Japan Prime Realty Investment Corporation

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For Translation Purpose Only

For Immediate Release

Japan Prime Realty Investment Corporation
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(Securities Code: 8955)
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Notice Concerning Property Sale (Conclusion of Contracts) "JPR Sendagaya Bldg." and "JPR Nagoya Fushimi Bldg."

Japan Prime Realty Investment Corporation ("JPR") announced that Tokyo Tatemono Realty Investment Management, Inc. ("TRIM"), the asset management company to which JPR entrusts the management of its assets, today decided to implement sale of properties (hereinafter the "Sale"), as described below.

Details

Ⅰ. Reason and Purpose of the Sale

Summary

1. **By selling properties with relatively low profitability and unrealized losses at prices higher than the appraisal values and the book values, JPR generates gains on the sales and significantly increase the NAV (expected gain on the sales: 1,376 million yen; NAV per unit: +4,217 yen).**
2. **The cash generated from the Sale will be used to acquire properties. JPR will flexibly consider acquiring its own investment units, taking into account trends in the capital market.**
3. **JPR will distribute a portion of the gains from the sales to unitholders and increase retained earnings.**

As part of a strategic asset replacement program to improve portfolio quality and obtain gains on sales, JPR has decided to sell the two properties after considering their profitability, building age, and other factors comprehensively.

Although both properties have unrealized losses, the transfer prices exceed the appraisal values and the book values due to the favorable real estate sales market trends, and we expect gains on the sales.

The cash obtained from the Sale will be temporarily retained as cash and deposits, but will be used in the future to increase distributions by acquiring properties from the sponsor pipeline and external sources. In addition, JPR will also flexibly consider purchasing its own investment units, taking into account trends in the capital market.

JPR plans to distribute a portion of gains from the Sale to unitholders and retain the remaining amount internally for sustainable distribution growth.

JPR will continue striving for improvement in unitholder value through external growth and obtaining capital gains driven by strategic asset replacements, as well as internal growth driven by rent increases.

Ⅱ. Overview of the Sale

Property Name	Asset Class	Sale Price (million yen)	Appraisal Value (million yen)	Planned Book Value (million yen)	Planned Gain on Sale (million yen)
JPR Sendagaya Bldg.	Office	16,300	11,800	14,717	1,240
JPR Nagoya Fushimi Bldg.	Office	4,050	3,380	3,746	135

(1) Contract Date : October 18, 2024
(2) Planned Sale Date : October 25, 2024
(3) Buyer : Domestic specific purpose company
(4) Settlement Method : Lump-sum payment at the time of delivery
(5) Brokerage : Yes

(Note 1) All amounts less than one million yen have been rounded down.
(Note 2) As of the date of this document, both properties have not been changed to the trust beneficiary interests, but JPR plans to execute with the trustee a trust agreements for real estate management and disposal for each property as the primary trust assets as of the date of delivery date, in order to transfer the trust beneficiary interests to the transferee based on the said trust agreements for real estate management and disposal. The same will apply hereinafter.
(Note 3) "Sale Price" excludes property taxes, city planning taxes, and consumption taxes.
(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 the planned book value and estimated sale expenses from the sale price. A portion of the planned gain on sales will be retained internally as a reserve for deferred income tax by taking advantage of special taxation measures.

Ⅲ. Sale of JPR Sendagaya Bldg.

1. Details of property for sale

Property Name	JPR Sendagaya Bldg.
Location	23-5 Sendagaya 4-chome, Shibuya-ku, Tokyo
Asset Type	Real Estate
Asset Class	Office and retail
Type of Structure	Steel frame flat-roofed 8-story structure
Type of Ownership	Land : Ownership Building: Ownership
Site Area	Land : Total Site Area 2,185.22 m^2 Building: Gross Floor Area 7,683.19 m^2
Completion Date	May 2009
Sale Price	16,300 million yen
Appraisal Value (Appraisal Date)	11,800 million yen (as of August 31, 2024)
Appraiser	Japan Valuers Co., Ltd.
Status of Leasing	
Number of Tenants	6
Rent Revenue, common charges (Annual)	495 million yen
Lease and Guarantee Deposits	498 million yen
Total Leasable Floor Space	6,177.74 m^2

Total Leased Floor Space	5,360.16 m^2
Occupancy Rate	86.8 %
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 on "Asset Class," "Type of Structure," "Site Area," and "Completion Date" is as stated in the registry.
(Note 4) The information on "Status of Leasing" is as of the time of conclusion of relevant sales and purchase agreements.

2. Overview of Appraisal Report

Property Name	JPR Sendagaya Bldg.
Appraisal Value	11,800 million yen
Real Estate Appraiser	Japan Valuers Co., Ltd.
Appraisal Date	August 31, 2024
Types of Value	Fair Value

Item	Amount (thousand yen)	General Outline
Appraisal Value by Capitalization Method	11,800,000	The price is calculated using the DCF method and the direct capitalization method.
Appraisal Value by Direct Capitalization Method	11,900,000	
Operating Revenue	587,597	
Potential Gross Cash Flow	619,444	Appraised in consideration of current rents and comparison with similar cases.
Loss from Vacancies	31,846	The present occupancy rate and the market's vacancy rate were considered.
Operating Expenses	143,513	
Maintenance Expenses and Property Management Fee	36,160	Appraised in consideration of actual amounts and comparison with similar cases.
Utilities Expenses	49,334	Assessed based on actual amounts.
Repairs and Maintenance	7,908	Assessed based on an engineering report.
Tenant Solicitation Expenses	2,035	Monthly rent (excluding common charges) for new tenants (in consideration of occupancy rate and tenant turnover)
Tax and Public Dues	45,494	Assessed based on the actual amount in FY2024.
Insurance Premium	626	Assessed based on actual amounts.
Other Expenses	1,956	Assessed in consideration of actual amounts and contract terms.
Net Operating Income	444,084	Operating revenue minus operating expenses
Profit through Management of Temporary Deposits, etc.	5,242	Assessed based on present deposits.
Capital Expenditure	20,544	Assessed based on an engineering report.
Net Cash Flow	428,782	Net operating income + profit through management of temporary deposits - capital expenditure
Capitalization Rate	3.6%	Assessed considering the location and individuality of the property and referencing market-derived capitalization rates for the same purpose.
Appraisal Value through the Discount Cash Flow (DCF) Method	11,700,000	
Discount Rate	3.4%	Assessed considering the location and individuality of the property and referencing market-derived capitalization rates for the same purpose.
Terminal Capitalization Rate	3.8%	Assessed by taking into consideration the capitalization rate above and uncertainty.

Appraisal Value by Cost Method	14,600,000	
Land Ratio	95.4%	
Building Ratio	4.6%	

Other Items Considered upon Appraisal	None in particular

IV. Sale of JPR Nagoya Fushimi Bldg.

1. Details of property for sale

Property Name	JPR Nagoya Fushimi Bldg.
Location	24-15 Sakae 1-chome, Naka-ku, Nagoya, Aichi
Asset Type	Real Estate
Asset Class	Office and parking
Type of Structure	SRC flat roofed, B1/9F
Type of Ownership	Land : Ownership Building: Ownership
Site Area	Land : Total Site Area 1,610.38 m^2 Building: Gross Floor Area 10,201.44 m^2
Completion Date	March 1991
Sale Price	4,050 million yen
Appraisal Value (Appraisal Date)	3,380 million yen (as of August 31, 2024)
Appraiser	CBRE K.K.
Status of Leasing	
Number of Tenants	6
Rent Revenue, common charges (Annual)	270 million yen
Lease and Guarantee Deposits	134 million yen
Total Leasable Floor Space	7,086.23 m^2
Total Leased Floor Space	7,075.06 m^2
Occupancy Rate	99.8 %
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 on "Asset Class," "Type of Structure," "Site Area," and "Completion Date" is as stated in the registry.
(Note 4) The information on "Status of Leasing" is as of the time of conclusion of relevant sales and purchase agreements.

2. Overview of Appraisal Report

Property Name	JPR Nagoya Fushimi Bldg.
Appraisal Value	3,380 million yen
Real Estate Appraiser	CBRE K.K.
Appraisal Date	August 31, 2024
Types of Value	Fair Value

Item	Amount (thousand yen)	General Outline
Appraisal Value by Capitalization Method	3,380,000	The value by the DCF method is used.
Appraisal Value by Direct Capitalization Method	3,420,000	
Operating Revenue	308,008	
Potential Gross Cash Flow	324,238	
Loss from Vacancies	16,230	Estimated in consideration of current vacancy rate and the level of market price.
Operating Expenses	100,222	
Maintenance Expenses and Property Management Fee	32,083	Assessed in consideration of the current contract terms and conditions and the market standard.
Utilities Expenses	28,212	Estimated based on most recent actual amounts.
Repairs and Maintenance	6,901	Average in the engineering report in the past 15 years
Tenant Solicitation Expenses	3,143	Estimated in consideration of the standard period for changes of tenants, etc.
Tax and Public Dues	29,007	Estimated based on most recent actual amounts.
Insurance Premium	686	Current contract terms and conditions
Other Expenses	189	Most recent actual amounts
Net Operating Income	207,786	
Profit through Management of Temporary Deposits, etc.	1,633	Estimated based on an investment yield of 1%.
Capital Expenditure	52,141	Assessed by consulting the average amount in the engineering report over the past 15 years.
Net Cash Flow	157,278	
Capitalization Rate	4.6%	Estimated based on in investor surveys, transaction yields, etc.
Appraisal Value through the Discount Cash Flow (DCF) Method	3,380,000	
Discount Rate	4.2%	Estimated based on in investor surveys, transaction yields, etc.
Terminal Capitalization Rate	4.6%	Estimated mainly by taking into consideration risks after 10 years based on the capitalization rate.
Appraisal Value by Cost Method	3,250,000	
Land Ratio	85.6%	
Building Ratio	14.4%	

Other Items Considered upon Appraisal	None in particular

V. Buyer Profile

The buyer is a domestic specific purpose company, but the detailed information about the buyer is not disclosed as JPR has not obtained the consent. Neither JPR nor TRIM has any capital, personal, or business relations to be stated with the buyer. The buyer is not a related party of JPR or TRIM.

VI. Sales Agent

Company Name	Tokyo Tatemono Real Estate Sales Co., Ltd.
Head Office Address	5-20 Yaesu 1-chome, Chuo-ku, Tokyo
Representative	Kengo Fukui, President and CEO and Executive Officer
Paid-in Capital	4,321 million yen (as of December 31, 2023)

Principal Activities		Real estate business
Establishment		January 25, 1954
Relationship with JPR and TRIM		
	Capital Relationship	JPR and/or TRIM have no capital relationships to be indicated with the concerned party.
	Personal Relationship	JPR and/or TRIM have no personal relationships to be indicated with the concerned party.
	Business Relationship	JPR and/or TRIM have no business relationships to be indicated with the concerned party.
	Related Party or Not	The concerned company does not fall within the definition of a related party of JPR. Tokyo Tatemono, a shareholder of TRIM, has a stake in the concerned company and it falls within the definition of a related party of TRIM.
	Other	Tokyo Tatemono, a shareholder of TRIM, has a stake in the concerned company and it falls within the scope of interested parties as defined in the rules of JPR's Board of Directors as well as within the scope 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.
Brokerage fee		203.5 million yen (excluding consumption tax, etc.)

Ⅶ. Outlook

For details of the operating forecasts for the fiscal period ending December 31, 2024, which reflects the impact of the Sale, please refer to "Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending December 31, 2024" released 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.

[Attachment]

[Reference] Real Estate Portfolio after the Sale of Properties

Area	Asset Class	Property No.	Property Name	Acquisition Price (yen in millions)	Investment Ratio	Investment Ratio by Area
Central Tokyo	Office	A-1	Kanematsu Bldg.	16,276	3.2%	50.2%
		A-2	Kanematsu Bldg. Annex	2,874	0.6%	
		A-3	JPR Ningyocho Bldg.	2,100	0.4%	
		A-4	Shin-Kojimachi Bldg.	2,420	0.5%	
		A-6	MS Shibaura Bldg.	11,200	2.2%	
		A-9	JPR Ichigaya Bldg.	5,100	1.0%	
		A-10	Oval Court Ohsaki Mark West	3,500	0.7%	
		A-11	Shinjuku Square Tower	14,966	2.9%	
		A-12	BYGS Shinjuku Bldg.	15,121	3.0%	
		A-13	Across Shinkawa Bldg. Annex	710	0.1%	
		A-14	Shinjuku Center Bldg.	24,320	4.8%	
		A-15	Minami Azabu Bldg.	3,760	0.7%	
		A-16	Shinagawa Canal Bldg.	2,041	0.4%	
		A-17	Rokubancho Bldg.	2,800	0.5%	
		A-18	JPR Harajuku Bldg.	8,400	1.6%	
		A-20	JPR Nihonbashi-horidome Bldg.	5,100	1.0%	
		A-22	Ginza Sanwa Bldg.	3,400	0.7%	
		A-23	The Otemachi Tower (land with Leasehold Interest)	36,000	7.1%	
		A-24	Science Plaza - Yonbancho Plaza	2,660	0.5%	
		A-25	Shibadaimon Center Bldg.	4,213	0.8%	
		A-26	Tokyo Square Garden	18,400	3.6%	
		A-27	JPR Kojimachi Bldg.	5,750	1.1%	
		A-28	Otemachi Financial City North Tower	11,400	2.2%	
		A-29	Tokyo Tatemono Higashi-Shibuya Bldg.	11,300	2.2%	
		A-30	Ochanomizu Sola City	6,490	1.3%	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	12,000	2.4%	
		A-3	JPR Jingumae 432	4,275	0.8%	

		A-4	Shinjuku Sanchome East Bldg.	2,740	0.5%	
		A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	3,400	0.7%	
		A-6	JPR Ginza Namiki-dori Building	10,100	2.0%	
		A-7	FUNDES Suidobashi	3,250	0.6%	
Greater Tokyo	Office	B-1	Arca East Bldg.	5,880	1.2%	34.0%
		B-2	JPR Chiba Bldg.	2,350	0.5%	
		B-3	JPR Yokohama Nihon Odori Bldg.	2,927	0.6%	
		B-5	Shinyokohama 2nd Center Bldg.	1,490	0.3%	
		B-6	Kawaguchi Center Bldg.	8,100	1.6%	
		B-8	Tachikawa Business Center Bldg.	3,188	0.6%	
		B-9	Rise Arena Bldg.	13,131	2.6%	
		B-10	Yume-ooka Office Tower	6,510	1.3%	
		B-11	Olinas Tower	31,300	6.1%	
		B-12	JPR Yokohama Bldg.	7,000	1.4%	
		B-13	JPR Omiya Bldg.	6,090	1.2%	
		B-14	Sencity Bldg.	13,870	2.7%	
		B-15	Nakano Central Park East	28,800	5.6%	
	Retail	B-1	Tanashi ASTA	10,200	2.0%	
		B-3	Cupo-la Main Bldg.	2,100	0.4%	
		B-4	JPR Musashikosugi Bldg.	7,254	1.4%	
		B-5	Musashiurawa Shopping Square	4,335	0.9%	
		B-6	Kawasaki DICE Bldg.	15,080	3.0%	
		B-7	FUNDES Ueno	3,800	0.7%	
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	2,140	0.4%	15.8%
		C-9	JPR Naha Bldg.	1,560	0.3%	
		C-12	Sompo Japan Sendai Bldg.	3,150	0.6%	
		C-13	Sompo Japan Wakayama Bldg.	1,670	0.3%	
		C-14	Tenjin 121 Bldg.	2,810	0.6%	
		C-17	JPR Dojima Bldg.	2,140	0.4%	
		C-20	Yakuin Business Garden	10,996	2.2%	
		C-21	JPR Shinsaibashi Bldg.	5,430	1.1%	
		C-22	JPR Shinsaibashi West	3,750	0.7%	
		C-23	GRAND FRONT OSAKA (Umekita Plaza and South Building)	11,800	2.3%	
		C-24	GRAND FRONT OSAKA (North Building)	9,500	1.9%	
		C-25	JPR Dojima West	2,460	0.5%	
	Retail	C-4	Housing Design Center Kobe	7,220	1.4%	
		C-5	JPR Chayamachi Bldg.	6,000	1.2%	
		C-6	FUNDES Tenjin Nishi Dori	3,310	0.6%	
		C-7	The Royal Park Canvas Nagoya	6,500	1.3%	
			Total	509,907	100.0%	

(Note 1) "Acquisition Price" does not include acquisition costs.
(Note 2) "Acquisition Price" is rounded down to the nearest million yen and percentages are rounded to the first decimal place.
(Note 3) All the properties in the portfolio are listed except for JPR Ueno East Bldg., which will be sold on January 10, 2025. For the details of the sale of JPR Ueno East Bldg., please see the "Notice Concerning Acquisition and Sale of Properties (Conclusion of Contracts)(Acquisition of The Royal Park Canvas Nagoya and Sale of JPR Ueno East Bldg.)" dated September 20, 2024.