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For Translation Purpose Only

For Immediate Release

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Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending December 31, 2024

Japan Prime Realty Investment Corporation ("JPR") today announced its revised operating forecasts for the fiscal period ending December 31, 2024, which were reported on August 16, 2024 (at the time of announcement of its financial results for the fiscal period ended June 30, 2024), as described below.

Details

1. Revisions to Operating Forecasts for the Fiscal Period Ending December 31, 2024 (from July 1, 2024 to December 31, 2024)

	Operating Revenue (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Distribution per Unit (excluding distribution in excess of earnings) (yen)	Distribution in Excess of Earnings per Unit (yen)
Previous forecast (A)	18,207	8,427	7,500	7,499	7,700	—
Revised forecast (B)	19,520	9,662	8,733	8,732	7,900	—
Amount of increase / decrease (B - A)	1,313	1,234	1,233	1,233	200	—
Rate of increase / decrease	7.2%	14.6%	16.4%	16.4%	2.6%	—

(Reference) Forecast number of investment units issued and outstanding at end of period: 997,178 units
Forecast net income per unit: 8,757 yen

2. Reasons for Revisions to Operating Forecasts

JPR revised its operating forecasts due to the changes in assumptions for the operating forecasts for the fiscal period ending December 31, 2024, as a result of the sale of assets announced in "Notice Concerning Property Sale (Conclusion of Contracts)" as of today.

Please note that the impact on the operating conditions for the fiscal period ending June 30, 2025, is minimal and that there is no revision to the operating forecasts for the fiscal period ending June 30, 2025.

The operating forecasts are calculated based on the attached document "Assumptions for the Operating Forecasts for the Fiscal Period Ending December 31, 2024" Operating revenue, operating income, ordinary income, net income, and distribution per unit may change due to alterations in the operating conditions and other factors in the future. Moreover, the forecast should not be construed as a guarantee of the amount of distribution per unit.

[Attachment]

Assumptions for the Operating Forecasts
for the Fiscal Period Ending December 31, 2024

Items	Assumptions
Operation Period	from July 1, 2024 to December 31, 2024 (184 days)
Property Portfolio	・It is assumed that the following sale will be made in addition to the 69 properties held as of today. Sale: JPR Sendagaya Bldg. (scheduled for October 25, 2024) JPR Nagoya Fushimi Bldg. (scheduled for October 25, 2024) ・In practice, this assumption may vary due to such events as acquisition of additional properties or sale of existing properties other than the above-mentioned properties.
Operating Revenues	・Real estate rental revenues are calculated on the basis of the lease contracts effective as of today, with consideration given to such factors as the market environment and status of negotiations with tenants, as well as taking into account the impact of certain tenant move-ins and move-outs, among other factors. JPR also assumes that rents will be paid on time and that no tenants will fail or decline to pay rents. ・Gain on sale of real estate is assumed to be 1,376 million yen.
Operating Expenses	・Among rental expenses, which are the principal operating expenses, outsourcing expenses and other expenses excluding depreciation are calculated based on historical data, etc. reflecting variable factors of expenses. Outsourcing expenses are assumed to be 767 million yen. ・For property taxes and city planning taxes, JPR assumes 2,645 million yen. 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, and 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 each fiscal period has been recorded. However, the expenditures for repair and maintenance for each fiscal period 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 additional future capital expenditures, and is assumed to be 2,190 million yen. ・Operating expenses excluding expenses related to rent business (asset management fees, administrative service and custodian fees, etc.) are assumed to be 1,090 million yen.
Non-Operating Income	・As for major non-operating income, JPR assumes income on settlement of management association accounts to be 2 million yen.
Non-Operating Expenses	・As for major non-operating expenses, JPR assumes 928 million yen for interest expenses, borrowing expenses, interest expenses on investment corporation bonds and amortization of investment corporation bond issuance costs.
Interest-Bearing Debt and Interest-Bearing Debt Ratio	・The ratio of interest-bearing debt to total assets as of today, stands at 43.5%, with interest-bearing debts of 236,400 million yen (comprised of 16,000 million yen in short-term loans payable, 189,500 million yen in long-term loans payable and 30,900 million yen in investment corporation bonds). ・JPR took out a short-term loan of 6,000 million yen on October 9, 2024, to fund the acquisition of specified assets. It is also assumed that the entire amount of this loan will be repaid by the end of the fiscal period ending December 31, 2024. ・It is assumed that all interest-bearing debt whose repayment dates will arrive during the fiscal period will be refinanced, except for the above-mentioned repayment. ・Due to the above, the ratio of interest-bearing debt to total assets is assumed to be 42.8% at end of the fiscal period ending December 31, 2024. ・The following formula is used in calculating the ratio of interest-bearing debt to total assets in this table. Ratio of interest-bearing debt to total assets = Expected total interest-bearing debt / Expected total assets x 100
Total Units Outstanding	・The total number of investment units issued and outstanding is 997,178 units as of today, and it is assumed that no additional investment units will be issued.
Distribution per Unit	・As for distribution per unit, it is assumed that distribution will be made according to the distribution methods provided in the Articles of Incorporation of JPR. ・Of the 1,376 million yen gain on the sale of real estate, 855 million yen is assumed to be

Items	Assumptions
	retained internally as a reserve for reduction entry by utilizing the "special provisions for taxation in cases of replacement of specified assets" (Article 65-7 of the Act on Special Measures Concerning Taxation). ・There is the possibility that the distribution per unit may vary due to various factors including variation of rental revenues due to acquisition or sale of assets under management and tenant replacement, and unpredicted repairs and maintenance.
Distribution in Excess of Earnings Per Unit	・Distribution in excess of earnings is currently not assumed.
Others	・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 that will impact the aforementioned forecast. ・It is also assumed that there will be no unexpected material changes in general economic and real estate market conditions.