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For Translation Purposes Only
For Immediate Release

Japan Prime Realty Investment Corporation
Hirohito Kaneko, Executive Officer
(Securities Code: 8955)
Asset Management Company:
Tokyo Realty Investment Management, Inc.
Satoshi Okubo, President and CEO
Inquiries: Satoshi Eida, Director and CFO
(TEL: +81-3-3516-1591)

Notice Concerning Revisions to Operating Forecasts
for the Fiscal Period Ending June 30, 2015
and Operating Forecasts
for the Fiscal Periods Ending December 31, 2015 and June 30, 2016

Japan Prime Realty Investment Corporation (JPR) today announced revisions to its operating forecasts for the fiscal period ending June 30, 2015 (January 1, 2015 – June 30, 2015), which were reported on February 13, 2015 when it announced the financial results for the fiscal period ended December 31, 2014, as described below. JPR also announced its operating forecasts for the fiscal period ending December 31, 2015 (July 1, 2015 – December 31, 2015) and for the fiscal period ending June 30, 2016 (January 1, 2016 – June 30, 2016), respectively, as described below.

Details

1. Revised Operating Forecasts for the Fiscal Period Ending June 30, 2015 (January 1, 2015 – June 30, 2015)

	Operating Revenues (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)	Distribution per Unit (excluding exceeding profit distribution per unit) (yen)	Exceeding Profit Distribution per Unit (yen)
Previous Forecasts (A)	13,871	6,404	5,248	5,247	6,360	—
Revised Forecasts (B)	14,244	6,658	5,524	5,561	6,370	—
Net Change (B-A)	373	254	276	313	10	—
Change (%)	2.7%	4.0%	5.3%	6.0%	0.2%	—

Notes:

- Forecast units outstanding as of June 30, 2015: 873,000 units (825,000 units in the previous forecasts)
- The revised forecast figures in the above table are the current forecasts and calculated based on the “Assumptions for the Operating Forecasts for the Fiscal Periods Ending June 30, 2015, December 31, 2015 and June 30, 2016” in the Attachment. Accordingly, actual operating revenues, operating income, ordinary income, net income and distribution per unit may fluctuate due to additional acquisition or sale of specified assets, changes in the operating environment and other factors occurring in the future. Moreover, these forecasts should not be construed as a guarantee of the amount of distribution per unit.
- Figures in yen have been rounded down to the unit, and percentage figures have been rounded to the nearest first decimal point.

Note: This document is a press release for a public announcement regarding revisions to operating forecasts for the fiscal period ending June 30, 2015 and operating forecasts for the fiscal periods ending December 31, 2015 and June 30, 2016, and has not been prepared for the purpose of soliciting any investment. We request readers to undertake investment decisions at their own judgment after having read carefully the prospectus and notice of amendments (if issued) for the issuance of new investment units and secondary offering prepared by JPR.



2. Reasons for Revision

JPR resolved at its board of directors' meeting held on June 1, 2015 on the issuance of new investment units and secondary offering for the purpose of procuring funds to repay borrowings and expand its acquisition capacity through debt financing.

After the date when the previous forecasts were announced (February 13, 2015), JPR acquired Shinjuku Square Tower (additional acquisition) in the fiscal period ending June 30, 2015. This, together with steady progress made in leasing achievements for existing properties, has allowed JPR to assume an increase in real estate rental revenues. Accordingly, JPR has decided to implement the issuance of new investment units in the belief that the mid-term target for distribution per unit is expected to be achieved and it will provide JPR with certain prospects of realizing stable growth going forward, even after taking into consideration the impact of dilution through the issuance of new investment units.

As these developments have caused changes to the assumptions for the operating forecasts for the fiscal period ending June 30, 2015, JPR has decided to revise the operating forecasts for the period.

3. Operating Forecasts for the Fiscal Period Ending December 31, 2015 (July 1, 2015 – December 31, 2015)

	Operating Revenues (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)	Distribution per Unit (excluding exceeding profit distribution per unit) (yen)	Exceeding Profit Distribution per Unit (yen)
Fiscal Period Ending December 2015	14,000	6,761	5,672	5,675	6,500	—

Notes:

- Forecast units outstanding as of December 31, 2015: 873,000 units
- The forecast figures in the above table are calculated based on the "Assumptions for the Operating Forecasts for the Fiscal Periods Ending June 30, 2015, December 31, 2015 and June 30, 2016" in the Attachment. Accordingly, actual operating revenues, operating income, ordinary income, net income and distribution per unit may fluctuate due to additional acquisition or sale of specified assets, changes in the operating environment and other factors occurring in the future. Moreover, these forecasts should not be construed as a guarantee of the amount of distribution per unit.
- Figures in yen have been rounded down to the unit.

4. Operating Forecasts for the Fiscal Period Ending June 30, 2016 (January 1, 2016 – June 30, 2016)

	Operating Revenues (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)	Distribution per Unit (excluding exceeding profit distribution per unit) (yen)	Exceeding Profit Distribution per Unit (yen)
Fiscal Period Ending June 2016	14,035	6,698	5,718	5,718	6,550	—

Notes:

- Forecast units outstanding as of June 30, 2016: 873,000 units
- The forecast figures in the above table are calculated based on the "Assumptions for the Operating Forecasts for the Fiscal Periods Ending June 30, 2015, December 31, 2015 and June 30, 2016" in the Attachment. Accordingly, actual operating revenues, operating income, ordinary income, net income and distribution per unit may fluctuate due to additional acquisition or sale of specified assets, changes in the operating environment and other factors occurring in the future. Moreover, these forecasts should not be construed as a guarantee of the amount of distribution per unit.
- Figures in yen have been rounded down to the unit.

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Attachment

Assumptions for the Operating Forecasts for
the Fiscal Periods Ending June 30, 2015, December 31, 2015 and June 30, 2016

Assumptions	
Period	<p>Fiscal period ending June 30, 2015: January 1, 2015 to June 30, 2015 (investment period: 181 days)</p> <p>Fiscal period ending December 31, 2015: July 1, 2015 to December 31, 2015 (investment period: 184 days)</p> <p>Fiscal period ending June 30, 2016: January 1, 2016 to June 30, 2016 (investment period: 182 days)</p>
Property Portfolio	<ul style="list-style-type: none"> • It is assumed that there will be 62 properties, which were held by JPR as of December 31, 2014 but include the additional ownership of Shinjuku Square Tower acquired on March 25, 2015 (acquisition price: 4,000 million yen), and that there will be no change (such as acquiring new properties and selling existing properties) through the end of the fiscal period ending June 30, 2016. • In practice, these assumptions may vary due to such events as the acquisition of additional properties or the sale of existing properties.
Operating Revenues	<ul style="list-style-type: none"> • Real estate rental revenues are calculated on the basis of the lease contracts effective as of April 30, 2015, with considerations given to the market environment, competitiveness of the properties, status of tenants and other factors. Furthermore, the assumed period-average occupancy rate at the end of each month is 97.4% for the fiscal period ending June 30, 2015, 96.8% for the fiscal period ending December 31, 2015 and 97.1% for the fiscal period ending June 30, 2016. • For operating revenues, JPR assumes that rents will be paid on time and that no tenants will fail or decline to pay rents. • Gain and loss on sales of real estate properties is not assumed.
Operating Expenses	<ul style="list-style-type: none"> • Among rental expenses, which are the principal operating expenses, outsourcing expenses and other expenses excluding depreciation are calculated based on historical data, reflecting variable factors of expenses and considering the information as of April 30, 2015. Outsourcing expenses are assumed to be 529 million yen for the fiscal period ending June 30, 2015, 532 million yen for the fiscal period ending December 31, 2015 and 528 million yen for the fiscal period ending June 30, 2016. • For property taxes and city planning taxes, the amount attributed to the respective fiscal period has been calculated out of the levied tax amount, and is assumed to be 2,030 million yen for the fiscal period ending June 30, 2015, 2,024 million yen for the fiscal period ending December 31, 2015 and 2,063 million yen for the fiscal period ending June 30, 2016. In general practice, the property taxes and city planning taxes levied on properties acquired are settled after prorating for the period with the previous owner at the time of acquisition, but JPR includes the amount equivalent to such settlement in the acquisition costs for the property. • For expenditures for the repair and maintenance of buildings, the amount expected to be required in the respective fiscal periods has been recorded. However, the expenditures for repair and maintenance for the respective fiscal periods could differ significantly from the estimated amount, as expenditures may arise due to damage to the building caused by unexpected factors, etc., and because the variance in amounts generally tends to grow from year to year and repair expenses do not arise regularly. • Depreciation is calculated using the straight line method, including incidental expenses and additional future capital expenditures, and is assumed to be 1,855 million yen for the fiscal period ending June 30, 2015, 1,874 million yen for the fiscal period ending December 31, 2015 and 1,880 million yen for the fiscal period ending June 30, 2016, respectively.

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Non-Operating Income	<ul style="list-style-type: none"> As for major non-operating income, JPR assumes income on settlement of management association accounts to be 38 million yen for the fiscal period ending June 30, 2015, 2 million yen for the fiscal period ending December 31, 2015 and 36 million yen for the fiscal period ending June 30, 2016.
Non-Operating Expenses	<ul style="list-style-type: none"> As for major non-operating expenses, JPR assumes interest paid, fees related to loan agreement, interest on investment corporation bonds and amortization of investment corporation bond issuance costs etc. to be 1,175 million yen for the fiscal period ending June 30, 2015, 1,086 million yen for the fiscal period ending December 31, 2015 and 1,011 million yen for the fiscal period ending June 30, 2016. It is planned that the investment unit issuance costs will be 43 million yen, which is assumed to be amortized utilizing the straight-line method over three years.
Extraordinary Income	<ul style="list-style-type: none"> JPR assumes subsidy income to be 37 million yen for the fiscal period ending June 30, 2015 and 3 million yen for the fiscal period ending December 31, 2015, respectively.
Interest-Bearing Debt	<ul style="list-style-type: none"> The interest-bearing debt ratio as of today stands at 50.4%, with interest-bearing debt of 195,024 million yen (comprised of 13,000 million yen in short-term debt, 140,524 million yen in long-term debt and 41,500 million yen in investment corporation bonds). It is assumed that JPR will use the proceeds it will receive from the issuance of investment units through public offering and third-party allotment in accordance with the secondary offering (over-allotment), to be implemented in June 2015, to repay 15,000 million yen in loans in the fiscal period ending June 30, 2015 and 4,000 million yen in loans in the fiscal period ending December 31, 2015. It is assumed that all borrowings whose repayment dates will arrive during the respective fiscal periods will be refinanced, except for the above-mentioned repayment and scheduled payment of 166 million yen. <p>Due to the above, the LTV (based on total assets after considering unrealized gains or losses) is projected to be 43.2% at end of the fiscal period ending June 30, 2015, 42.2% at end of the fiscal period ending December 31, 2015 and 42.1% at end of the fiscal period ending June 30, 2016. In addition, the ratio of interest-bearing debts is projected to be 46.0% at end of the fiscal period ending June 30, 2015, 45.4% at end of the fiscal period ending December 31, 2015 and 45.4% at end of the fiscal period ending June 30, 2016.</p> <ul style="list-style-type: none"> The following formula is used in calculating the LTV (based on total assets after considering unrealized gains or losses) and interest-bearing debt ratio in this table: <p style="margin-left: 40px;">LTV (based on total assets after considering unrealized gains or losses) = Estimated interest-bearing debt / (Estimated total assets + Estimated unrealized gains or losses of real estate properties) x 100</p> <p style="margin-left: 40px;">Interest-bearing debt ratio = Estimated interest-bearing debt / (Estimated total interest-bearing debt + Estimated total unitholders' capital) x 100</p> <p>(Note) Unrealized gains or losses of real estate properties refer to the difference between the appraisal value and period-end book value of real estate properties.</p>

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Total Units Outstanding	<ul style="list-style-type: none">• It is assumed that the number of investment units outstanding as of the end of the fiscal periods ending June 30, 2015, December 31, 2015 and June 30, 2016 will be 873,000 units, comprising the 825,000 units outstanding as of June 1, 2015 plus maximum 48,000 new investment units scheduled to be issued in June 2015 through public offering and through third-party allotment in association with the secondary offering (over-allotment).• Furthermore, it is assumed that 2,300 units, which is the maximum number of investment units to be additionally issued through third-party allotment, will be fully issued.• Other than the above, it is assumed that there will be no investment units additionally issued through the end of the fiscal period ending June 30, 2016.
Distribution per Unit (Excluding Exceeding Profit Distribution Per Unit)	<ul style="list-style-type: none">• As for distribution per unit, it is assumed that all revenues will be distributed based on the distribution methods provided in the Articles of Incorporation of JPR.• There is the possibility that the distribution per unit may vary due to various factors including variation of rental revenue due to transfer of assets under management and tenants moving out, and unpredicted repairs and maintenance.
Exceeding Profit Distribution Per Unit	<ul style="list-style-type: none">• Distribution exceeding the profit (exceeding profit distribution per unit) is currently not assumed.
Others	<ul style="list-style-type: none">• It is assumed that there will be no changes in legislation, taxation, accounting standards, regulations applying to publicly listed companies, rules and requirements imposed by the Investment Trusts Association, Japan etc. that will impact the aforementioned forecasts.• It is also assumed that there will be no unexpected material changes in general economic and the real estate market conditions.

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