 period, JRE assumes 75 properties, taking into account the disposition of the remaining 45% interest in Harumi Front scheduled for January 12, 2024. • The assumption, however, is subject to change due to future acquisition or disposition of real estate properties.
Number of units outstanding	<ul style="list-style-type: none"> • It is assumed that the number of investment units outstanding is 1,422,874, which is determined by adding to 1,385,210, the number of units outstanding as of today, 35,200 and 2,464, the respective numbers of units to be newly issued through a public offering and a third-party allocation that have been resolved at the board of directors' meeting held today. As for the number of units to be issued through the third-party allocation, it is determined under the assumption that all the maximum 2,464 units are to be subscribed for and issued
Interest-bearing debt	<ul style="list-style-type: none"> • The fund raised through the public offering and third-party allocation resolved today at JRE's board of directors' meeting will be applied to part of repayment of a short-term loan with which JRE refinanced a short-term loan for the acquisition fund of the ARGYLE aoyama and Toyosu Foresia. JRE will also borrow a long-term loan and a short-term loan for the acquisition of interests in Shinjuku Eastside Square and CIRCLES Hirakawacho, and will repay the said short-term loan on April 6, 2023 with cash proceeds from the second of three transfers of Harumi Front and cash on hand. The balance of interest-bearing debt, accordingly, will be JPY 432.1 billion. However, the balance may vary according to the final number of units to be issued and the final issue value related to the above public offering and third-party allocation. • As for the September 2023 period, other than the above loans, JRE intends to refinance all of the long-term loans due during the period (Maturity: May 29, 2023; June 1, 2023; and June 15, 2023), which total JPY 23.5 billion, and all of the short-term loans due during the period (Maturity: April 20, 2023; May 18, 2023; and July 10, 2023), which total 15 billion. There are no investment corporation bonds to mature in the September 2023 period. • As for the March 2024 period, JRE intends to refinance all of the long-term loans due during the period (Maturity: December 19, 2023 and March 26, 2024), which total JPY 16 billion. As to investment corporation bonds of JPY 10 billion due on November 1, 2023, they will be redeemed with bond issuance or borrowing.
Operating revenues	<ul style="list-style-type: none"> • Revenues from the properties held by JRE are calculated by taking into consideration the new leasing and the tenancy termination confirmed as of today, and other factors reflecting the recent office leasing market landscape. For revenues pertaining to the interests to be acquired in Shinjuku Eastside Square and CIRCLES Hirakawacho, they are estimates based on the terms and conditions of lease contracts and other data available 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, it reports the amount corresponding to an accounting period out of the tax amount payable, which has been determined by the assessment and determination, as property-related expenses. In the event, however, that a property tax adjustment is incurred by JRE regarding a property that is acquired within the calendar year that the first day of an accounting period belongs to, the said adjustment is included in the acquisition cost and therefore not reported as an expense for the accounting

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	<p>period. JRE assumes the 2024 property taxes, city planning taxes, and depreciable property taxes pertaining to properties acquired and to be acquired in 2023 to be as follows:</p> <p>the ARGYLE aoyama: JPY 118 million, Toyosu Foresia: JPY 38 million, Shinjuku Eastside Square (additional acquisition): JPY 30 million, and CIRCLES Hirakawacho: JPY 7 million</p> <ul style="list-style-type: none"> • The property and other taxes will be JPY 3,640 million for the September 2023 period and JPY 3,650 million for the March 2024 period. • The depreciation will be JPY 6,210 million for the September 2023 period and JPY 6,050 million for the March 2024 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 990 million for the September 2023 period and JPY 1,000 million for the March 2024 period.
Dividend amount	<ul style="list-style-type: none"> • The gain on the disposition of Harumi Front, whose transfer period is split up into three fiscal periods, is assumed to be JPY 4,120 million and JPY 6,470 million for the September 2023 period and the March 2024 period, respectively. As to part of the gain of JPY 6,470 million for the March 2024 period, JRE will make a provision of reserve for reduction entry in application of “Special Provisions for Taxation in Cases of Repurchase of Specified Assets” stipulated in Article 65-7 of the Act on Special Measures Concerning Taxation. • JRE shall not distribute dividends in excess of earnings to its unitholders. Therefore, JRE shall make cash distribution pursuant to its Articles of Incorporation, up to a ceiling of the earnings including reserve for tax purpose reduction entry, and more than the equivalent of 90% of the distributable profit.
Other	<ul style="list-style-type: none"> • It is assumed that any revisions that affect the above forecasted figures will not be made to laws and regulations, tax systems, accounting standards, listing rules, and regulations of the Investment Trusts Association, Japan, and so on. • It is assumed that an unexpected and grave change will not occur to the general economic trends or real estate market landscape or other factors. • As for the corporate tax, etc., they are calculated taking into account the leasehold amortization and asset retirement obligations for buildings with the fixed term land lease right as well as the income taxes-deferred related to the above reserve for reduction entry.