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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Notice Concerning Property Acquisition (Conclusion of Contract) " Additional Acquisition of Nakano Central Park East (47.0% quasi-co-ownership interest)"

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

JPR has held 53.0% quasi-co-ownership interest in the property and the percentage of ownership interest will be 100% after the Acquisition.

Details

1. Reason for and Purpose of Acquisition

Summary

1. **Additional acquisition of a building with high specifications exhibiting potential for medium- to long-term growth in the Nakano area, which is expected to become even more competitive as an office district. Upside will be aggressively sought against the backdrop of rising market rent and such.**
2. **As part of initiatives under the asset replacement strategy, replacement with JPR Sendagaya Bldg. and JPR Nagoya Fushimi Bldg. that were sold in October 2024 will be executed, realizing improvement in profitability and portfolio quality.**

   (NOI: +177 million yen; NOI after depreciation : +261 million yen; Age of properties: 19 years of average age for properties sold ▶ 12 years for property to be acquired)

As part of a growth strategy focusing on DPU growth, JPR decided to acquire an office building in the vicinity of Nakano Station exhibiting potential for medium- to long-term growth through asset replacement with the two properties sold in October 2024. Through the asset replacement, JPR intends to pursue improvement in profitability and portfolio quality, and utilize gain on sale from the sale of the properties for DPU growth. (For the effect of the asset replacement, please refer to "3. Effect of Asset Replacement" presented later in this document.)

Nakano Central Park East (hereinafter the "Property") is a building with high specifications developed by Tokyo Tatemono Co., Ltd., the sponsor. It is located a five-minute walk from Nakano Station, which is served by several railway lines offering easy access to central Tokyo, as well as next to Nakano Shikinomori Park. The Property's convenience and location advantage are expected to further increase with the scheduled opening

of a pedestrian deck extending from Nakano Station to the vicinity of the Property in addition to the opening of a new station exit in 2026.

The area around Nakano Station is a business hub for the video content sector and is expected to become more competitive as an office district due in part to multiple major redevelopment projects currently underway. With also a rise in rent levels recently seen on the back of the favorable leasing status, JPR intends to aggressively seek upside going forward.

2. Acquisition Details

Property Name	Asset Class	Acquisition Price	Appraisal Value	NOI Yield	NOI Yield after Depreciation
Nakano Central Park East (quasi-co-ownership interest of 47.0%)	Office	24,107 million yen	26,700 million yen	3.4%	3.0%

(1) Contract Date : February 17, 2025
(2) Planned Acquisition Date : February 19, 2025
(3) Seller : Domestic business company
(4) Funding : Own funds and loans
(5) Payment Method : Lump-sum payment at the time of delivery
(6) Brokerage : None

(Note1) "Acquisition Price" excludes acquisition costs, property taxes, city planning taxes and consumption taxes.
(Note2) "NOI Yield" is NOI divided by the acquisition price and is rounded to the first decimal place. "NOI" is net operating income stated in the real estate appraisal report.
(Note3) "NOI Yield after Depreciation" is NOI after depreciation divided by the acquisition price and is rounded to the first decimal place. "NOI after Depreciation" is NOI less forecast depreciation.
(Note4) For the details of the loans which form part of the "Funding," please refer to "Notice Concerning Borrowing (Green Loan)" released today.

3. Effect of Asset Replacement

Improvement in profitability		Improvement in portfolio quality		Generation of gain on sale
・NOI : +177 million yen ・NOI after depreciation: +261 million yen	×	・Replacement with properties demonstrating competitive advantage in the area ・Younger building age (Properties sold: Average of 19 years ▶ Property to be acquired: 12 years)	×	Gain on sale : 1,387 million yen

<Reference Information>

Asset to be replaced		Transaction price (million yen)	NOI (million yen)	NOI Yield	NOI after Depreciation (million yen)	NOI Yield after Depreciation	Gain on sale (million yen)
Sale	JPR Sendagaya Bldg.	16,300	420	3.1%	330	2.3%	1,242
	JPR Nagoya Fushimi Bldg.	4,050	214		128		145
Acquisition	Nakano Central Park East	24,107	813	3.4%	720	3.0%	
Change			+177		+261		+1,387

(Note1) "NOI" is the annualized figure of the actual results for the most recent periods (sum of the fiscal period ended June 2024 and the fiscal period ended December 2024) for the properties sold and the net operating income stated in the real estate appraisal report for the property to be acquired.

(Note2) "NOI Yield" is NOI divided by the transaction price and is rounded to the first decimal place. "NOI Yield" of the properties sold is the weighted average of each sold property's NOI yield based on the sale price.

(Note3) "NOI after Depreciation" is the annualized figure of the actual results for the most recent periods (sum of the fiscal period ended June 2024 and the fiscal period ended December 2024) for the properties sold and NOI less forecast depreciation for the property to be acquired.

(Note4) "NOI Yield after Depreciation" is NOI after depreciation divided by the transaction price and is rounded to the first decimal place. "NOI Yield after Depreciation" of the properties sold is the weighted average of each sold property's NOI yield after depreciation based on the sale price.

4. Details of property for acquisition

Property Name	Nakano Central Park East
Location	10-1, Nakano 4-chome, Nakano-ku, Tokyo
Asset Type	Beneficiary interest in real estate
Trustee	Sumitomo Mitsui Trust Bank, Limited
Trust Period	March 1, 2024 to February 28, 2034
Asset Class	Office, retail and parking
Type of Structure	Steel construction, RC flat roofed, B2/10F
Type of Ownership	Land: Ownership (quasi-co-ownership interest of 47.0%) Building: Ownership (quasi-co-ownership interest of 47.0%)
Site Area	Land : Total site area 6,045.05 m^2 (entire area) Building: Gross floor area 37,870.65 m^2 (entire building)
Completion Date	March, 2012
Probable Maximum Loss (PML)	0.3% (Sompo Risk Management Inc.)
Acquisition Price	24,107 million yen
Appraisal Value (Appraisal Date)	26,700 million yen (as of December 20, 2024)
Appraiser	JLL Morii Valuation & Advisory K.K.
Collateral	None
Status of Leasing	
Number of Tenants	15
Rent Revenue, Common Charges (Annual)	1,044 million yen
Lease and Guarantee Deposits	836 million yen
Total Leased Floor Space	11,992.69 m^2
Total Leasable Floor Space	11,992.69 m^2
Occupancy Rate	100%
Remarks	None in particular

(Note1) All amounts less than one million yen have been rounded down, and all rates have been rounded to the first decimal place.

(Note2) "Location" indicates the residential address.

(Note3) The information in "Asset Class," "Type of Structure" and "Completion Date" is as stated in the registry.

(Note4) Since a pass-through type master lease contract has been concluded between the trust beneficiaries and Tokyo Tatemono Co., Ltd. (master lessee), "Number of Tenants" is the number of subtenants to which the master lessee had sublet the property at the time the sale and purchase agreement was concluded.

(Note5) "Rent Revenue, Common Charges (Annual)," "Lease and Guarantee Deposits," "Total Leased Floor Space," and "Total Leasable Floor Space" are figures for the portion of the area which the master lessee sublets to subtenants corresponding to the ownership interest that JPR plans to have at the time of the conclusion of the sale and purchase agreement.

5. Seller Profile

The seller is a domestic business company. JPR does not disclose the detailed information about the seller because it has not obtained its consent. Neither JPR nor TRIM has any capital, personal, or business relations to be stated with the seller. The seller is not a related party of JPR or TRIM.

6. Profile of Previous Owners

JPR does not reveal the acquirer's identity because it does not have any special interest in JPR or TRIM.

7. Profile of Property Management Company

Company Name	Tokyo Tatemono Co., Ltd.
Head Office Address	9-9, Yaesu 1-chome, Chuo-ku, Tokyo
Representative	Katsuhito Ozawa, President and CEO and Executive Officer
Paid-in Capital	92,451 million yen (as of December 31, 2024)
Principal Activities	Real estate business
Establishment	October 1, 1896
Consolidated Net Assets	547,524 million yen (as of December 31, 2024)
Consolidated Total Assets	2,081,226 million yen (as of December 31, 2024)
Major Shareholders and Shareholding Ratios (as of June 30, 2024)	The Master Trust Bank of Japan, Ltd. (Trust Account): 16.91% Custody Bank of Japan, Ltd. (Trust Account): 10.50% JP Morgan Securities Japan Co., Ltd.: 3.08% STICHTING PENSIOENFONDS ZORG EN WELZIJN: 2.40%
Relationship with JPR and the Asset Management Company	
Capital Relationship	As of the fiscal period ended December 31, 2024, Tokyo Tatemono Co., Ltd. owned investment units of JPR equivalent to 2.9% of the investment units issued and outstanding. In addition, the concerned company owned 100% of the shares issued and outstanding in TRIM.
Personal Relationship	As of the fiscal period ended December 31, 2024, nine of the officers and employees of TRIM (excluding part-time directors) were 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 ending December 31, 2024.
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 is a shareholder of TRIM and 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.

8. Outlook

For details of the operating forecasts for the fiscal period ending June 30, 2025 and the fiscal period ending December 31, 2025, which reflect the impact of the Acquisition, please refer to Outlook for Management Status in the Financial Report for the 46th Fiscal Period Results (July 1, 2024– December 31, 2024) released today.

9. Overview of Appraisal Report

Property Name	Nakano Central Park East
Appraisal Value	26,700 million yen
Real Estate Appraiser	JLL Morii Valuation & Advisory K.K.
Appraisal Date	December 20, 2024
Types of Value	Fair value

Item	Amount (thousand yen)	General Outline
Appraisal Value by Capitalization Method	56,800,000	Appraisal value is determined with emphasis on appraisal value by the DCF method, with appraisal value by the direct capitalization method used as verification.
Appraisal Value by Direct Capitalization Method	58,600,000	Appraised by capitalizing net cash flow using the capitalization rate.
Operating Revenue	2,358,987	Calculated by deducting loss from vacancies from potential gross cash flow.
Potential Gross Cash Flow	2,460,688	Estimated a stable revenue amount, taking into account new rent levels and future trends estimated based on the current contract terms and actual past figures, etc.
Loss from Vacancies	101,701	A loss from vacancies, etc. is recorded based on expected stable occupancy rates over the medium to long term. The occupancy rates are assessed based on occupancy and demand for similar properties, and past occupancy rates and expected trends for this property.
Operating Expenses	627,981	
Maintenance Expenses and Property Management Fee	221,045	Assessed based chiefly on actual figures. Recorded property management and building management fees.
Utilities Expenses	129,630	Assessed based on actual figures.
Repairs and Maintenance	22,171	Assessed based on engineering reports and similar examples.
Tenant Solicitation Expenses	23,070	Recorded an average annual amount assessed based on the estimated length of tenancy.
Tax and Public Dues	206,075	Assessed based on actual figures in FY2024 and projections of future trends.
Insurance Premium	3,990	Assessed based on actual figures for similar properties.
Other Expenses	22,000	Assessed based on actual figures in previous years and projections. Actual figures for similar properties are used as a reference.
Net Operating Income	1,731,006	Operating revenue minus operating expenses
Profit through Management of Temporary Deposits, Etc.	18,559	Assessed based on the current lease terms and market practices.
Capital Expenditure	50,654	Assessed based on engineering reports and similar examples.
Net Cash Flow	1,698,911	
Capitalization Rate	2.9%	Assessed by applying method that uses a comparison with cases involving transactions of comparable real estate to gain an understanding of actual market conditions.
Appraisal Value through the Discount Cash Flow (DCF) Method	56,800,000	
Discount Rate	2.7%	Assessed by using the method of determining the yield of financial assets by taking into consideration the individuality of the real estate, the method of calculating from the discount rate related to borrowings and own funds, and the method of calculating in relation

			to the capitalization rate.
		Terminal Capitalization Rate	3.0%	Assessed based on the capitalization rate by comprehensively considering factors such as period risk (forecast fluctuation in the region, depreciation of building) and forecast fluctuation in NCF after expiry of holding period.
Appraisal Value by Cost Method			66,100,000	
	Land Ratio		87.3%	Indicates the ratio to the total price of land and building by percentage, rounded to the first decimal place.
	Building Ratio		12.7%	Indicates the ratio to the total price of land and building by percentage, rounded to the first decimal place.
Ownership interest			47.0%	

Other Items Considered upon Appraisal	None in particular

(Note1) The Appraisal Value by Capitalization Method (including related data such as the Appraisal Value by Direct Capitalization Method) and the Appraisal Value by Cost Method are total values for the building and the site to be acquired.

＜Attachment＞

【Reference 1】Photo of the Property

【Reference 2】Location map

【Reference 3】Floor plan of the Property

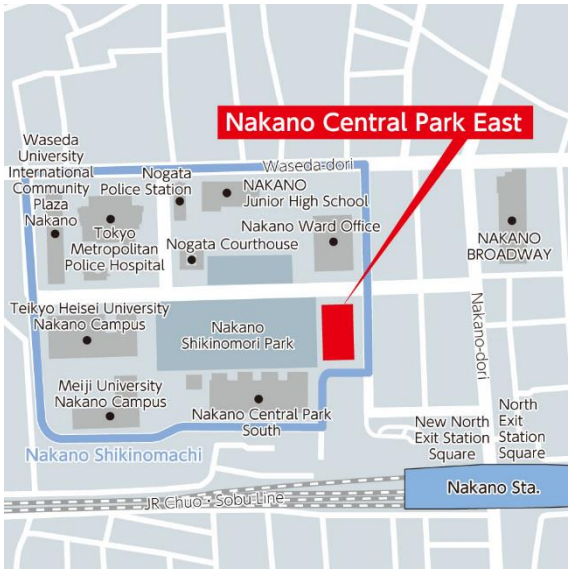
【Reference 4】Illustrative map of the redevelopment of the Nakano area

【Reference 5】Real Estate Portfolio after the Acquisition

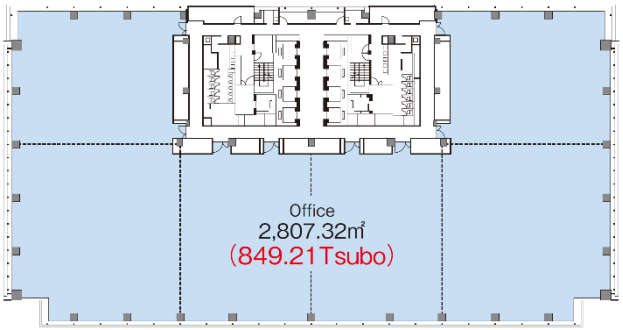
【Reference 1】Photo of the Property



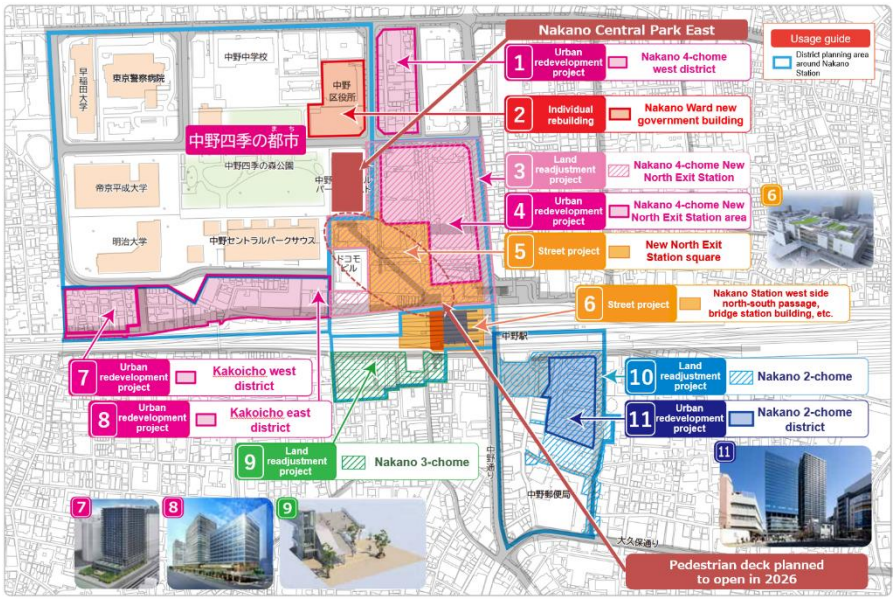
【Reference 2】Location map



【Reference 3】Floor plan of the Property



【Reference 4】Illustrative map of the redevelopment of the Nakano area



Source：Prepared by TRIM based on publications of Nakano Ward

【Reference 5】Real Estate Portfolio after the Acquisition

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	3.0%	48.0%
		A-2	Kanematsu Bldg. Annex	2,874	0.5%	
		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	2.1%	
		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	2.8%	
		A-12	BYGS Shinjuku Bldg.	15,121	2.8%	
		A-13	Across Shinkawa Bldg. Annex	710	0.1%	
		A-14	Shinjuku Center Bldg.	24,320	4.6%	
		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	0.6%	
		A-23	The Otemachi Tower (land with Leasehold Interest)	36,000	6.7%	
		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	3.4%	
		A-27	JPR Kojimachi Bldg.	5,750	1.1%	
		A-28	Otemachi Financial City North Tower	11,400	2.1%	
		A-29	Tokyo Tatemono Higashi-Shibuya Bldg.	11,300	2.1%	
		A-30	Ochanomizu Sola City	6,490	1.2%	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	12,000	2.2%	
		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	0.6%	
		A-6	JPR Ginza Namiki-dori Building	10,100	1.9%	
		A-7	FUNDES Suidobashi	3,250	0.6%	
Greater Tokyo	Office	B-1	Arca East Bldg.	5,880	1.1%	37.0%
		B-2	JPR Chiba Bldg.	2,350	0.4%	
		B-3	JPR Yokohama Nihon Odori Bldg.	2,927	0.5%	
		B-5	Shinyokohama 2nd Center Bldg.	1,490	0.3%	
		B-6	Kawaguchi Center Bldg.	8,100	1.5%	
		B-8	Tachikawa Business Center Bldg.	3,188	0.6%	
		B-9	Rise Arena Bldg.	13,131	2.5%	
		B-10	Yume-ooka Office Tower	6,510	1.2%	
		B-11	Olinas Tower	31,300	5.9%	
		B-12	JPR Yokohama Bldg.	7,000	1.3%	
		B-13	JPR Omiya Bldg.	6,090	1.1%	
		B-14	Sencity Bldg.	13,870	2.6%	
		B-15	Nakano Central Park East	52,907	9.9%	
	Retail	B-1	Tanashi ASTA	10,200	1.9%	
		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	0.8%	
		B-6	Kawasaki DICE Bldg.	15,080	2.8%	
		B-7	FUNDES Ueno	3,800	0.7%	
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	2,140	0.4%	15.1%
		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	0.5%	
		C-17	JPR Dojima Bldg.	2,140	0.4%	
		C-20	Yakuin Business Garden	10,996	2.1%	
		C-21	JPR Shinsaibashi Bldg.	5,430	1.0%	
		C-22	JPR Shinsaibashi West	3,750	0.7%	
		C-23	GRAND FRONT OSAKA (Umekita Plaza and South Building)	11,800	2.2%	
		C-24	GRAND FRONT OSAKA (North Building)	9,500	1.8%	
		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	1.1%	
		C-6	FUNDES Tenjin Nishi Dori	3,310	0.6%	
		C-7	The Royal Park Canvas Nagoya	6,500	1.2%	
Total				534,014	100.0%	

(Note1) “Acquisition Price” does not include acquisition costs.
(Note2) “Acquisition Price” is rounded down to the nearest million yen and percentages are rounded to the first decimal place.