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For Translation Purpose Only**For Immediate Release**

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Notice Concerning Property Acquisition (Conclusion of Contract)
“Minami Semba Bldg.”

Japan Prime Realty Investment Corporation (JPR) announced that Tokyo Realty Investment Management, Inc. (TRIM), the asset management company to which JPR entrusts management of its assets, today decided to implement acquisition of property (hereinafter, referred to as the “Acquisition”), as outlined below.

Details

1. Acquisition Details

(1) Property Name	Minami Semba Bldg.
(2) Asset Type	Real estate trust beneficiary interest
(3) Asset Class	Office
(4) Acquisition Price	3,750 million yen
(5) Appraisal Value	3,970 million yen
(6) NOI Yield	4.7%
(7) NOI Yield after Depreciation	3.9%
(8) Contract Date	January 28, 2020
(9) Planned Acquisition Date	January 30, 2020
(10) Seller	Tokyo Tatemono Co., Ltd.
(11) Funding	Borrowings
(12) Payment Method	Lump-sum payment at the time of delivery

(Note 1) “Acquisition Price” excludes acquisition costs, property taxes, city planning taxes and consumption taxes.

(Note 2) For the formula used to calculate “NOI Yield” and “NOI Yield after Depreciation,” please refer to 8. Estimated Cash Flows.

(Note 3) “Appraisal Value” is based on the appraisal date as at December 1, 2019.

2. Reason and Purpose for Acquisition

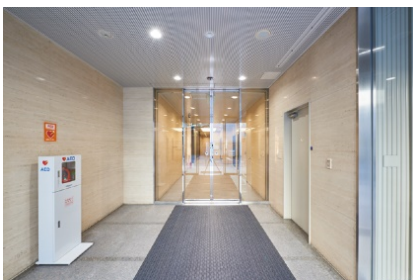
JPR will acquire from Tokyo Tatemono Co., Ltd., the main sponsor of JPR, an office building which is in an excellent location in the Shinsaibashi area, a major commercial district in central Osaka.



The property is located within a 3-minute walk from Shinsaibashi Station on the Osaka Metro Midosuji Line and Nagahori Tsurumi-ryokuchi Line and a 4-minute walk from Yotsubashi Station on the Osaka Metro Yotsubashi Line, allowing three lines convenient for business to be available. As such, it features excellent access to Umeda Station, Shin-Osaka Station and Namba Station.

The Shinsaibashi area boasts high commercial prosperity given the high concentration of many retail stores, including brand boutiques along Mido-suji Street and the shopping arcade in Shinsaibashi-suji as well as department stores. The area can thus expect demand from tenants that mainly service walk-in customers in addition to ordinary demand for offices. Moreover, new office supply in the area has been sparse in recent years, resulting in office floors enjoying a higher scarcity value.

<Entrance hall>



<Elevator hall>



<Standard floor plan>



The exterior of the building is serene, befitting the surrounding townscape which has a good atmosphere of cafés and shops, and the common-use area and facilities have been renovated. Furthermore, JPR recognizes the building to be highly competitive as the rental space is in the shape of a rectangle, allowing for excellent efficiency as well as flexibility in layout.

3. Details of Property for Acquisition

① Property Name/Location,etc.	
Property Name	Minami Semba Bldg.
Location	11-28, Minamisemba 4 chome, Chuo-ku, Osaka
Asset Type	Real estate trust beneficiary interest
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
Term of Trust	From June 30, 2004 to January 31, 2030
② Land/Buildings	
Asset Class	Office / Retail
Type of Structure	SRC with flat roof, B1/8F
Type of Ownership	Land: Ownership Building: Ownership
Site Area	Land: Total Site Area 1,405.74 m ² Building: Gross Floor Area 7,738.47 m ²
Completion Date	September 30, 1986 (33years since completion)
Architecture and Design / Construction	Nikken Sekkei Ltd. / Takenaka Corporation.
Probable Maximum Loss (PML)	7.69% (Sompo Risk Management Inc.)
③ Price,etc.	
Acquisition Price	¥3,750 million
Appraisal Value (Appraisal Date)	¥3,970 million (as of December,1 2019)
Appraiser	Japan Real Estate Institute
Collateral	None
④ Status of Leasing	
Number of Tenants	13
Rent Revenue, common charges (Annual)	¥234 million
Lease and Guarantee Deposits	¥177 million
Total Leasable Floor Space/ Total Leased Floor Space	5,695.71 m ² / 5,692.56 m ²
Occupancy Rate	99.9%
Remarks	None in particular

(Note 1) All amounts less than one million yen have been rounded down, and all rates have been rounded to the first decimal place.

(Note 2) "Location" indicates the residential address.

(Note 3) The information in "Asset Class", "Type of Structure" and "Completion Date" is as indicated in the registry.

(Note 4) "Total Site Area" and "Gross Floor Area" are as indicated in the registry.

(Note 5) "Number of Tenants" indicates the total number of lease contracts for the building with office and retail spaces in the buildings.

(Note 6) "Rent Revenue, common charges (Annual)" "Lease and Guarantee Deposits" and "Total Leasable Floor Space/Total Leased Floor Space" indicate the sum total of the amounts and area based on the lease contracts for the building, with office, retail, etc. space as the use to be valid as of the planned acquisition date. The figures are based on the assumption that there will be no changes to tenants, such as expiration of lease contracts, during the period from the date of this document to the planned acquisition date except for those currently known. The same shall apply hereinafter.

(Note 7) "Occupancy Rate" indicates total leased floor space as a percentage of total leasable floor space.

4. Seller Profile

Company Name	Tokyo Tatemono Co., Ltd.
Head Office Address	9-9, Yaesu 1 chome, Chuo-ku, Tokyo
Representative	Hitoshi Nomura, President and Chief Executive Officer
Paid-in Capital	92,451 million yen (as of December 31, 2019)
Principal Activities	Real estate business
Establishment	October 1, 1896
Consolidated Net Assets	369,380 million yen (as of September 30, 2019)
Consolidated Total Assets	1,546,737 million yen (as of September 30, 2019)
Major Shareholders and Shareholding Ratios (as of June 30, 2019)	Master Trust Bank of Japan, Ltd. (Trust Account): 9.3% Japan Trustee Services Bank, Ltd. (Trust Account): 7.9% J.P. MORGAN BANK LUXEMBOURG S.A.384500: 4.3% SSBTC CLIENT OMNIBUS ACCOUNT: 2.4%
Relationship with JPR and the Asset Management Company	
Capital Relationship	As of the fiscal period ended December 31, 2019, Tokyo Tatemono Co., Ltd. owns investment units of JPR equivalent to 3.2% of the investment units issued and outstanding. In addition, the concerned company owns 52% of the shares issued and outstanding of TRIM.
Personal Relationship	As of the fiscal period ended December 31, 2019, ten of the officers and employees of TRIM (excluding part-time directors) are those seconded from the concerned company.
Business Relationship	Other than the subject transactions, there is no transaction regarding asset acquisition or sale between the concerned company and JPR and/or TRIM in the fiscal period ended December 31, 2019.
Related Party or Not	The concerned company does not fall within the definition of a related party of JPR. The concerned company is another interested party of TRIM and falls within the definition of a related party of TRIM.
Other	The concerned company falls within the scope of interested parties as defined in the rules of JPR's Board of Directors as well as of related parties as defined in the Enforcement Order for the Act on Investment Trusts and Investment Corporations. Accordingly, JPR's Board of Directors has provided its authorization before entering into an agreement with the concerned company.

5. Profile of Previous Owners

Owner	Previous Owner, etc.	Owners before Previous Owner, etc.
Company Name	Tokyo Tatemono Co., Ltd.	Parties with which no special interest relationship exists
Relationship with Parties Having Special Interest Relationship	Refer to 4. Seller Profile above	—
Background and Reason of Acquisition	Acquisition for the purpose of investment and management	—
Acquisition Price	Omitted as the property has been owned for more than a year	—
Acquisition Date	April, 2016	—

6. Sales Agent

No agent is involved in the acquisition and sale of the relevant properties.

7. Outlook

The impact of the acquisition on the operating results of JPR is minimal, and JPR will not change its operating forecasts for the fiscal period ending June 2020.

8. Estimated Cash Flows

(1) Operating Revenues	¥270 million
(2) Operating Expenses (excluding depreciation)	¥95 million
(3) NOI ((1)-(2))	¥175 million
(4) NOI Yield ((3)/acquisition price)	4.7%
(5) Depreciation	¥29 million
(6) Profits ((3)-(5))	¥145 million
(7) NOI Yield after Depreciation ((6)/acquisition price)	3.9%
(8) Occupancy Rate	95.0%

(Note 1) Excluding special factors during the fiscal year the property was acquired, the above figures represent the average annual figures for the 10-year period following acquisition.

(Note 2) "Operating Revenues" is calculated based on the "Occupancy Rate" which takes into account changes in the rental situation following acquisition.

(Note 3) Tax and public dues included in "Operating Expenses" are valued based on standard taxable values for Fiscal 2019.

(Note 4) "Depreciation" is an approximate calculation based on present conditions.

9. Overview of Appraisal Report

Property Name	Minami Semba Bldg.
Appraisal Value	¥3,970 million
Appraiser	Japan Real Estate Institute
Appraisal Date	December 1, 2019
Types of Value	Fair value

Item	Amount (thousand yen)	General Outline
Appraisal Value by Capitalization Method	¥3,970,000	Adjusted using the values of the direct capitalization method and DCF method.
Appraisal Value by Direct Capitalization Method	¥4,030,000	Valued by capitalizing net cash flow using the capitalization rate.
Operating Revenue	¥274,042	Valued by deducting loss from vacancies from potential gross cash flow.
Potential Gross Cash Flow	¥284,469	Estimated a stable revenue amount based on the terms and conditions of the current contracts and actual amounts of past fiscal years, etc., and taking into account the new rent levels and future trends.
Loss from Vacancies	¥10,427	Recorded loss from vacancies by estimating the occupancy rate level that will be stable over the medium to long term, based on the state of occupancy of similar properties, supply and demand trends and the past state of occupancy and future trends of the target property.
Operating Expenses	¥89,101	Total of the following 7 items.

	Maintenance Expenses and Property Management Fee	¥30,812	Valued based on the maintenance expenses levels and compensation rates, etc. of similar properties, with reference to the actual amounts of past fiscal years and the compensation rates, etc. based on the terms and conditions of the contract.
	Utilities Expenses	¥20,370	Valued based on actual amounts, etc.
	Repairs and Maintenance	¥8,997	Valued based on actual amounts of past fiscal years as well as the future operation plans, expense levels of similar properties and engineering reports, etc.
	Tenant Solicitation Expenses	¥2,364	Recorded the annual average amount estimated on the basis of the assumed rollover period of tenants.
	Tax and Public Dues	¥26,116	Recorded based on the materials related to tax and public dues.
	Insurance Premium	¥442	Valued with reference to the insurance premium and the insurance premium rates, etc. of similar properties.
	Other Expenses	¥0	None.
	Net Operating Income	¥184,941	Calculated by deducting operating expenses from operating revenue.
	Profit through Management of Temporary Deposits, Etc.	¥1,807	Valued by multiplying the amount, which is obtained by taking into account the number of months for temporary deposits in the terms and conditions of the current contracts and new leases and the state of occupancy, by the management yield (1.0%).
	Capital Expenditure	¥21,500	Valued by taking into account the building age, annual average amount of replacement expenses in engineering reports and other factors.
	Net Cash Flow	¥165,248	Valued by adding and subtracting profit through management of temporary deposits, etc. and capital expenditures to and from net operating income.
	Capitalization Rate	4.1%	Valued by taking into account the location, building and terms and conditions of the contracts, etc.
	Appraisal Value through Discounted Cash Flow (DCF) Method	¥3,900,000	
	Discount Rate	3.9%	Valued by comprehensively taking into account the individuality, etc. of the target property, with reference to the investment returns in transactions of similar properties.
	Terminal Capitalization Rate	4.3%	Valued by taking into account the deterioration of building from aging, uncertainty in the leasing market trends and a decrease in liquidity, etc.
	Appraisal Value by Cost Method	¥3,730,000	
	Land Ratio	83.1%	Indicated the ratio to the combined value of the land and building by percentage, rounded to the first decimal place.
	Building Ratio	16.9%	Indicated the ratio to the combined value of the land and building by percentage, rounded to the first decimal place.
Other Items Considered upon Appraisal		None in particular	

[Attachment]

Reference Real estate portfolio after the acquisition of the property

Reference

Real estate portfolio after the acquisition of the property

Area	Type	Property No.	Property Name	(Planned) Acquisition Price (yen in millions)	% Investment Ratio	Investment Ratio by Area	
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	16,276	3.7%	55.4%	
		A-2	Kanematsu Bldg. Annex	2,874	0.6%		
		A-3	JPR Ningyo-cho Bldg.	2,100	0.5%		
		A-4	Shin-Kojimachi Bldg.	2,420	0.5%		
		A-5	JPR Crest Takebashi Bldg.	4,000	0.9%		
		A-6	MS Shibaura Bldg.	11,200	2.5%		
		A-7	Gotanda First Bldg.	2,920	0.7%		
		A-9	JPR Ichigaya Bldg.	5,100	1.2%		
		A-10	Oval Court Ohsaki Mark West	3,500	0.8%		
		A-11	Shinjuku Square Tower	14,966	3.4%		
		A-12	BYGS Shinjuku Bldg.	15,121	3.4%		
		A-13	Across Shinkawa Bldg. Annex	710	0.2%		
		A-14	Shinjuku Center Bldg.	21,000	4.7%		
		A-15	Minami Azabu Bldg.	3,760	0.8%		
		A-16	Shinagawa Canal Bldg.	2,041	0.5%		
		A-17	Rokubanchō Bldg.	2,800	0.6%		
		A-18	JPR Harajuku Bldg.	8,400	1.9%		
		A-20	JPR Nihonbashi Horidome Bldg.	5,100	1.2%		
		A-21	JPR Sendagaya Bldg.	15,050	3.4%		
		A-22	Ginza Sanwa Bldg.	3,400	0.8%		
		A-23	The Otemachi Tower (land with leasehold interest)	36,000	8.1%		
		A-24	Science Plaza・Yonbancho Plaza	2,660	0.6%		
		A-25	Shibadaiimon Center Building	4,220	1.0%		
		A-26	Tokyo Square Garden	18,400	4.2%		
		A-27	JPR Kojimachi Bldg.	5,750	1.3%		
		Retail	A-1	JPR Shibuya Tower Records Bldg.	12,000		2.7%
			A-3	JPR Jingumae 432	4,275		1.0%
A-4	Shinjuku Sanchome East Bldg.		2,740	0.6%			
A-5	Yurakucho Ekimae Building (Yurakucho Itocia)		3,400	0.8%			
A-6	JPR Ginza Namiki-dori Building		10,100	2.3%			
A-7	FUNDES Suidobashi		3,250	0.7%			
Greater Tokyo	Office		B-1	Arca East	5,880	1.3%	28.6%
		B-2	JPR Chiba Bldg.	2,350	0.5%		
		B-3	JPR Yokohama Nihon Odori Bldg.	2,927	0.7%		
		B-5	Shinyokohama 2nd Center Bldg.	1,490	0.3%		
		B-6	Kawaguchi Center Bldg.	8,100	1.8%		
		B-7	JPR Ueno East Bldg.	3,250	0.7%		
		B-8	Tachikawa Business Center Bldg.	3,188	0.7%		
		B-9	Rise Arena Bldg.	5,831	1.3%		
		B-10	Yume-oka Office Tower	6,510	1.5%		
		B-11	Olinas Tower	31,300	7.1%		
		B-12	Tokyo Tatemono Yokohama Building	7,000	1.6%		
		B-13	Omiya Prime East	6,090	1.4%		
		Retail	B-1	Tanashi ASTA	10,200	2.3%	
	B-3		The Cupo-la Main Bldg.	2,100	0.5%		
	B-4		JPR Musashikosugi Bldg.	7,254	1.6%		
B-5	Musashiurawa Shopping Square		4,335	1.0%			
Other Cities	Office	B-6	Kawasaki Dice Bldg.	15,080	3.4%	16.0%	
		B-7	FUNDES Ueno	3,800	0.9%		
		C-1	Niigata Ekinan Center Bldg.	2,140	0.5%		
		C-4	Tokyo Tatemono Honmachi Bldg.	4,150	0.9%		
		C-7	JPR Hakata Bldg.	2,900	0.7%		
		C-9	JPR Naha Bldg.	1,560	0.4%		
		C-12	Sompo Japan Sendai Bldg.	3,150	0.7%		
		C-13	Sompo Japan Wakayama Bldg.	1,670	0.4%		
		C-14	Tenjin 121 Bldg.	2,810	0.6%		
		C-17	JPR Dojima Bldg.	2,140	0.5%		
		C-19	JPR Nagoya Fushimi Bldg.	4,137	0.9%		
		C-20	Yakuin Business Garden	10,996	2.5%		
	C-21	JPR Shinsaibashi Bldg.	5,430	1.2%			
	C-22	Minami Semba Bldg.	3,750	0.8%			
	Retail	C-1	JPR Umeda Loft Bldg.	13,000	2.9%		
C-4		Housing Design Center Kobe	7,220	1.6%			
C-5		JPR Chayamachi Bldg.	6,000	1.4%			
Total				443,271	100.0%		

(Note 1) The “(Planned) Acquisition Price” does not include acquisition costs.

(Note 2) The “(Planned) Acquisition Price” is rounded down to the nearest million yen and percentages are rounded to the first decimal place.