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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 the March 2021 Period

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

### 1. Forecast revisions

#### 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)	JPY million 35,010	JPY million 16,310	JPY million 15,330	JPY million 15,320	JPY 10,800	JPY 0
Revised forecast (B)	JPY million 34,940	JPY million 16,300	JPY million 15,350	JPY million 15,340	JPY 11,070	JPY 0
Amount of increase/decrease (B-A)	JPY million (70)	JPY million (10)	JPY million 20	JPY million 20	JPY 270	JPY 0
Rate of increase/decrease	% (0.2)	% (0.1)	% 0.1	% 0.1	% 2.5	% -

**Forecast revisions 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
Previously announced forecast (A)	JPY million 35,100	JPY million 16,230	JPY million 15,250	JPY million 15,240	JPY 10,750	JPY 0
Revised forecast (B)	JPY million 34,870	JPY million 16,240	JPY million 15,250	JPY million 15,240	JPY 11,000	JPY 0
Amount of increase/decrease (B-A)	JPY million (230)	JPY million 10	JPY million 0	JPY million 0	JPY 250	JPY 0
Rate of increase/decrease	% (0.7)	% 0.1	% -	% -	% 2.3	% -

(Note1) The previous forecasts were calculated based on the number of investment units outstanding of 1,417,590 under the assumption that JRE newly issues 32,380 units during the September 2020 period; these revised forecasts are calculated according to the number of investment units outstanding as of today, standing at 1,385,210. Other than the above, the forecasts are estimates as of today, which are calculated on the basis of "Assumptions Underlying Forecast Revisions for the September 2020 period and the March 2021 period" attached below; the actual operating revenues, operating profits, ordinary profits, net profits, and DPUs are subject to change due to factors such as a future acquisition or disposition of assets, or a change in the operating environment. Note that these forecasts are not intended to be a guarantee of the actual performance or DPU.

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

## 2. Reason for the revisions

JRE intended to raise the equity capital through a public offering in April 2020 for allocating it to part of the acquisition fund for the four properties acquired during March and April 2020. However, it has postponed the public offering because of the high volatility in the equity market posed by the spread of COVID-19. Instead, JRE filed the shelf registration statement relating to the public offering with the Kanto Local Finance Bureau on March 25, 2020 to make clear its intention to increase the equity capital during the September 2020 period; therefore, the previous forecasts are calculated under the assumption that JRE issues new investment units during the period.

Now turning to the current landscape of the equity market and the current level of the unit price of JRE, it has deemed the capital increase unfeasible in such conditions and decided to maintain the current number of units outstanding rather than issuing new units for the time being. That has changed the assumption of the number of the investment units for the September 2020 period and the March 2021 period, thereby JRE having made revisions to their performance forecasts.

As for these revised forecasts, JRE calculated them on the basis of "Assumptions Underlying Forecast Revisions for the September 2020 period and the March 2021 period" attached below.

## 3. JRE's portfolio performance

The outlook for JRE's portfolio occupancy has not deviated significantly from the one at the previous forecast. The number of office tenants terminating their contracts remains at the same level as the normal time. Meanwhile, downtime before finding new tenants becomes longer due to the spread of COVID-19 compared to the previous periods, and therefore the vacancy rates for the September 2020 period and the March 2021 period edge up from the end of the previous period. JRE presently deems, however, that they will fall within the range expected at the previous forecast.

In addition to the above, JRE agreed on rent deferment or temporary rent reduction with some of its shop/restaurant tenants, which has been factored into the revised forecasts, but that has had only a

marginal impact on its performance. As for the office tenants, JRE has no cases where it granted them temporary rent reduction, while agreeing to defer the rent payment for a few of them.

JRE will sincerely respond to each of its tenants closely assessing each case, while following requests from public authorities and social needs.

This is the English translation of the announcement in Japanese dated August 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 the March 2021 period**

Item	Assumption
Accounting period	<ul style="list-style-type: none"> <li>• The September 2020 period: April 1, 2020 through September 30, 2020 (183 days)</li> <li>• The March 2021 period: October 1, 2020 through March 31, 2021 (182 days)</li> </ul>
Number of properties held by JRE	<ul style="list-style-type: none"> <li>• It is assumed that the number of the properties held by JRE at the end of each period is 73. This assumption, however, is subject to change due to future property acquisitions and/or dispositions.</li> <li>• As of August 25, 2020, there is no forward commitment made by JRE, which is specified in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." issued by FSA.</li> </ul>
Number of units outstanding	<ul style="list-style-type: none"> <li>• It is assumed that the number of investment units outstanding is 1,385,210, the number as of today.</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>• The balance of interest-bearing debt is JPY 418.9 billion as of today.</li> <li>• As for the September 2020 period, JRE executed a short-term loan of JPY 17 billion on April 20 for allocating it to part of the acquisition fund for Link Square Shinjuku and refinanced a short-term loan of JPY 10 billion before its due date with a long-term loan on April 27. JRE also refinanced all of the long-term and short-term loans due during the September 2020 period, which total up to JPY 13 billion and JPY 11 billion respectively. There are no investment corporation bonds to mature in the September 2020 period.</li> <li>• As for the March 2021 period, as of August 25, 2020, JRE intends to refinance all of the long-term loans due during the period (Maturity: October 29, 2020, December 21, 2020, January 15, 2021, January 29, 2021 and March 24, 2021), which total JPY 28 billion, and all of the short-term loans due during the period (Maturity: November 18, 2020, December 28, 2020, March 29, 2021 and March 30, 2021), which total 19 billion. There are no investment corporation bonds to mature in the March 2021 period.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Revenues from the properties held by JRE are calculated by taking into consideration the new leasings and the tenancy terminations confirmed as of today, and other factors reflecting the recent office leasing market landscape.</li> <li>• In addition to the above, JRE has factored into the calculation, to a certain degree, the impact of the spread of COVID-19 such as temporary reduction in rental revenue, which is known to date.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• 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 it acquired within a fiscal year that the first day of the said accounting period belongs to, the said adjustment is included in the acquisition cost and therefore not reported as expenses for the said accounting period. In addition, JRE assumes property taxes, city planning taxes, and depreciable property taxes of fiscal year 2021 for the properties acquired in 2020 to be as follows: JPY 42 million for Seavans S Building, JPY 72 million for Otemachi Park Building, JPY 47 million for Shinjuku Front Tower (additional acquisition), JPY 30 million for Shinjuku Eastside Square (additional acquisition), and JPY 57 million for Link Square Shinjuku</li> <li>• 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.</li> <li>• The depreciation will be JPY 6,620 million for the September 2020 period and JPY 6,510 million for the March 2021 period.</li> <li>• 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.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Non-operating expenses, such as interest expenses on loans and investment corporation bonds, will be JPY 1,040 million for the September 2020 period and JPY 990 million for the March 2021 period.</li> </ul>

Dividend amount	<ul style="list-style-type: none"> <li>• 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 in conformance with Articles of Incorporation of JRE.</li> <li>• The gains on reversal of reserve for reduction entry of JPY 2 million for the September 2020 period and JPY 2 million for the March 2021 period, which corresponds to the depreciation of the replaced properties, will be subject to cash distributions.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• JRE has factored into the calculation, to a certain degree, the impact of the spread of COVID-19 such as temporary decrease in rental revenue, which is known to date; however, the impact is subject to change due to the uncertainty of the coronavirus development.</li> <li>• 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.</li> </ul>