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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 “KY Kojimachi Bldg.” and “FUNDES Ueno” and Sale of “Tokyo
Tatemono Kyobashi Bldg.”**

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

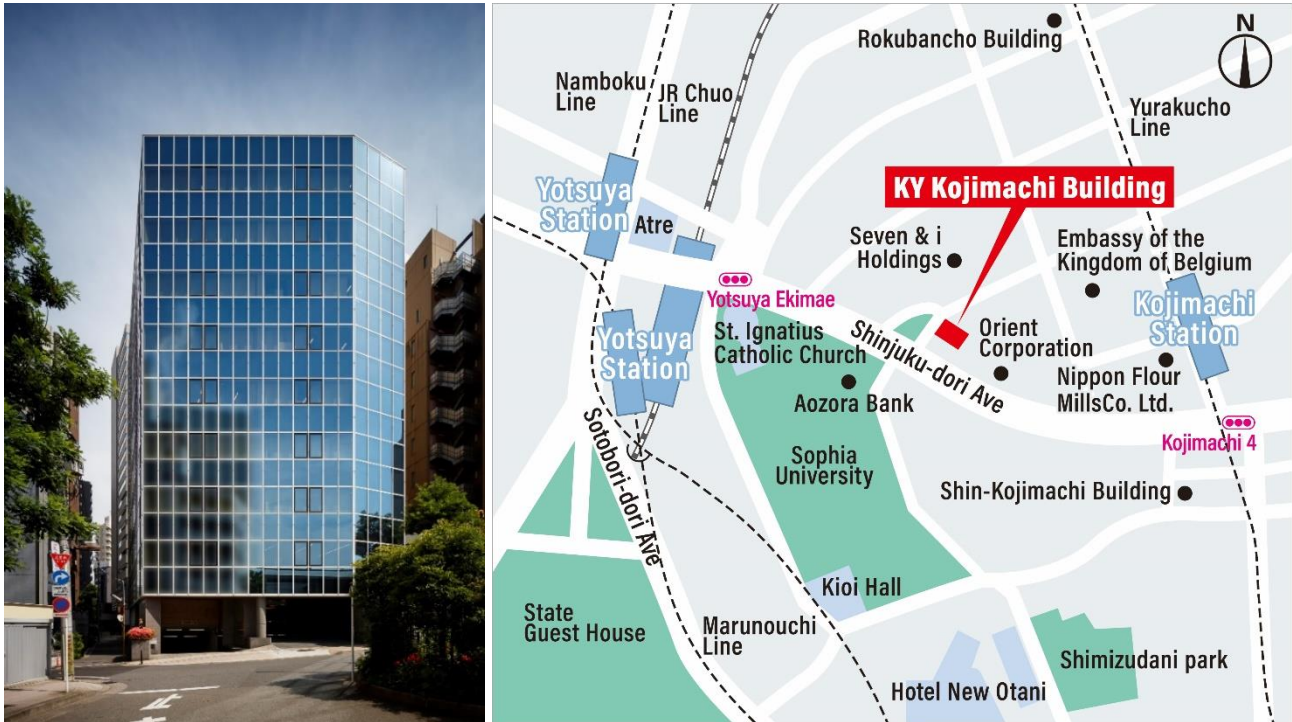
1. Purpose of the Asset Replacement

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 a blue-chip office property located in central Tokyo and an urban retail property located close to a major terminal station in central Tokyo by utilizing the pipeline of one of its sponsors. Capitalizing on this opportunity, JPR will acquire the properties while selling an office property 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 over the medium to long term and support continuous expansion of the sponsor’s fund as well as to further exercise synergy of the sponsor’s group.

2. Acquisition of KY Kojimachi Bldg.

JPR will acquire an office property with excellent transport convenience located in an office district in Yotsuya/Kojimachi in central Tokyo from Tokyo Tatemono Co., Ltd., a sponsor of JPR (hereinafter referred to as the “Main Sponsor.”)

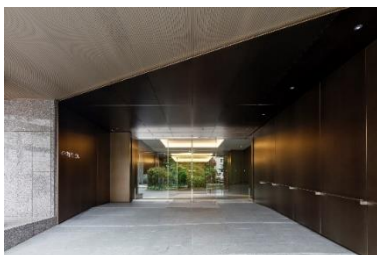


The property is located a 4-minute walk from Yotsuya Station on the JR Chuo/Chuo-Sobu Line, Tokyo Metro Marunouchi Line/Namboku Line and a 4-minute walk from Kojimachi Station on Tokyo Metro Yurakucho Line, and has access to major business and commercial districts in Tokyo without the need to change trains.

With many educational facilities such as Sophia University as well as high-end residential areas in the surrounding, the Yotsuya/Kojimachi area offers a working environment with a relaxing atmosphere and has attracted quite a few head offices of large companies and embassies, and thus has solid office demand.

The property is located near Shinjuku-dori Street, and clearly stands out with the unique appearance of glass wall covering the entire exterior.

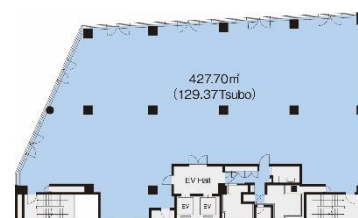
<Entrance hall>



<Elevator hall>



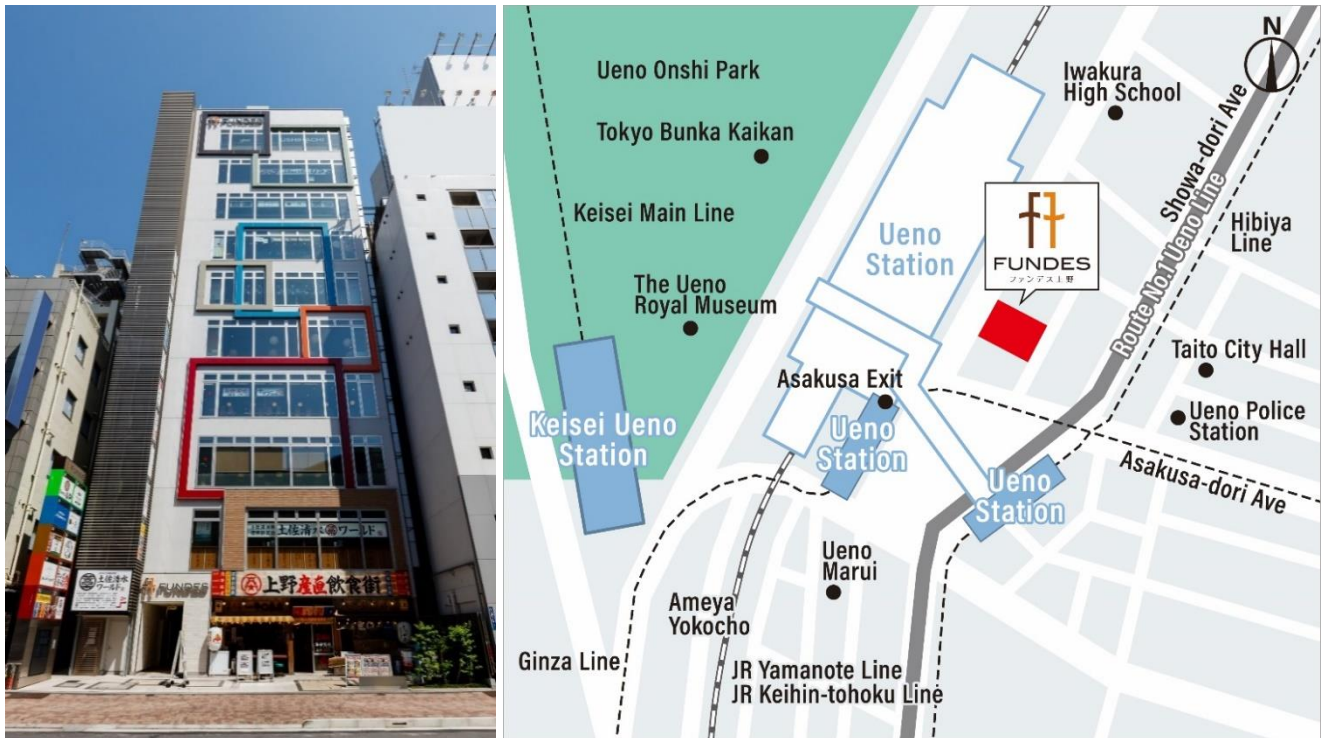
<Standard floor plan>



In addition, the entrance hall, elevator halls, power rooms, restrooms, mini kitchens, air-conditioning systems, etc. of the building have been renovated in or before 2019. The building has approximately 130 tsubos of leasable area for standard floors and offers excellent use efficiency and layout flexibility, and thus JPR considers the property to be extremely competitive.

3. Acquisition of FUNDES Ueno

JPR will acquire a compact urban commercial facility developed by the Main Sponsor under the FUNDES series. This acquisition follows the acquisition of FUNDES Suidobashi in December 2016.



Ueno Station is one of Japan’s most famous terminal stations serving as a station for many railways, including Shinkansen, several JR lines, Tokyo Metro subways and Keisei lines, and also as Tokyo’s gateway to the north. On top of such, in the areas surrounding the station are parks and cultural facilities such as Ueno Park, Ueno Zoo and Tokyo National Museum as well as many different kinds of retail shops centering on the Ameyoko shopping street.

The property is in a highly convenient area, only a 1-minute walk from the station’s eastside exit (Asakusa Exit), with a concentration of public facilities such as the Taito Ward Government Office, office buildings and hotels in the neighborhood. The area possesses high potential as a trade area which can expect to draw a diverse customer base centering on business persons and hotel guests.

JPR considers the property to be highly competitive as an urban retail property since a relatively newly-built building with eating and drinking establishments commands a scarcity value in the said area.

4. Sale of Tokyo Tatemono Kyobashi Bldg. (hereinafter referred to as the “Property to be Sold”)

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 rigorously selective investments in blue-chip properties. As to target properties for asset replacement, JPR mainly considers properties that may no longer be able to offer profitability and growth potential anticipated upon their acquisition due to such factors as changes in the supply and demand balance in relevant areas; and properties that may generate concerns about maintaining stable competitiveness in the future due to aging of the buildings, etc. In addition to these, JPR considers properties that may be able to create new value or promote growth through reconstruction, etc., capitalizing on the comprehensive strengths of the main sponsor group. JPR then makes decisions after comprehensively

judging the effect of asset replacement, including the medium- to long-term growth strategy of JPR.

While the Property to be Sold is currently contributing to the earnings of JPR's portfolio at present, 38 years have passed since its completion and discussion of large-scale repairs and other measures for stable management in the future as well as possible reconstruction in the medium to long term is necessary. Therefore, the property will be sold to the Main Sponsor on the judgment that replacing it with a highly competitive newer office property in central Tokyo and an urban retail property near a major terminal station in central Tokyo (to be acquired from the Main Sponsor) should contribute to building a strong and solid portfolio. As for the Property to be Sold, 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 400 million yen of gain on sale from the sale of the Property to be Sold by utilizing special provisions of the tax system for the purpose of reinforcing its financial standing, which is the foundation of its stable growth.

II. Acquisition Details

(1) Property Name	KY Kojimachi Bldg.	FUNDES Ueno
(2) Asset Type	Real estate	Real estate
(3) Asset Class	Office	Retail
(4) Acquisition Price	5,750 million yen	3,800 million yen
(5) Appraisal Value	6,280 million yen	3,930 million yen
(6) NOI Yield	3.8%	4.1%
(7) NOI Yield after Depreciation	3.3%	3.3%
(8) Contract Date	June 25, 2019	
(9) Planned Acquisition Date	June 27, 2019	
(10) Seller	Tokyo Tatemono Co., Ltd.	
(11) Funding	Borrowings and cash on hand (including proceeds from the sale of the Property to be Sold)	
(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 IV. 4. Estimated Cash Flows and V. 4 Estimated Cash Flows below.

(Note 3) For "Appraisal Value," the appraisal date is June 1, 2019.

III. Sale Details

(1) Property Name	Tokyo Tatemono Kyobashi Bldg.
(2) Asset Type	Real estate
(3) Asset Class	Office
(4) Sale Price	5,800 million yen
(5) Appraisal Value	5,710 million yen
(6) Planned Book Value	5,272 million yen
(7) Planned Gain on Sale	405 million yen
(8) Contract Date	June 25, 2019

(9)	Planned Sale Date	June 27, 2019
(10)	Buyer	Tokyo Tatemono Co., Ltd.
(11)	Payment Method	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 June 1, 2019.

(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 KY Kojimachi Bldg.

1. Details of Property for Acquisition

(1) Property Name • Location, etc.	
Property Name	KY Kojimachi Bldg.
Location	5-6-1, Kojimachi, Chiyoda-ku, Tokyo (lot number)
Asset Type	Real estate
(2) Land • Building	
Asset Class	Office • Garage
Type of Structure	S, flat roof, B1/9F
Type of Ownership	Land: Ownership Building: Ownership
Site Area	Land : Total Site Area 643.13m ² Building: Gross Floor Area 4,438.46m ²
Completion Date	February 12, 1999 (20 years since built)
Architecture and Design/ Construction	Taihei Architectural Design Office/Mitsui Construction Co., Ltd.
Probable Maximum Loss (PML)	3.4% (based on the earthquake risk assessment report prepared by Sompo Risk Management Inc.)
(3) Price, etc.	
Acquisition price	¥5,750 million
Appraisal Value (Appraisal Date)	¥6,280 million (as of June 1, 2019)
Appraiser	Japan Real Estate Institute
Collateral	None
(4) Status of Leasing	
Number of Tenants	7
Rent Revenue, common charges (Annual)	¥283 million
Lease and Guarantee Deposits	¥226 million
Total Leasable Floor Space/ Total Leased Floor Space	3,493.67m ² / 3,493.67m 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 lot number stated on the real estate register as the residential address has not been

assigned.

(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, etc. spaces as asset classes.

(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 for the building with office, etc. spaces as asset classes 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	Owner before Previous Owner	Owner before previous previous owner
Company Name	Tokyo Tatemono Co., Ltd.	KY Kojimachi Office Ltd.	Parties with which no special interest relationship exists
Relationship with Parties Having Special Interest Relationship	Refer to VII. Seller and Buyer Profile below	Owned of Tokyo Tatemono Co., Ltd., which is the parent company of the asset management company	—
Background and Reason of Acquisition	Acquisition for the purpose of investment and management	Acquisition for the purpose of investment and management	—
Acquisition Price	Omitted as the property has been owned for more than a year	—	—
Acquisition Date	June 2006	July 2005	—

3. Property Management Company: Tokyo Tatemono Co., Ltd.

For the profile of Tokyo Tatemono Co., Ltd., please refer to “VII. Seller and Buyer Profile” later in this document.

4. Estimated Cash Flows

(1) Operating Revenues	¥300 million
(2) Operating Expenses (excluding depreciation)	¥82 million
(3) NOI ((1)-(2))	¥217 million
(4) NOI Yield ((3)/acquisition price)	3.8%
(5) Depreciation	¥25 million
(6) Profits ((3)-(5))	¥192 million
(7) NOI Yield after Depreciation ((6)/acquisition price)	3.3%
(8) Occupancy Rate	96.0%

(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.

5. Overview of Appraisal Report

Property Name	KY Kojimachi Bldg.
Appraisal Value	¥6,280,000 thousand
Appraiser	Japan Real Estate Institute
Appraisal Date	June 1, 2019
Types of Value	Fair value

Item	Amount (thousand yen)	General Outline
Appraisal Value by Capitalization Method	¥6,280,000	Adjusted using the values of the direct capitalization method and DCF method.
Appraisal Value by Direct Capitalization Method	¥6,350,000	Valued by capitalizing net cash flow using the capitalization rate.
Operating Revenue	¥313,396	Valued by deducting loss from vacancies from potential gross cash flow.
Potential Gross Cash Flow	¥331,478	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	¥18,082	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	¥81,723	Total of the following 7 items.
Maintenance Expenses and Property Management Fee	¥27,475	Valued based on the maintenance expenses levels and compensation rates, etc. of similar properties, with reference to the compensation rates, etc. based on the actual amounts and terms and conditions of the contract of past fiscal years.
Utilities Expenses	¥16,500	Valued based on actual amounts, etc.
Repairs and Maintenance	¥7,583	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	¥2,509	Recorded the annual average amount estimated on the basis of the assumed rollover period of tenants.
Tax and Public Dues	¥27,342	Recorded based on the materials related to tax and public dues.
Insurance Premium	¥284	Valued with reference to the insurance premium and the insurance premium rates, etc. of similar properties.
Other Expenses	¥30	Valued by taking into account the actual amounts of past fiscal years.
Net Operating Income	¥231,673	Calculated by deducting operating expenses from operating revenue.
Profit through Management of Temporary Deposits, Etc.	¥2,350	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	¥18,230	Valued by taking into account the building age, annual average amount of replacement expenses in engineering reports and other factors.
Net Cash Flow	¥215,793	Valued by adding and subtracting profit through management of temporary deposits, etc. and capital expenditures to and from net operating income.
Capitalization Rate	3.4%	Valued by taking into account the location, building and terms and conditions of the contracts, etc.
Appraisal Value through Discounted Cash Flow (DCF) Method	¥6,210,000	

	Discount Rate	3.1%	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	3.5%	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		¥5,720,000	
	Land Ratio	87.4%	Indicated the ratio to the combined value of the land and building by percentage, rounded to the first decimal place.
	Building Ratio	12.6%	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
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V. Acquisition of FUNDES Ueno

1. Details of Property for Acquisition

(1) Property Name · Location, etc.	
Property Name	FUNDES Ueno
Location	7-2-4, Ueno, Taito-ku, Tokyo
Asset Type	Real estate
(2) Land · Building	
Asset Class	Retail
Type of Structure	S, flat roof, B1/10F
Type of Ownership	Land: Ownership/leasehold for part of the site Building: Ownership
Site Area	Land: Total Site Area 383.74 m ² Building: Gross Floor Area 2,235.60 m ²
Completion Date	July 10, 2017 (approx. 2 years since completion)
Architecture and Design/ Construction	Kiuchi construction Co., Ltd./Kiuchi construction Co., Ltd.
Probable Maximum Loss (PML)	4.4% (based on the earthquake risk assessment report prepared by Sampo Risk Management & Health Care Inc.)
(3) Price, etc.	
Acquisition Price	¥3,800 million
Appraisal Value (Appraisal Date)	¥3,930 million (as of June 1, 2019)
Appraiser	Japan Real Estate Institute
Collateral	None
(4) Status of Leasing	
Number of Tenants	10
Rent Revenue, common charges (Annual)	¥169 million
Lease and Guarantee Deposit	¥104 million
Total Leasable Floor Space/ Total Leased Floor Space	1,989.66m ² / 1,989.66m 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 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 for the building with retail, etc. space as asset classes 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 VII. 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: February/August 2015 Building: July 2017 (newly built)	—

3. Property Management Company: Prime Place Co., Ltd.

Company Name	Prime Place Co., Ltd.
Head Office Address	1-9-9 Yaesu, Chuo-ku, Tokyo
Representative	Takeo Inui, Representative Director
Capital	100 million yen (as of December 31, 2018)
Major shareholder (shareholding ratio)	Tokyo Tatemono Co., Ltd. (100%)
Principle Activities	Commercial and multipurpose facility property management, etc.
Establishment	October 3, 2005
Relationship with JPR and Asset Management Company	
Capital Relationship	JPR and/or TRIM have no capital relationships to be indicated with the concerned company.
Personnel Relationship	JPR and/or TRIM have no personnel relationships to be indicated with the concerned company.
Business Relationship	As of the end of the fiscal period ended December 2018, JPR has entrusted property management operations to the concerned company with regard to two of the properties which it owns.
Related Party or Not	The concerned company does not fall within the definition of a related party of JPR. Tokyo Tatemono Co., Ltd., a shareholder of JPR’s asset management company, owns stocks of the concerned company and the concerned company falls within the definition of a related party of the asset management company.

Other	Tokyo Tatemono Co., Ltd., a shareholder of JPR's asset management company, owns stocks of the concerned company and the concerned company falls within the scope of an "interested party" as stipulated in the rules and regulations prescribed by JPR's Board of Directors and "interested parties, etc." defined in the Order for the Enforcement of 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.
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4. Estimated Cash Flows

(1) Operating Revenues	¥240 million
(2) Operating Expenses (excluding depreciation)	¥85 million
(3) NOI ((1)-(2))	¥154 million
(4) NOI Yield ((3)/ acquisition price)	4.1%
(5) Depreciation	¥29 million
(6) Profits ((3)-(5))	¥124 million
(7) NOI Yield after Depreciation ((6) / acquisition price)	3.3%
(8) Occupancy Rate	98.3%

(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.

4. Overview of Appraisal Report

Property Name	FUNDES Ueno
Appraisal Value	¥3,930,000 thousand
Appraiser	Japan Real Estate Institute
Appraisal Date	June 1, 2019
Types of Value	Fair value

Item	Amount (thousand yen)	General Outline
Appraisal Value by Capitalization Method	¥3,930,000	Adjusted using the values of the direct capitalization method and DCF method.
Appraisal Value by Direct Capitalization Method	¥3,990,000	Valued by capitalizing net cash flow using the capitalization rate.
Operating Revenue	¥234,572	Valued by deducting loss from vacancies from potential gross cash flow.
Potential Gross Cash Flow	¥241,320	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	¥6,748	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	¥82,281	Total of the following 7 items.
Maintenance Expenses and Property Management Fee	¥18,370	Valued based on the maintenance expenses levels and compensation rates, etc. of similar properties, with reference to the compensation rates, etc. based on the actual amounts

			and terms and conditions of the contract of past fiscal years.
	Utilities Expenses	¥42,588	Valued based on actual amounts, etc.
	Repairs and Maintenance	¥746	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	¥1,344	Recorded the annual average amount estimated on the basis of the assumed rollover period of tenants.
	Tax and Public Dues	¥7,684	Recorded based on the materials related to tax and public dues.
	Insurance Premium	¥149	Valued with reference to the insurance premium and the insurance premium rates, etc. of similar properties.
	Other Expenses	¥11,400	Valued by taking into account the actual amounts of past fiscal years.
	Net Operating Income	¥152,291	Calculated by deducting operating expenses from operating revenue.
	Profit through Management of Temporary Deposits, Etc.	¥988	Recorded the amount obtained by deducting management loss valued by multiplying pledged deposits for leased land by the management yield, after valuing management profit by multiplying the amount of deposits, 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	¥1,790	Valued by taking into account the building age, annual average amount of replacement expenses in engineering reports and other factors.
	Net Cash Flow	¥151,489	Valued by adding and subtracting profit through management of temporary deposits, etc. and capital expenditures to and from net operating income.
	Capitalization Rate	3.8%	Valued by taking into account the location, building and terms and conditions of the contracts, etc.
	Appraisal Value through Discounted Cash Flow (DCF) Method	¥3,870,000	
	Discount Rate	3.5%	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	4.0%	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	¥3,620,000	
	Land Ratio	72.8%	Indicated the ratio to the combined value of the land and building by percentage, rounded to the first decimal place.
	Building Ratio	27.2%	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
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VI. Sale of Tokyo Tatemono Kyobashi Bldg.

1. Details of Property for Sale

(1) Property Name • Location, etc.	
Property Name	Tokyo Tatemono Kyobashi Bldg.
Location	3-6-18, Kyobashi, Chuo-ku, Tokyo
Asset Type	Real estate
(2) Land • Building	
Asset Class	Office/Retail
Type of Structure	SRC/S, flat roof, B1/10F
Type of Ownership	Land: Ownership/leasehold for part of the site Building: Sectional ownership (entirety)
Site Area	Land: Total Site Area 547.10m ² Building: Gross Floor Area 4,419.79m ²
Completion Date	January 12, 1981 (38 years since completion)
(3) Price, etc.	
Sale price	¥5,800 million
Appraisal Value (Appraisal Date)	¥5,710 million (as of June 1, 2019)
Appraiser	Japan Real Estate Institute
(4) Status of Leasing	
Number of Tenants	9
Rent Revenue, common charges (Annual)	¥313 million
Lease and Guarantee Deposits	¥398 million
Total Leasable Floor Space/ Total Leased Floor Space	3,551.01m ² / 3,551.01m 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” indicates the total number of lease contracts in the building with office, retail, etc. spaces as asset classes.

(Note 5) “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 for the building with office, retail, etc. spaces as asset classes valid as of the contract date.

2. Overview of Appraisal Report

Property Name	Tokyo Tatemono Kyobashi Bldg.
Appraisal Value	¥5,710,000 thousand
Appraiser	Japan Real Estate Institute
Appraisal Date	June 1, 2019
Types of Value	Fair value

Item	Amount (thousand yen)	General Outline
Appraisal Value by Capitalization Method	¥5,710,000	Adjusted using the values of the direct capitalization method and DCF method.
Appraisal Value by Direct Capitalization Method	¥5,830,000	Valued by capitalizing net cash flow using the capitalization rate.
Operating Revenue	¥380,509	Valued by deducting loss from vacancies from potential gross cash flow.
Potential Gross Cash Flow	¥399,651	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	¥19,142	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	¥135,440	Total of the following 7 items.
Maintenance Expenses and Property Management Fee	¥23,012	Valued based on the maintenance expenses levels and compensation rates, etc. of similar properties, with reference to the compensation rates, etc. based on the actual amounts and terms and conditions of the contract of past fiscal years.
Utilities Expenses	¥16,100	Valued based on actual amounts, etc.
Repairs and Maintenance	¥6,340	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	¥2,213	Recorded the annual average amount estimated on the basis of the assumed rollover period of tenants.
Tax and Public Dues	¥14,535	Recorded based on the materials related to tax and public dues.
Insurance Premium	¥175	Valued with reference to the insurance premium and the insurance premium rates, etc. of similar properties.
Other Expenses	¥73,065	Valued by taking into account the actual amounts of past fiscal years.
Net Operating Income	¥245,069	Calculated by deducting operating expenses from operating revenue.
Profit through Management of Temporary Deposits, Etc.	¥3,238	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	¥15,230	Valued by taking into account the building age, annual average amount of replacement expenses in engineering reports and other factors.
Net Cash Flow	¥233,077	Valued by adding and subtracting profit through management of temporary deposits, etc. and capital expenditures to and from net operating income.
Capitalization Rate	4.0%	Valued by taking into account the location, building and terms and conditions of the contracts, etc.
Appraisal Value through Discounted Cash Flow (DCF) Method	¥5,580,000	
Discount Rate	3.5%	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	¥6,060,000	
Land Ratio	96.0%	Indicated the ratio to the combined value of the land and building by percentage, rounded to the first decimal place.
Building Ratio	4.0	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	



VII. Seller and Buyer Profile

Company Name	Tokyo Tatemono Co., Ltd.
Head Office Address	9-9 Yaesu 1-chome, Chuo-ku, Tokyo
Representative	Hitoshi Nomura, President and Representative Director
Paid-in Capital	92,451 million yen (as of December 31, 2018)
Principal Activities	Real estate business
Establishment	October 1, 1896
Consolidated Net Assets	356,578 million yen (as of December 31, 2018)
Consolidated Total Assets	1,451,584 million yen (as of December 31, 2018)
Major Shareholders and Shareholding Ratios	The Master Trust Bank of Japan, Ltd. (Trust Account): 8.9% Japan Trustee Services Bank, Ltd. (Trust Account): 5.3% State Street Bank and Trust Company: 2.8% Sompo Japan Nipponkoa Insurance Inc.: 2.4%
Relationship with JPR and the Asset Management Company	
Capital Relationship	As of the fiscal period ended December 31, 2018, 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, 2018, 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 fiscal period ended December 31, 2018. As of the end of the fiscal period ended December 2018, JPR has entrusted property management operations to the concerned company with regard to 49 of the properties which it owns.
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.

VIII. Sales Agent

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

IX. 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 fiscal period ending June 2019 and the fiscal period ending December 2019.

[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	(Planned) Acquisition Price (yen in millions)	% Investment Ratio	Investment Ratio by Area			
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	16,276	3.7%	55.9%			
		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	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	4.8%				
		A-15	Minami Azabu Bldg.	3,760	0.9%				
		A-16	Shinagawa Canal Bldg.	2,041	0.5%				
		A-17	Rokubancho 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 Sanawa Bldg.	3,400	0.8%				
		A-23	The Otemachi Tower (land with leasehold interest)	36,000	8.2%				
		A-24	Science Plaza · Yonbancho Plaza	2,660	0.6%				
		A-25	Shibadaimon Center Building	4,220	1.0%				
		A-26	Tokyo Square Garden	18,400	4.2%				
				A-27	KY 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 Sanchoe 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%	28.8%	
		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-ooka 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	1.7%				
B-5	Musashiurawa Shopping Square			4,335	1.0%				
B-6	Kawasaki Dice Bldg.			15,080	3.4%				
B-7	FUNDES Ueno			3,800	0.9%				
Other Cities	Office			C-1	Niigata Ekinan Center Bldg.	2,140	0.5%	15.3%	
		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%				
	Retail	C-1	JPR Umeda Loft Bldg.	13,000	3.0%				
		C-4	Housing Design Center Kobe	7,220	1.6%				
		C-5	JPR Chayamachi Bldg.	6,000	1.4%				
Total				439,521	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.