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For Translation Purpose Only

For Immediate Release

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**Notice Concerning Acquisition and Sale of Properties (Conclusion of Contracts)
Acquisition of “GINZA GATES” and “FUNDES Suidobashi” and Sale of “Fukuoka
Bldg.” and “JPR Hakata-chuo Building”**

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 to implement acquisition of properties and sale of certain properties owned by JPR (hereinafter, respectively referred to as the “Acquisition” and the “Sale” and collectively referred to as the “Asset Replacement”), as outlined below.

Details

I. Purpose of the Asset Replacement and Overview of Transactions

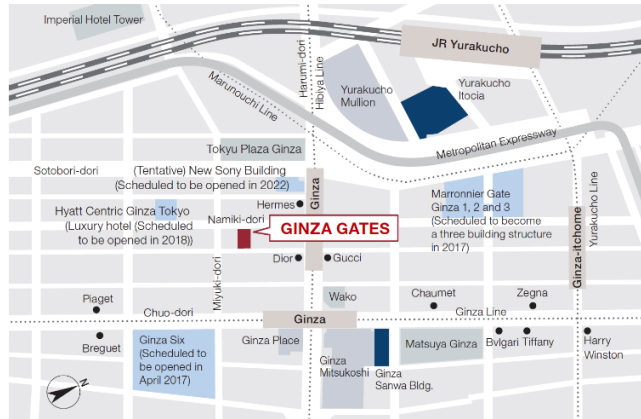
1. Purpose of the Asset Replacement

The Asset Replacement will be undertaken based on the operational and investment standards established in the Asset Management Guidelines of JPR.

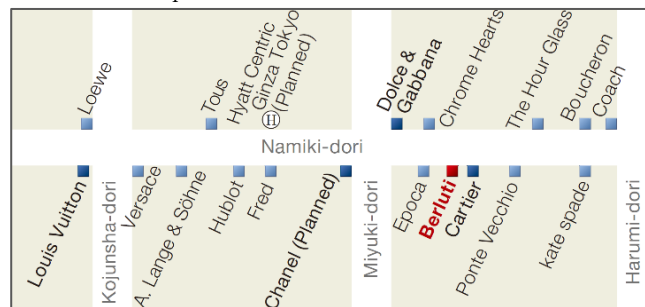
JPR has obtained an opportunity to acquire blue-chip urban retail properties located in Central Tokyo by utilizing the pipeline of one of its sponsors. Capitalizing on this opportunity, JPR will acquire the properties while selling certain office properties built years ago to the said sponsor with an aim to build a strong and solid portfolio through the asset replacement. This arrangement is intended to enhance the portfolio quality that should contribute to JPR’s stable growth and to further exercise synergy of the sponsor’s group through its continuous support to the expansion of the fund.

2. Acquisition of GINZA GATES

JPR will acquire an urban retail property located in Namiki-dori avenue in Ginza, one of the largest retail areas in Japan, from Tokyo Tatemono Co., Ltd., a sponsor of JPR (hereinafter referred to as the “Main Sponsor.”)



Brand street map



Namiki-dori avenue is a “brand street” where foreign luxury brands such as Louis Vuitton, Cartier and Chanel (planned) operate stores. Moreover, as the property is in close proximity to Harumi-dori street, JPR believes that its location along Namiki-dori avenue has even higher potential.

In the low-rise section of the property, Belluti (Note), the high-grade men’s shoes brand of the Louis Vuitton Japan Group, runs a flagship store as a street-front shop. The middle-rise section has tenants that feature a sense of unity, including an esthetic salon, a beauty clinic, a beauty clinic and a high-grade Japanese restaurant of tea ceremony dishes, which provide a sense of high-grade matching that of low-rise street-front stores.

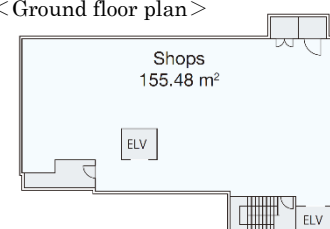
The property has a space of 40 to 50 tsubos per floor, featuring a size in high demand for brands seeking to open and operate stores along Namiki-dori avenue and by service companies and restaurants on middle- and high-rise floors. Moreover, the stores of high-grade brands on the street front enhance impressions and added-value of the entire building. This, in JPR’s opinion, should allow expectations for rents that surpass market rent levels, especially for tenants from the beauty-related services industry and others.

(Note) Belluti is a brand promoted by Belluti Japan K.K., which is a 100%-owned subsidiary of Louis Vuitton Japan K.K., as are LVMH Fashion Group Japan K.K. (which owns Celine Japan Company and Loewe Japan Company) and Fendi Japan K.K.

< Tenant composition >

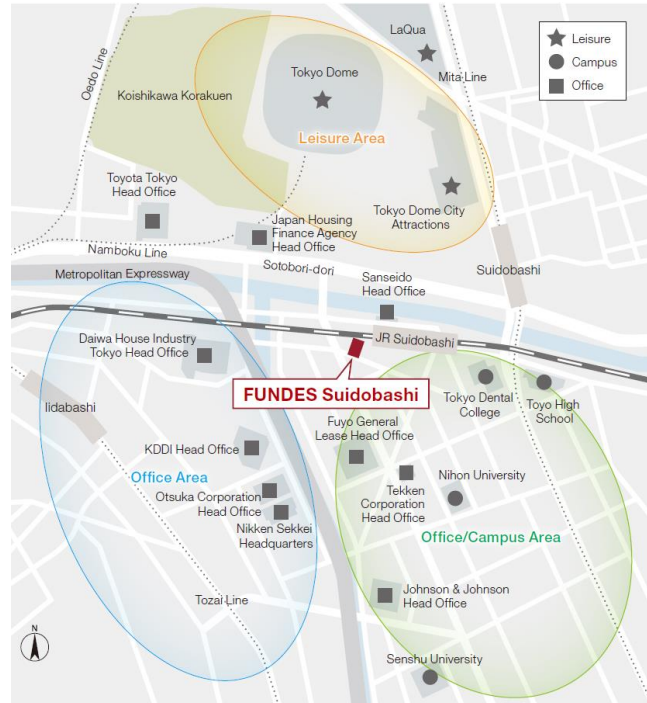
Office	11F
Office	10F
Hair Salon	9F
High Class Kaiseki Ryori (Japanese Restaurant)	8F
Hair Salon	7F
Beauty Salon	6F
Clinic	5F
Beauty Salon	4F
Luxury Brand	3F
Luxury Brand	2F
Luxury Brand	1F

< Ground floor plan >



3. Acquisition of FUNDES Suidobashi

JPR will acquire the first property of the FUNDES series, which are compact urban commercial facilities developed by the Main Sponsor.



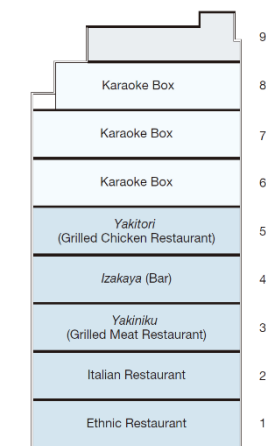
Located in close proximity to the west gate of Suidobashi Station on the JR Line, the property enjoys high traffic convenience. To the south of the property, there is an office area featuring headquarters of large companies, etc. and a campus area with many universities and vocational colleges including Nihon University and Senshu University. The leisure area to the north, centering on Tokyo Dome City, is among Japan's largest event spaces and is anticipated to attract visitors throughout the year. As such, the property is in a trade zone with potential for attracting visitors not only on weekdays but also during weekends and holidays.

The daytime population of the zone is sufficiently large at 86,000 people within a 0.5 km radius 289,000 people within a 1 km radius (Note). The actual volume of the surrounding market is supposed to be even larger when, on top of the inflow of office workers and students, visitors to Tokyo Dome City who are not counted as part of the daytime population are included.

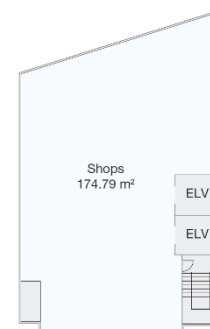
Although the area around the station has a concentration of many restaurants, the property, which is a relatively newly-built, concept-oriented building with food and beverage tenants and is close to the station, should have high scarcity value. Moreover, it has a floor space of around 50 tsubos per floor, which is the size suitable for what is necessary to open stores in recent years. As such, JPR considers the property to have high competitiveness as an urban retail property.

(Note) The figures represent the daytime population of the area with a radius of 500 m and 1 km from the location of the property as the center, on a mesh-block basis, in the 2010 National Census.

< Tenant composition >



< Ground floor plan >



4. Sale of Fukuoka Bldg. and JPR Hakata-chuo Bldg.

JPR aims to build a strong and solid portfolio and, as a measure to achieve the goal, it intends to systematically implement asset replacement while conducting vigorously selective investments in blue-chip properties. As target properties to be sold for asset replacement, JPR will investigate properties that may no longer be able to offer stability and growth potential anticipated upon their acquisition due to such factors as changes in the supply and demand balance in relevant areas and in the competition environment, properties that may generate concerns about maintaining stable competitiveness in the future due to aging of the buildings, etc., and properties that may be re-acquired upon possible reconstruction in the future on the premise that preferential negotiation rights and other advantages are obtained, among other candidates. Moreover, JPR will comprehensively consider whether the candidate properties will help achieve an asset replacement that should contribute to its stable growth, with the intention that the Main Sponsor's support to expand the fund and the synergy of its group will be exerted effectively.

While the two properties to be sold are still expected to stably contribute to the earnings of JPR's portfolio, many years have passed since they were built, and it is considered necessary to take measures for stable management, including large-scale repairs and reconstruction over the medium to long term. Therefore, the two properties will be sold on the judgment that replacing them with the relatively newly-built, highly-competitive properties located in Central Tokyo to be acquired from the Main Sponsor should contribute to building a strong and solid portfolio. As for Fukuoka Bldg., it is planned that preferential negotiation rights will be granted to JPR, allowing it to negotiate re-acquisition of the property when it is reconstructed in the future.

Furthermore, JPR plans to internally reserve 200 million yen by utilizing special taxation as gain on sale of these two properties for the purpose of reinforcing its financial standing, the foundation of its stable growth.

II. Acquisition Details

(1)	Property Name	GINZA GATES	FUNDES Suidobashi
(2)	Asset Type	Real estate	Real estate beneficiary interest in trust
(3)	Asset Class	Retail	Retail
(4)	Acquisition Price	10,100 million yen	3,250 million yen
(5)	Appraisal Value	10,800 million yen	3,380 million yen
(6)	NOI Yield	3.2%	4.2%
(7)	NOI Yield after Depreciation	3.1%	3.6%
(8)	Contract Date	December 14, 2016	December 14, 2016
(9)	Planned Acquisition Date	December 15, 2016	December 15, 2016
(10)	Seller	Tokyo Tatemono Co., Ltd.	Tokyo Tatemono Co., Ltd.
(11)	Funding	Borrowings	Borrowings
(12)	Payment Method	Lump-sum payment at the time of delivery	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 IV. 3. Estimated Cash Flows and V. 3 Estimated Cash Flows below.

(Note 3) For "Appraisal Value," the appraisal date is November 30, 2016.

III. Sale Details

(1)	Property Name	Fukuoka Bldg.	JPR Hakata-chuo Bldg.
(2)	Asset Type	Real estate beneficiary interest in trust	Real estate beneficiary interest in trust
(3)	Asset Class	Office	Office
(4)	Sale Price	3,100 million yen	1,900 million yen
(5)	Appraisal Value	3,040 million yen	1,780 million yen
(6)	Planned Book Value	2,984 million yen	1,804 million yen
(7)	Planned Gain on Sale	114 million yen	94 million yen
(8)	Contract Date	December 14, 2016	December 14, 2016
(9)	Planned Sale Date	April 14, 2017	April 14, 2017
(10)	Buyer	Tokyo Tatemono Co., Ltd.	Tokyo Tatemono Co., Ltd.
(11)	Payment Method	Lump-sum payment at the time of delivery	Lump-sum payment 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 city planning taxes, consumption taxes and others.

(Note 3) For "Appraisal Value," the appraisal date is December 1, 2016.

(Note 4) "Planned Book Value" indicates the assumed book value as of the planned sale date.

(Note 5) "Planned Gain on Sale" indicates the amount obtained by subtracting planned book value and planned sale expenses from the sale price.

IV. Acquisition of GINZA GATES

1. Details of Property for Acquisition

(1) Property Name • Location, etc.	
Property Name	GINZA GATES
Location	5-5-14, Ginza, Chuo-ku, Tokyo
Asset Type	Real estate
(2) Land • Building	
Asset Class	Retail
Type of Structure	S, flat roof, 11F
Type of Ownership	Land: Land lease right (leasehold) Building: Ownership
Site Area	Land : Total Site Area 230.11m ² Building: Gross Floor Area 1,821.67m ²
Completion Date	June 19, 2008 (approx. 8 years since built)
Architecture and Design/ Construction	PD System Corporation /Shimizu Corporation
Probable Maximum Loss (PML)	6.8% (based on the earthquake risk assessment report prepared by Sompo Risk Management & Health Care Inc.)
(3) Price, etc.	
Acquisition price	¥10,100 million
Appraisal Value (Appraisal Date)	¥10,800 million (as of November 30, 2016)
Appraiser	Japan Valuers, Co., Ltd.
Collateral	None

(4) Status of Leasing	
Number of Tenants (Main Tenant)	8 (Belluti Japan K.K.)
Rent Revenue, common charges (Annual)	¥366 million
Lease and Guarantee Deposits	¥88 million
Total Leasable Floor Space/ Total Leased Floor Space	1,666.55m ² / 1,666.55m ²
Occupancy Rate	100%
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 office and retail spaces in the building.

(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 areas based on the lease contracts, etc. valid as of the contract date.

(Note 7) "Occupancy Rate" indicates the figure as of the contract date.

2. Profile of Previous Owners

Owner	Previous Owner	Owners before Previous Owner
Company Name	Tokyo Tatemono Co., Ltd.	Parties with which no special interest relationship exists
Relationship with Parties Having Special Interest Relationship	Refer to VIII. Seller and Buyer Profile below	—
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	March 2015	—

3. Estimated Cash Flows

(1) Operating Revenues	¥407 million
(2) Operating Expenses (excluding depreciation)	¥83 million
(3) NOI ((1)-(2))	¥323 million
(4) NOI Yield ((3)/acquisition price)	3.2%
(5) Depreciation	¥7 million
(6) Profits ((3)-(5))	¥315 million
(7) NOI Yield after Depreciation ((6)/acquisition price)	3.1%
(8) Occupancy Rate	98.4%

(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 2016.

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

4. Overview of Appraisal Report

(yen)

Item	Amount or percentage	Grounds
Appraiser	Japan Valuers, Co., Ltd.	—
Appraisal Value	10,800,000,000	Appraisal value by capitalization method has been adopted
Types of Values	Fair value	The management method by the investment corporation is reasonable from the perspective of the most effective use, and the cash flow calculation conditions are deemed to match the actual market.
Appraisal Date	November 30, 2016	—
Appraisal Value by Capitalization Method	10,800,000,000	Calculated by associating the values by the DCF and direct capitalization methods
Appraisal Value by Direct Capitalization Method	10,700,000,000	—
(1) Total Income (Effective Total Income)	417,479,460	—
Rental Revenue	397,209,460	Valued by comparing with the current rents and those in similar cases
Other Income, Etc.	20,270,000	Valued based on the latest situation and the levels in surrounding markets
(2) Total Operating Expenses	83,636,673	—
Maintenance Expenses (Maintenance Expenses, Management Expenses, Repair Expenses, etc.)	24,940,516	Valued based on the actual amounts and those in similar cases, etc., while taking into account the property's individuality
PM Fee	7,202,220	Valued based on pre-determined calculation rates
Other Expenses	47,259,127	Recorded land rents, tenant solicitation expenses, CM fees and other expenses, etc.
Tax and Public Dues	3,977,600	Valued based on actual amounts
Insurance Premium	257,210	Valued based on estimated amounts
(3) Net Rental Income	333,842,787	(1) - (2)
(4) Profit through Management of Temporary Deposits, Etc.	872,946	Valued by taking into account the estimated occupancy rate, etc.
(5) Long-Term Repair Expenses	1,805,000	Valued based on indicated engineering reports, etc.
(6) Net Cash Flow (NCF (3)+(4)-(5))	332,910,733	—
(7) Capitalization Rate	3.1%	Valued by taking into account the regional characteristics and individuality of the target property, with reference to the transaction cap rates, etc. of the same asset class properties
Appraisal Value by Discounted Cash Flow (DCF) Method	10,800,000,000	—
Discount Rate	2.8%	Valued by taking into account the regional characteristics and individuality of the target property, with reference to the transaction cap rates, etc. of the same asset class properties
Terminal Capitalization Rate	3.1%	Valued by taking into account uncertainty and other factors with regard to the capitalization rate noted above
Appraisal Value by Cost Method	13,100,000,000	—
Land Ratio	97.7%	—
Building Ratio	2.3%	—
Other Items Considered by Real Estate Appraiser upon Appraisal	None in particular	

V. Acquisition of FUNDES Suidobashi

1. Details of Property for Acquisition

(1) Property Name • Location, etc.	
Property Name	FUNDES Suidobashi
Location	2-20-8, Misakicho, Chiyoda-ku, Tokyo
Asset Type	Real estate beneficiary interest in trust
Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
Term of Trust	From December 15, 2016 to December 31, 2026
(2) Land • Building	
Asset Class	Retail
Type of Structure	S, flat roof, 9F
Type of Ownership	Land: Ownership Building: Ownership
Site Area	Land: Total Site Area 281.59 m ² Building: Gross Floor Area 1,477.91 m ²
Completion Date	July 15, 2015 (approx. 1 year since completion)
Architecture and Design/ Construction	Rinkai Nissan Construction Co., Ltd./Rinkai Nissan Construction Co., Ltd.
Probable Maximum Loss (PML)	6.5% (based on the earthquake risk assessment report prepared by Sompo Risk Management & Health Care Inc.)
(3) Price, etc.	
Acquisition Price	¥3,250 million
Appraisal Value (Appraisal Date)	¥3,380 million (as of November 30, 2016)
Appraiser	Japan Real Estate Institute
Collateral	None
(4) Status of Leasing	
Number of Tenants	6
Rent Revenue, common charges (Annual)	¥151 million
Lease and Guarantee Deposit	¥135 million
Total Leasable Floor Space/ Total Leased Floor Space	1,367.56m ² / 1,367.56m ²
Occupancy Rate	100%
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 office and retail spaces in the building.

(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 areas based on the lease contracts, etc. valid as of the contract date.

(Note 7) “Occupancy Rate” indicates the figure as of the contract date.

2. Profile of Previous Owners

Owner	Previous Owner	Owners before Previous Owner
Company Name	Tokyo Tatemono Co., Ltd.	Land: Parties with which no special interest relationship exists Building: None
Relationship with Parties Having Special Interest Relationship	Refer to VIII. Seller and Buyer Profile below	—
Background and Reason of Acquisition	Acquisition for the purpose of development	—
Acquisition Price	Omitted as the property has been owned for more than a year	—
Acquisition Date	Land: November 2013 Building: July 2015 (newly built)	—

3. Estimated Cash Flows

(1) Operating Revenues	¥185 million
(2) Operating Expenses (excluding depreciation)	¥48 million
(3) NOI ((1)-(2))	¥136 million
(4) NOI Yield ((3)/ acquisition price)	4.2%
(5) Depreciation	¥19 million
(6) Profits ((3)-(5))	¥117 million
(7) NOI Yield after Depreciation ((6) / acquisition price)	3.6%
(8) Occupancy Rate	99.2%

(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 2016.

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

4. Overview of Appraisal Report

(yen)

Item	Amount or percentage	Grounds
Appraiser	Japan Real Estate Institute	—
Appraisal Value	3,380,000,000	The appraisal value was determined by adopting the appraisal value by capitalization method, which was estimated by using both the direct capitalization and DCF methods, while using the value by cost method as a reference.
Types of Values	Fair value	—
Appraisal Date	November 30, 2016	—
Appraisal Value by Capitalization Method	3,380,000,000	Adjustments were made by using the values by direct capitalization and DCF methods.
Appraisal value by direct capitalization method	3,420,000,000	Valued by capitalizing the Net Operating Income by using the capitalization rate
Operating Revenue	181,000,000	Valued by deducting loss from vacancies and bad debt loss from latent gross cash flow
Rental Revenue (including common charges and parking revenues)	152,113,000	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

	Other Income (including utilities income)	34,200,000	Valued by taking into account the income and occupancy rates of past fiscal years
	Latent Gross Cash Flow	186,313,000	Sum total of rental revenue and other income
	Loss from Vacancies	5,313,000	Assumed the vacancy rate of the stores to be 3%
	Bad Debt Loss	0	Not recorded in consideration of the lessees' conditions, etc.
	Operating Expenses Ratio to Operating Revenue	47,437,000 26.2%	Total of the following 8 items Ratio to operating revenue in percentage, rounded to the first decimal place
	Maintenance Expenses	9,800,000	Valued with reference to actual amounts and maintenance operation expenses of past fiscal years and maintenance expenses of similar properties
	Utilities Expenses	19,820,000	Valued based on actual amounts, etc. of past fiscal years
	Repairs and Maintenance	572,000	Valued based on actual amounts of past fiscal years as well as on the expense levels of similar properties and engineering reports, etc.
	Property Management Fees	5,820,000	Valued based on the compensation rates of similar properties, with reference to the compensation amounts, etc. under the terms and conditions of the contracts
	Tenant Solicitation Expenses	1,221,000	Recorded the annual average amount estimated on the basis of the assumed rollover period of tenants
	Tax and Public Dues	7,060,000	Recorded based on the materials related to tax and public dues
	Insurance Premium	94,000	Valued with reference to the insurance premium and the premium insurance rates, etc. of similar properties
	Other Expenses	3,050,000	Recorded ordinary sales promotion expenses and permission fees for exterior advertisement, etc. as other expenses
	Net Operating Income	133,563,000	Calculated by deducting operating expenses from operating revenue
	Profit through Management of Temporary Deposits, Etc.	1,311,000	Valued by multiplying the amount, which is obtained by taking into account the terms and conditions of current contracts, the number of months for temporary deposits, etc. in new leases, and the state of occupancy, by the management yield (1.0%)
	Capital Expenditures	1,335,000	Valued by taking into account the building age, annual average amount of repairs and maintenance indicated in engineering reports and other factors
	Net Operating Income	133,539,000	Valued by adding and subtracting profit through management of temporary deposits, etc. and capital expenditures
	Capitalization Rate	3.9%	Valued by taking into account the location, building and terms and conditions of the current contracts, etc. of the property
	Appraisal value by Discounted Cash Flow (DCF) Method	3,340,000,000	—
	Discount Rate	3.7%	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	4.1%	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	3,060,000,000	—
	Land Ratio	80.3%	—
	Building Ratio	19.7%	—
	Other Items Considered by Real Estate Appraiser upon Appraisal	None in particular	

VI. Sale of Fukuoka Bldg.

1. Details of Property for Sale

(1) Property Name • Location, etc.	
Property Name	Fukuoka Bldg.
Location	2-8-7, Yaesu, Chuo-ku, Tokyo
Asset Type	Real estate beneficiary interest in trust
(2) Land • Building	
Asset Class	Office
Type of Structure	SRC, flat roof, B2/10F
Type of Ownership	Land: Ownership (co-ownership) for part of the site Building: Sectional ownership/sectional ownership (co-ownership)
Site Area	Land: Total Site Area (equivalent to ownership interest) 208.75m ² Building: Gross Floor Area (equivalent to ownership interest) 2,020.41m ²
Completion Date	May 31, 1990 (26 since completion)
(3) Price, etc.	
Sale price	¥3,100 million
Appraisal Value (Appraisal Date)	¥3,040 million (as of December 1, 2016)
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
(4) Status of Leasing	
Number of Tenants	1
Rent Revenue, common charges (Annual)	Undisclosed
Lease and Guarantee Deposits	Undisclosed
Total Leasable Floor Space/ Total Leased Floor Space	1,937.40m ² (equivalent to ownership interest) / 1,937.40m ² (equivalent to ownership interest)
Occupancy Rate	100.0%
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,” “Type of Ownership,” “Site Area” and “Completion Date” are as indicated in the registry.

(Note 4) “Number of Tenants,” “Total Site Area/Gross Floor Area” and “Occupancy Rate” indicate the figures based on the lease contracts, etc. valid as of the contract date.

(Note 5) “Rent Revenue, common charges (annual)” and “Lease and Guarantee Deposits” are not disclosed as no consent to disclosure has been obtained from the tenant.

2. Overview of Appraisal Report

(yen)

Item	Amount or percentage	Grounds
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	—
Appraisal Value	3,040,000,000	Determined the appraisal value by using the appraisal value by capitalization method as the standard, with reference to the appraisal value by cost method
Types of Values	Fair value	—

Appraisal Date	December 1, 2016	—
Appraisal Value by Capitalization Method	3,040,000,000	Estimated the appraisal value by capitalization method, with a focus on the appraisal value by DCF method and by making verification by using the appraisal value by direct capitalization method
Appraisal Value by Direct Capitalization Method	3,110,000,000	—
(1) Total Income (Effective Total Income)	Undisclosed	(Note)
Rental Revenue	Undisclosed	(Note)
Other Income, Etc.	Undisclosed	(Note)
(2) Total Operating Expenses	Undisclosed	(Note)
Maintenance Expenses (Maintenance Expenses, Management Expenses, Repair Expenses, etc.)	Undisclosed	(Note)
PM Fee	Undisclosed	(Note)
Other Expenses	Undisclosed	(Note)
Tax and Public Dues	Undisclosed	(Note)
Insurance Premium	Undisclosed	(Note)
(3) Net Rental Income	134,950,000	—
(4) Profit through Management of Temporary Deposits, Etc.	Undisclosed	(Note)
(5) Long-Term Repair Expenses	15,247,000	Recorded the annual average amount of the repairs and renewal expenses in the repair and renewal plan described in the engineering report
(6) Net Cash Flow (NCF (3)+(4)-(5))	121,248,000	—
(7) Capitalization Rate	3.9%	Valued based on the transaction yields, etc. of similar properties and comprehensively taking into account the regional characteristics, individuality and competitiveness, etc. of the target property
Appraisal Value by Discounted Cash Flow (DCF) Method	3,010,000,000	—
Discount Rate	3.6%	—
Terminal Capitalization Rate	4.0%	—
Appraisal Value by Cost Method	3,290,000,000	—
Land Ratio	96.4%	—
Building Ratio	3.6%	—
Other Items Considered by Real Estate Appraiser upon Appraisal	None in particular	

(Note) With regard to details of the appraisal items for the appraisal value by direct capitalization method, no consent to disclosure has been obtained from the tenant. Moreover, there is a concern that disclosing the relevant items should make it possible to guess the leasing terms and conditions, giving negative impacts on JPR's competitiveness and eventually harming the unitholders' interest. Accordingly, these items are not disclosed.

VII. Sale of JPR Hakata-chuo Bldg.

1. Details of Property for Sale

(1) Property Name • Location, etc.	
Property Name	JPR Hakata-chuo Bldg.
Location	6-12 Hakataekimae 2 Chome, Hakata-ku, Fukuoka, Fukuoka
Asset Type	Real estate beneficiary interest in trust
(2) Land • Building	
Asset Class	Office
Type of Structure	SRC, flat roof, 8F

Type of Ownership	Land: Ownership Building: Ownership
Site Area	Land : Total Site Area 680.63m ² Building : Gross Floor Area 3,874.81m ²
Completion Date	February 16, 1993 (23 years since completion)
(3) Price, etc.	
Sale price	¥1,900 million
Appraisal Value (Appraisal Date)	¥1,780 million (as of December 1, 2016)
Appraiser	Japan Real Estate Institute
(4) Status of Leasing	
Number of Tenants	6
Rent Revenue, common charges (Annual)	¥143 million
Lease and Guarantee Deposits	¥115 million
Total Leasable Floor Space/ Total Leased Floor Space	Total Leasable Floor Space : 3,290.42m ² Total Leased Floor Space : 3,290.42m ²
Occupancy Rate	100.0%
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," "Type of Ownership," "Site Area" and "Completion Date" are as indicated in the registry.

(Note 4) "Number of Tenants," "Rent Revenue, common charges" "Lease and Guarantee Deposits," "Total Site Area/Gross Floor Area" and "Occupancy Rate" indicate the figures based on the lease contracts, etc. valid as of the contract date.

2. Overview of Appraisal Report

(yen)

Item	Amount or percentage	Grounds
Appraiser	Japan Real Estate Institute	—
Appraisal Value	1,780,000,000	The appraisal value was determined by adopting the appraisal value by capitalization method, which was estimated by using both the direct capitalization and DCF methods, while using the value by cost method as a reference.
Types of Values	Fair value	—
Appraisal Date	December 1, 2016	—
Appraisal Value by Capitalization Method	1,780,000,000	Adjustments were made by using the values by direct capitalization and DCF methods.
Appraisal value by direct capitalization method	1,790,000,000	Valued by capitalizing the Net Operating Income by using the capitalization rate
Operating Revenue	157,548,000	Valued by deducting loss from vacancies and bad debt loss from latent gross cash flow
Rental Revenue (including common charges and parking revenues)	156,459,000	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
Other Income (including utilities income)	9,560,000	Valued by taking into account the income and occupancy rates of past fiscal years
Latent Gross Cash Flow	166,019,000	Sum total of rental revenue and other income



	Loss from Vacancies	8,471,000	Assumed the vacancy rate to be 5% for the office section, 5% for the store section and 7% for the parking lot
	Bad Debt Loss	0	Not recorded in consideration of the lessees' conditions, etc.
	Operating Expenses Ratio to Operating Revenue	49,916,000 31.7%	Total of the following 8 items Ratio to operating revenue in percentage, rounded to the first decimal place
	Maintenance Expenses	11,160,000	Valued with reference to actual amounts of past fiscal years and maintenance expenses of similar properties
	Utilities Expenses	8,900,000	Valued based on actual amounts, etc. of past fiscal years
	Repairs and Maintenance	8,689,000	Valued based on actual amounts of past fiscal years as well as on the future management and operation plans, expense levels of similar properties and engineering reports, etc.
	Property Management Fees	3,684,000	Valued based on the compensation rates, etc. of similar properties, with reference to the compensation amounts, etc. under the terms and conditions of the contracts
	Tenant Solicitation Expenses	973,000	Recorded the annual average amount estimated on the basis of the assumed rollover period of tenants
	Tax and Public Dues	16,277,000	Recorded based on the materials related to tax and public dues
	Insurance Premium	233,000	Valued with reference to the insurance premium and the premium insurance rates, etc. of similar properties
	Other Expenses	0	There are no particular expenses to be recorded as other expenses.
	Net Operating Income	107,632,000	Calculated by deducting operating expenses from operating revenue
	Profit through Management of Temporary Deposits, Etc.	1,105,000	Valued by multiplying the amount, which is obtained by taking into account the terms and conditions of current contracts, the number of months for temporary deposits, etc. in new leases, and the state of occupancy, by the management yield (1.0%)
	Capital Expenditures	20,790,000	Valued by taking into account the building age, annual average amount of repairs and maintenance indicated in engineering reports and other factors
	Net Operating Income	87,947,000	Valued by adding and subtracting profit through management of temporary deposits, etc. and capital expenditures
	Capitalization Rate	4.9%	Valued by taking into account the location, building and terms and conditions of the current contracts, etc. of the property
	Appraisal value by Discounted Cash Flow (DCF) Method	1,760,000,000	
	Discount Rate	4.7%	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	5.1%	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	1,700,000,000	
	Land Ratio	75.9%	
	Building Ratio	24.1%	
Other Items Considered by Real Estate Appraiser upon Appraisal		None in particular	

VIII. Seller and Buyer Profile

Company Name	Tokyo Tatemono Co., Ltd.
Head Office Address	9-9 Yaesu 1-chome, Chuo-ku, Tokyo
Representative	Hajime Sakuma, President and Representative Director
Paid-in Capital	92,451 million yen (as of December 31, 2015)
Principal Activities	Real estate business
Establishment	October 1, 1896
Consolidated Net Assets	312,530 million yen (as of December 31, 2015)
Consolidated Total Assets	1,297,112 million yen (as of December 31, 2015)



Major Shareholders and Shareholding Ratios	The Master Trust Bank of Japan, Ltd. (Trust Account): 6.62% Japan Trustee Services Bank, Ltd. (Trust Account): 4.37% Sompo Japan Nipponkoa Insurance Inc.: 2.42% Meiji Yasuda Life Insurance Company (Standing Proxy: Trust & Custody Services Bank, Ltd.): 2.18%
Relationship with JPR and the Asset Management Company	
Capital Relationship	As of the end of the 29th fiscal period (June 30, 2016), Tokyo Tatemono Co., Ltd. owns investment units of JPR equivalent to 3.35% of the investment units issued and outstanding. In addition, the concerned company owns 40% of the shares issued and outstanding of JPR's asset management company, Tokyo Realty Investment Management, Inc. (TRIM). Furthermore, as of December 22, 2016, certain portions of TRIM's shares held by other sponsors will be transferred to Tokyo Tatemono, increasing its shareholding ratio to 52%. For more details, please refer to "Notice Concerning Changes in Parent Company and Specified Associated Corporation at Asset Management Company" separately announced today.
Personal Relationship	As of the end of the 29th fiscal period (June 30, 2015), eleven 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 30th fiscal period ending December 2016.
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.

IX. Sales Agent

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

X. Outlook

The impact of the acquisition and sale of the relevant properties on the operating results of JPR is minimal, and JPR will not change its operating forecasts for the 30th fiscal period ending December 2016.

[Attachment]

Reference Real estate portfolio after the acquisition and sale of the relevant properties

Reference

Real estate portfolio after the acquisition and sale of the relevant properties

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	3.9%	54.4%
		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-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	3.6%	
		A-12	BYGS Shinjuku Bldg.	15,121	3.6%	
		A-13	Across Shinkawa Bldg. Annex	710	0.2%	
		A-14	Shinjuku Center Bldg.	21,000	5.0%	
		A-15	Minami Azabu Bldg.	3,760	0.9%	
		A-16	Shinagawa Canal Bldg.	1,870	0.4%	
		A-17	Rokubancho Bldg.	2,800	0.7%	
		A-18	JPR Harajuku Bldg.	8,400	2.0%	
		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	3.6%	
		A-22	Ginza Sanwa Bldg.	3,400	0.8%	
		A-23	The Otemachi Tower (land with leasehold interest)	36,000	8.6%	
		A-24	Science Plaza·Yonbancho Plaza	2,660	0.6%	
		A-25	Shibadaimon Center Building	4,220	1.0%	
		Retail	A-1	JPR Shibuya Tower Records Bldg.	12,000	
A-3	JPR Jingumae 432		4,275	1.0%		
A-4	Shinjuku Sanhome East Bldg.		2,740	0.7%		
A-5	Yurakucho Ekimae Building (Yurakucho Itocia)		3,400	0.8%		
A-6	GINZA GATES		10,100	2.4%		
A-7	FUNDES Suidobashi		3,250	0.8%		
Greater Tokyo	Office		B-1	Arca East	5,880	1.4%
		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	1.9%	
		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	7.5%	
		B-12	Tokyo Tatemono Yokohama Bldg.	7,000	1.7%	
		B-13	Omiya Prime East	6,090	1.5%	
		Retail	B-1	Tanashi ASTA	10,200	2.4%
B-3	The Cupo-la Main Bldg.		2,100	0.5%		
B-4	JPR Musashikosugi Bldg.		7,254	1.7%		
B-5	Musashiurawa Shopping Square		4,335	1.0%		
B-6	Kawasaki Dice Bldg.		15,080	3.6%		
Other Cities	Office		C-1	Niigata Ekinan Center Bldg.	2,140	0.5%
		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-19	JPR Nagoya Fushimi Bldg.	4,137	1.0%	
		C-20	Yakuin Business Garden	10,996	2.6%	
		C-21	Benetton Shinsaibashi Bldg.	5,430	1.3%	
	Retail	C-1	JPR Umeda Loft Bldg.	13,000	3.1%	
		C-4	Housing Design Center Kobe	7,220	1.7%	
		C-5	JPR Chayamachi Bldg.	6,000	1.4%	
Total				416,650	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 acquisition price of JPR Musashikosugi Bldg. is excluding a portion of land (acquisition price 5 million yen) which was sold on October 31, 2016.