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**For Translation Purpose Only**
**For Immediate Release**

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**Notice Concerning Property Sale (Conclusion of Contract)**  
**“JPR Daikanyama”**

Japan Prime Realty Investment Corporation (JPR) announced that Tokyo Realty Investment Management, Inc., the asset management company to which JPR entrusts management of its assets, today decided on the sale of JPR Daikanyama, a property owned by JPR, as outlined below.

Details

**1. Sale Details**

(1) Property Name	JPR Daikanyama
(2) Asset Type	Real estate
(3) Asset Class	Retail
(4) Sale Price	1,880 million yen
(5) Appraisal Value	1,600 million yen (appraised as of August 15, 2016)
(6) Book Value	2,180 million yen (as of June 30, 2016)
(7) Planned gain or loss on sale	-299 million yen
(8) Contract Date	August 30, 2016
(9) Planned Sale Date	September 29, 2016
(10) Buyer	A general operating company in Japan
(11) Payment Method	Payment of 190 million yen as a deposit and payment of the balance at the time of delivery

(Note 1) Amounts are rounded down to the nearest million yen.

(Note 2) Sale price excludes the settlement amount equivalent to property taxes and urban planning taxes, consumption taxes and others.

**2. Reason for Sale**

Since the acquisition of JPR Daikanyama in October 2004, efforts have been made to achieve stable occupancy and enhanced earnings of the Property. However, its NOI yield has remained at a level

lower than was assumed upon acquisition and failed to improve even under the current recovery phase of the market. Considering such a situation, and taking into account the changes in the environment surrounding the Property, trends in the retail business, terms for lease with the tenants and other conditions, the asset management company concluded that it would be best to sell the Property at the present time when the for-sale real estate market is in good shape, if sold for a price higher than a certain amount, in an effort to enhance the quality of the portfolio. After negotiations made over a sufficient period of time for marketing activities with multiple candidate buyers on the sale of the Property, an agreement was reached with the seller on the conditions and the sale has been determined.

As the sale price of the Property is lower than the book value, a loss on sale of real estate will accrue. However, with such one-time revenue as a cancellation penalty for other properties anticipated to surpass the loss, JPR will record them for the same fiscal period to stabilize the cash distributions level. For more details, please refer to the “Assumptions for the 30th Fiscal Period Forecast (July 1, 2016 – December 31, 2016)” in JPR’s Financial Report for the 29th Fiscal Period Results (January 1, 2016 – June 30, 2016) dated August 12, 2016.

With regard to the funds to be obtained from the sale of the Property, JPR intends to use them for measures that should contribute to the stable growth of unitholder value, such as property acquisitions in the future and reinforcement of its financial base through repayment of borrowings. After the sale of the Property, JPR will continue to work on asset replacement and vigorously selective investment with an aim to improve the quality of its portfolio.

### 3. Details of Property for Sale

(1) Property Name • Location, etc.	
Property Name	JPR Daikanyama
Location	20-5, Daikanyama, Shibuya-ku, Tokyo
Asset Type	Real estate
(2) Land • Building	
Asset Class	Retail
Type of Structure	RC, flat roof, B2/2F
Type of Ownership	Land: Ownership Building: Ownership
Site Area	Land : Total site area 277.12m <sup>2</sup> Building : Gloss floor area 668.09m <sup>2</sup>
Completion	July 31, 2002
(3) Price, etc.	
Sale price	¥1,880 million
Appraisal Value (Appraisal Date)	¥1,600 million (as of August 15, 2016)
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.
(4) Status of Leasing	
Number of Tenants	4
Rent Fee (Annual)	¥77 million (excluding common service fee, etc.)

Lease and Guarantee Deposits	¥66 million
Total Leasable Floor Space/Total Leased Floor Space	Total Leasable Floor Space : 651.29m <sup>2</sup> Total Leased Floor Space : 651.29m <sup>2</sup>
Occupancy Rate	100.0%

(Note 1) Amounts are rounded down to the nearest million yen, and percentage figures have been rounded to the first decimal place.

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

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

(Note 4) "Number of Tenants," "Rent Fee (Annual)," "Lease and Guarantee Deposits," "Total Leasable Floor Space/Total Leased Floor Space" and "Occupancy Rate" are figures based on the lease agreement that is effective as of July 31, 2016, etc.

#### 4. Buyer Profile

The buyer is a general operating company in Japan but its profile is undisclosed as no consent to disclose has been obtained from the buyer.

There is no capital relationship, personal relationship or business relationship to state between JPR and/or the asset management company and the buyer. The buyer does not fall under the category of related parties of JPR and/or the asset management company, either.

#### 5. Sales Agent

No agent is involved in the sale of the Property.

#### 6. Outlook

The impact of the sale on the operating results of JPR for the 30th fiscal period ending December 2016 has already been reflected on the forecast figures disclosed on August 12, 2016, and JPR will not change the operating forecasts for the period.

#### 7. Overview of Appraisal Report

		(yen)	
	Amount or percentage	Grounds	
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.		
Appraisal value	1,600,000,000		
Types of prices	Fair value		
Adjustment method for the estimated price	The appraisal value was determined mainly based on the value by capitalization method and verified with the value by cost method		
Appraisal date	August 15, 2016		
Appraisal value by capitalization method	1,600,000,000		
Adjustment method	The value by capitalization method was estimated with a focus on the DCF method and verified with the value by direct capitalization method		
Price calculated by the direct capitalization approach	1,640,000,000	Appraised by capitalizing the net cash flow by using the capitalization rate	

Operating revenue	76,665,991	Rental income
Rental revenue (including common charges and warehouse and parking revenues)	76,348,884	Appraised based on recent leasing examples, etc.
Other income (including incidental income)	4,351,431	Income from utilities expenses and telegraph pole site charges
Loss from vacancies	4,034,324	Assumed the vacancy rate of 5% (for rental space)
Rental income	76,665,991	Rental revenue + other income – loss from vacancies
Operating expenses	13,991,239	Total of the following 8 items
Ratio to operating revenue	18.2%	Ratio to operating revenue in percentage, rounded to the first decimal place
Maintenance expenses	1,836,638	
Utilities expenses	4,220,359	
Property management fees	2,160,000	
Repairs and maintenance	796,000	
Tax and public dues	4,202,700	
Insurance premium	49,910	
Tenant solicitation expenses	648,966	
Other expenses	76,666	
Net operating income (NOI)	62,674,752	Operating revenue – operating expenses
Gain from management of lease and guarantee deposits	1,450,629	Appraised on the assumption that total lease and guarantee deposits with considerations given to the vacancy rate (72,531,440 yen) is managed at 2% yield
Capital expenditures	1,990,000	
Net cash flow (NCF)	62,135,381	NOI + gain from management of lease and guarantee deposits – capital expenditures
Capitalization rate	3.8%	Capitalization rate was appraised by comparing and investigating the transaction yields
Appraisal value by discounted cash flow (DCF) method	1,580,000,000	
Periodic revenue discount rate	3.9%	
Terminal cap rate	4.0%	
(1) Aggregate present value of periodic revenue	503,000,000	
(2) Appraisal value by capitalization method in 10 years	1,620,000,000	
(3) Sale expenses	32,400,000	
(4) Terminal value, etc.	1,587,600,000	
(5) Present value of terminal value, etc.	1,080,000,000	
Appraisal value by cost method	1,570,000,000	
Land ratio	86.3%	Percentage rounded to the first decimal place
Building ratio	13.7%	Percentage rounded to the first decimal place
Other items considered by real estate appraisal agent upon appraisal	None	

**[Attachment]**

Reference Real estate portfolio after the sale of this property

## Reference

### Real estate portfolio after the sale of this property

Asset	Type	Property No.	Property Name	Acquisition Price (yen in millions)	% Investment Ratio	Investment Ratio by Area		
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	16,276	4.0%	52.9%		
		A-2	Kanematsu Bldg. Annex	2,874	0.7%			
		A-3	JPR Ningyo-cho Bldg.	2,100	0.5%			
		A-4	Shin-Kojimachi Bldg.	2,420	0.6%			
		A-5	JPR Crest Takebashi Bldg.	4,000	1.0%			
		A-6	MS Shibaura Bldg.	11,200	2.7%			
		A-7	Gotanda First Bldg.	2,920	0.7%			
		A-8	Fukuoka Bldg.	2,920	0.7%			
		A-9	JPR Ichigaya Bldg.	5,100	1.2%			
		A-10	Oval Court Ohsaki Mark West	3,500	0.9%			
		A-11	Shinjuku Square Tower	14,966	3.7%			
		A-12	BYGS Shinjuku Bldg.	15,121	3.7%			
		A-13	Across Shinkawa Bldg. Annex	710	0.2%			
		A-14	Shinjuku Center Bldg.	21,000	5.1%			
		A-15	Minami Azabu Bldg.	3,760	0.9%			
		A-16	Shinagawa Canal Bldg.	1,870	0.5%			
		A-17	Rokubancho Bldg.	2,800	0.7%			
		A-18	JPR Harajuku Bldg.	8,400	2.1%			
		A-19	Tokyo Tatemono Kyobashi Bldg.	5,250	1.3%			
		A-20	JPR Nihonbashi Horidome Bldg.	5,100	1.2%			
		A-21	JPR Sendagaya Bldg.	15,050	3.7%			
		A-22	Ginza Sanwa Bldg.	3,400	0.8%			
		A-23	The Otemachi Tower (land with leasehold interest)	36,000	8.8%			
		A-24	Science Plaza* Yonbancho Plaza	2,660	0.7%			
		A-25	Shibadaimon Center Building	4,220	1.0%			
Retail	Retail	A-1	JPR Shibuya Tower Records Bldg.	12,000	2.9%			
		A-3	JPR Jingumae 432	4,275	1.0%			
		A-4	Shinjuku Sanchoe East Bldg.	2,740	0.7%			
		A-5	Yurakucho Ekimae Building (Yurakucho Itocia)	3,400	0.8%			
Greater Tokyo	Office	B-1	Arca East	5,880	1.4%	30.1%		
		B-2	JPR Chiba Bldg.	2,350	0.6%			
		B-3	JPR Yokohama Nihon Odori Bldg.	2,927	0.7%			
		B-5	Shinyokohama 2nd Center Bldg.	1,490	0.4%			
		B-6	Kawaguchi Center Bldg.	8,100	2.0%			
		B-7	JPR Ueno East Bldg.	3,250	0.8%			
		B-8	Tachikawa Business Center Bldg.	3,188	0.8%			
		B-9	Rise Arena Bldg.	5,831	1.4%			
		B-10	Yume-ooka Office Tower	6,510	1.6%			
		B-11	Olinas Tower	31,300	7.7%			
		B-12	Tokyo Tatemono Yokohama Bldg.	7,000	1.7%			
		B-13	Omiya Prime East	6,090	1.5%			
		Retail	Retail	B-1	Tanashi ASTA		10,200	2.5%
	B-3			The Cupo-la Main Bldg.	2,100		0.5%	
	B-4			JPR Musashikosugi Bldg.	7,260		1.8%	
	B-5			Musashiurawa Shopping Square	4,335		1.1%	
	B-6			Kawasaki Dice Bldg.	15,080		3.7%	
	Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	2,140		0.5%	17.0%
C-4			Tokyo Tatemono Honmachi Bldg.	4,150	1.0%			
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	0.8%			
C-13			Sompo Japan Wakayama Bldg.	1,670	0.4%			
C-14			Tenjin 121 Bldg.	2,810	0.7%			
C-17			JPR Dojima Bldg.	2,140	0.5%			
C-18			JPR Hakata Chuo Bldg.	1,920	0.5%			
C-19			JPR Nagoya Fushimi Bldg.	4,137	1.0%			
C-20			Yakuin Business Garden	10,996	2.7%			
C-21		Benetton Shinsaibashi Bldg.	5,430	1.3%				
Retail		Retail	C-1	JPR Umeda Loft Bldg.	13,000	3.2%		
			C-4	Housing Design Center Kobe	7,220	1.8%		
			C-5	JPR Chayamachi Bldg.	6,000	1.5%		
Total				408,146	100.0%			

(Note 1) The "Acquisition Price" does not include acquisition costs.

(Note 2) The "Acquisition Price" is rounded down to the million and percentages are rounded to the first decimal place.

(Note 3) The asset class of Benetton Shinsaibashi Bldg. was converted from "retail" to "office" as of July 30, 2016.