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For Translation Purposes Only
For Immediate Release

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**Notice Concerning Revisions to Operating Forecasts
 for the Fiscal Periods Ending December 31, 2021, and June 30, 2022,
 and Operating Forecasts for the Fiscal Period Ending December 31, 2022**

Japan Prime Realty Investment Corporation (“JPR”) today announced its revised operating forecasts for the fiscal period ending December 31, 2021 (from July 1, 2021 to December 31, 2021) and June 30, 2022 (from January 1, 2022 to June 30, 2022), which were reported on August 16, 2021 (at the time of announcement of its financial results for the fiscal period ended June 30, 2021), and its new operating forecasts for the fiscal period ending December 31, 2022 (from July 1, 2022 to December 31, 2022), as described below.

Details

1. Revisions to Operating Forecasts and Announcement

(1) Revisions to Operating Forecasts for the Fiscal Period Ending December 31, 2021
 (from July 1, 2021 to December 31, 2021)

	Operating Revenues (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)	Distribution per Unit (excluding distribution in excess of earnings) (yen)	Distribution in Excess of Earnings per Unit (yen)
Previous forecast (A)	16,228	7,713	6,964	6,963	7,550	—
Revised forecast (B)	18,256	8,611	7,877	7,877	7,550	—
Amount of increase / decrease (B - A)	2,028	897	913	913	—	—
Rate of increase / decrease	12.5%	11.6%	13.1%	13.1%	—	—

(Reference) Forecasted total units outstanding as of December 31, 2021: 958,250 units, forecasted net income per unit: 8,220 yen.

Note: This document is a press release for a public announcement regarding revisions to operating forecasts for the fiscal periods ending December 31, 2021, and June 30, 2022, and operating forecasts for the fiscal period ending December 31, 2022, and has not been prepared for the purpose of soliciting any investment.



(2) Revisions to Operating Forecasts for the Fiscal Period Ending June 30, 2022
(from January 1, 2022 to June 30, 2022)

	Operating Revenues (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)	Distribution per Unit (excluding distribution in excess of earnings) (yen)	Distribution in Excess of Earnings per Unit (yen)
Previous forecast (A)	16,192	7,806	7,108	7,107	7,550	—
Revised forecast (B)	18,175	9,245	8,533	8,532	7,750	—
Amount of increase / decrease (B - A)	1,983	1,439	1,424	1,424	200	—
Rate of increase / decrease	12.2%	18.4%	20.0%	20.0%	2.6%	—

(Reference) Forecasted total units outstanding as of June 30, 2022: 998,250 units, forecasted net income per unit: 8,547 yen.

(3) Operating Forecasts for the Fiscal Period Ending December 31, 2022
(from July 1, 2022 to December 31, 2022)

	Operating Revenues (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)	Distribution per Unit (excluding distribution in excess of earnings) (yen)	Distribution in Excess of Earnings per Unit (yen)
Operating forecasts	18,392	9,374	8,587	8,586	7,750	—

(Reference) Forecasted total units outstanding as of December 31, 2022: 998,250 units, forecasted net income per unit: 8,601 yen.

(Note 1) Forecasted units outstanding as of June 30, 2022 and December 31, 2022, are based on the assumption that new investment units will be issued in the fiscal period ending June 30, 2022, with 16 billion yen as the total value (maximum amount) as specified in the shelf registration statement submitted to the Kanto Local Finance Bureau as of today (the “Issuance of New Investment Units”) and that accordingly, the number of investment units will increase 40,000 units. However, there is no guarantee that the Issuance of New Investment Units will be implemented in the fiscal period ending June 30, 2022. Further, if implemented as planned, the number of new investment units actually issued may increase or decrease, and in this case, distribution per unit may fluctuate. Besides the above, the operating forecasts are calculated based on “Assumptions for the Operating Forecasts for the Fiscal Periods Ending December 31, 2021, June 30, 2022, and December 31, 2022” in Attachment 1. Accordingly, actual operating revenues, operating income, ordinary income, net income, and distribution per unit may fluctuate due to additional acquisition or sale of specified assets, changes in the operating environment, or changes in other circumstances surrounding JPR. Moreover, these forecasts should not be construed as a guarantee of the amount of distribution per unit.

(Note 2) Figures in yen have been rounded down to the unit. “Rate of increase / decrease” have been rounded to the first decimal place.

2. Reasons for Revisions

JPR revised its operating forecasts due to the changes in assumptions for the operating forecasts for the fiscal periods ending December 31, 2021 and June 30, 2022 as a result of the acquisition and sale of assets announced in “Notice Concerning Acquisition and Sale of Properties (Conclusion of Contracts)” as of today and the submission of a shelf registration statement for the issuance of new investment units announced in “Notice Concerning Submission of Shelf Registration Statement for the Issuance of New Investment Units”.

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[Attachment 1]

Assumptions for the Operating Forecasts
for the Fiscal Periods Ending December 31, 2021, June 30, 2022, and December 31, 2022

Items	Assumptions
Period	Fiscal period ending December 31, 2021: July 1, 2021 through December 31, 2021 (184 days) Fiscal period ending June 30, 2022: January 1, 2022 through June 30, 2022 (181 days) Fiscal period ending December 31, 2022: July 1, 2022 through December 31, 2022 (184 days)
Property Portfolio	<ul style="list-style-type: none"> • In addition to the 65 properties which are held by JPR as of December 23, 2021, it is assumed that JPR is to acquire GRAND FRONT OSAKA comprising GRAND FRONT OSAKA Umekita Plaza and South Building and GRAND FRONT OSAKA North Building (scheduled for December 24, 2021) and Tokyo Tatemono Higashi Shibuya Bldg. (scheduled for January 18, 2022) and to sell Tokyo Tatemono Honmachi Bldg. (scheduled for December 24, 2021) and JPR Umeda Loft Bldg. in three phases (scheduled for 1) December 24, 2021 (40%), 2) June 30, 2022 (30%), and 3) December 23, 2022 (30%). • Actually, these assumptions may vary due to such events as the acquisition of additional properties other than the above or the sale of existing properties.
Operating Revenues	<ul style="list-style-type: none"> • Real estate rental revenues are calculated on the basis of the lease contracts effective as of November 30, 2021, with consideration given to such factors as the market environment and status of negotiations with tenants, as well as taking into account of certain tenant move-ins and move-outs, among other factors. JPR also assumes that rents will be paid on time and no tenants will fail or decline to pay rents. • Gain on sale of real estate is assumed to be 1,870 million yen for the fiscal period ending December 31, 2021, 1,335 million yen for the fiscal period ending June 30, 2022, and 1,341 million yen for the fiscal period ending December 31, 2022.
Operating Expenses	<ul style="list-style-type: none"> • Among rental expenses, which are the principal operating expenses, outsourcing expenses and other expenses excluding depreciation are calculated based on historical data, reflecting variable factors of expenses. Outsourcing expenses are assumed to be 633 million yen for the fiscal period ending December 31, 2021, 701 million yen for the fiscal period ending June 30, 2022, and 708 million yen for the fiscal period ending December 31, 2022. • For property taxes and city planning taxes, the amount attributed to the respective fiscal period has been calculated based on the levied tax amount, and is assumed to be 2,422 million yen for the fiscal period ending December 31, 2021, 2,555 million yen for the fiscal period ending June 30, 2022, and 2,538 million yen for the fiscal period ending December 31, 2022. 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 the respective fiscal periods has been recorded. However, the expenditures for repair and maintenance for the respective fiscal periods 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 be significant 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 2,130 million yen for the fiscal period ending December 31, 2021, 2,050 million yen for the fiscal period ending June 30, 2022, and 2,065 million yen for the fiscal period ending December 31, 2022. • Loss on sale of real estate is assumed to be 852 million yen for the fiscal period ending December 31, 2021. • Operating expenses excluding rental expenses and loss on sale of real estate (asset management fees, administrative service and custodian fees, etc.) are assumed to be 1,043 million yen for the fiscal period ending December 31, 2021, 1,057 million yen for the fiscal period ending June 30, 2022, and 1,052 million yen for the fiscal period ending December 31, 2022.
Non-Operating Revenues	<ul style="list-style-type: none"> • As for major non-operating revenues, JPR assumes income on settlement of management association accounts to be 4 million yen for the fiscal period ending December 31, 2021, and 56 million yen for the fiscal period ending June 30, 2022, and 3 million yen for the fiscal period ending December 31, 2022.

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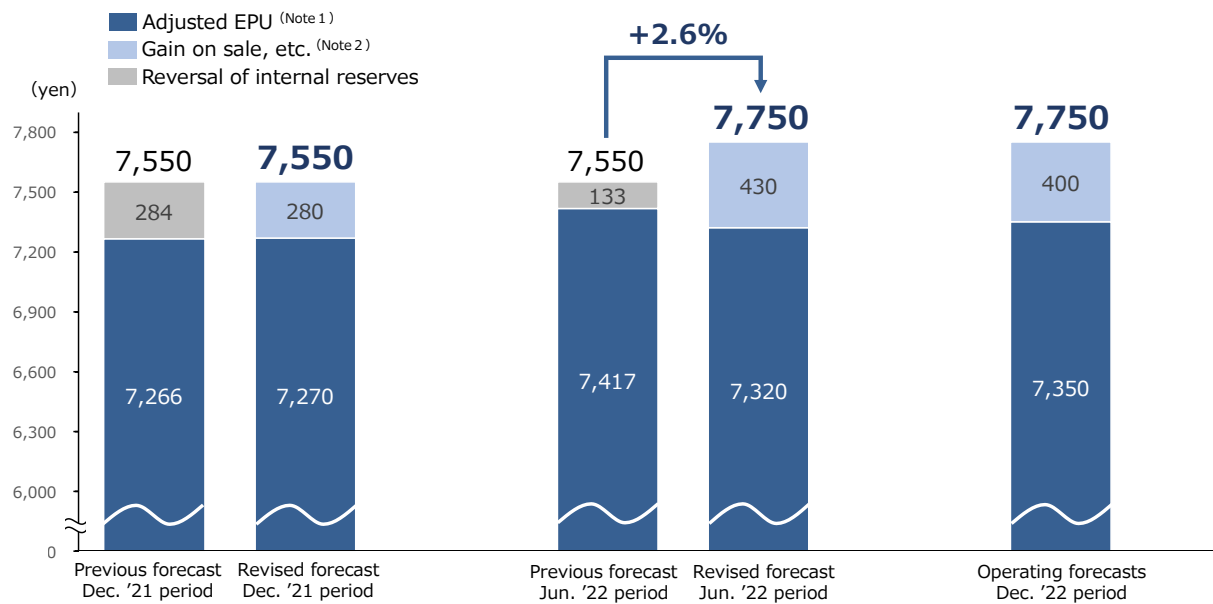


Items	Assumptions
Non-Operating Expenses	<ul style="list-style-type: none"> As for major non-operating expenses, JPR assumes interest paid, fees related to loan agreement, interest on investment corporation bonds and amortization of investment corporation bond issuance costs etc. to be 744 million yen for the fiscal period ending December 31, 2021, 752 million yen for the fiscal period ending June 30, 2022, and 773 million yen for the fiscal period ending December 31, 2022. The cost of the Issuance of New Investment Units is assumed to be 60 million yen and scheduled to be amortized in three years using the straight-line depreciation method.
Interest-Bearing Debt and Interest-Bearing Debt Ratio	<ul style="list-style-type: none"> The interest-bearing debt ratio as of today stands at 40.6%, with interest-bearing debt of 196,500 million yen (1,600 million yen in short-term debt, 157,000 million yen in long-term debt and 37,900 million yen in investment corporation bonds). Further, it is also assumed that 10,400 million yen in short-term borrowing will be undertaken as of December 24, 2021. It is assumed that JPR will use the proceeds of the Issuance of New Investment Units as the funds for acquisition of specified assets and as part of funds for repayment of borrowings. However, the amount of interest-bearing debt may vary depending on whether the new investment units are issued, and the number, issue value, and time of the new investment units to be issued. It is assumed that all interest-bearing debt whose repayment dates will arrive during the respective fiscal periods will be refinanced, except for the above-mentioned repayment. Due to the above, the ratio of interest-bearing debt is projected to be 41.8% at end of the fiscal period ending December 31, 2021, 39.9% at end of the fiscal period ending June 30, 2022, and 39.9% at end of the fiscal period ending December 31, 2022. The following formula is used in calculating the ratio of interest-bearing debt to total assets in this table. $\text{Ratio of interest-bearing debt to total assets} = \frac{\text{Expected total interest-bearing debt}}{\text{Expected total assets}} \times 100$ The ratio of interest-bearing debt to total assets may vary depending on the number and issue value of the new investment units to be issued.
Total Units Outstanding	<ul style="list-style-type: none"> The number of investment units outstanding as of the end of the fiscal period ending December 31, 2021, is 958,250 units as of today, and that at the end of the fiscal periods ending June 30, 2022, and December 31, 2022, is based on the assumption that additional 40,000 new investment units will be issued. However, there is no guarantee that the Issuance of New Investment Units will be implemented, and the number of units and time of issue may vary. Other than the above, it is assumed that there will be no investment units additionally issued through the end of the fiscal period ending December 31, 2022.
Distribution per Unit	<ul style="list-style-type: none"> 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. JPR is assumed to allocate part of gain on sale of real estate (1,870 million yen for the fiscal period ending December 31, 2021, 1,335 million yen for the fiscal period ending June 30, 2022, and 1,341 million yen for the fiscal period ending December 31, 2022) to internal reserves for reduction entry for the respective fiscal periods (642 million yen for the fiscal period ending December 31, 2021, 795 million yen for the fiscal period ending June 30, 2022, and 849 million yen for the fiscal period ending December 31, 2022) for the purpose of ensuring stable management and dividends in the future by leveraging the Special Provisions for Taxation in Cases of Repurchase of Specified Assets as stipulated in Article 65-7 of the Act on Special Measures Concerning Taxation. As stated in Total Units Outstanding, it is assumed that the Issuance of New Investment Units will be implemented for the fiscal period ending June 30, 2022, but there is no guarantee that it will be implemented, and the number of units, time of issue, and total issue value may vary. In such case, there is the possibility that the distribution per unit may vary. There is the possibility that the distribution per unit may vary due to various factors including, among others, variation of rental revenue due to change of assets under management and tenants, and unpredicted repairs and maintenance.
Distribution in Excess of Earnings Per Unit	<ul style="list-style-type: none"> Distribution in excess of earnings is currently not assumed.
Others	<ul style="list-style-type: none"> It is assumed that there will be no changes in legislation, taxation, accounting standards, listing rules, rules and requirements imposed by the Investment Trusts Association, Japan etc. that will impact the aforementioned forecasts. It is also assumed that there will be no unexpected material changes in general economic and the real estate market conditions.

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[Attachment 2]

Forecast Distribution per Unit



(Note 1) “Adjusted EPU” is forecast net income per unit before recording of gain or loss on sale of real estate, etc.

(Note 2) “Gain on sale, etc.” is calculated as gain or loss on sale of real estate, etc. minus the impact on general and administrative expenses associated with the property sale and the amount planned to be internally reserved for reduction entry.

(Note 3) The figures on this page for the revised forecast for the fiscal period ending June 30, 2022 and the new forecast for the fiscal period ending December 31, 2022 are premised on the Issuance of New Investment Units. However, there is no guarantee that the Issuance of New Investment Units will be implemented, and the number of units and time of issue may vary..(Note 4) JPR sets the medium-term target for distribution per unit of 7,800 yen as of today. “Medium-term target” is the target for future distribution per unit set by the asset manager as of today, and there is no guarantee or promise of realization or the timing of achievement of the target. Please note that future distribution per unit may vary from the target due to known or unknown risks and uncertainties and other factors.

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