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For Translation Purposes Only

For Immediate Release

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Notice Concerning Issuance of New Investment Units and Secondary Offering, and Cancellation of Shelf Registration for the Issuance of New Investment Units

Japan Prime Realty Investment Corporation (“JPR”) announced that it resolved at the Board of Directors Meeting held today to issue new investment units and conduct a secondary offering, as outlined below. Although the submission of a shelf registration statement for issuance of new investment units was announced in “Notice Concerning Submission of Shelf Registration Statement for the Issuance of New Investment Units” dated December 23, 2021, JPR announced today that it filed a cancellation of the submission of shelf registration for the issuance of the new investment units.

Details

I Issuance of New Investment Units and Secondary Offering

1. Issuance of New Investment Units via Offering (the “Primary Offering”)

- (1) Total number of investment units to be offered
38,100 units
- (2) Issue price (offer price)
To be determined
(The price shall be determined by a resolution of the Board of Directors on a date (the “pricing date”) between January 12, 2022 (Wednesday) and January 14, 2022 (Friday). The issue price (offer price) shall be the price at which the Primary Offering is made.)
- (3) Amount to be paid in (issue value)
To be determined
(The price shall be determined by a resolution of the Board of Directors on the pricing date. The amount to be paid in (issue value) shall be the proceeds per an investment unit (the “investment unit”) JPR receives from the underwriters mentioned under (5) below.)
- (4) Gross proceeds (total issue value)
To be determined

Note: This document is a press release for a public announcement regarding the issue and secondary offering of investment units and has not been prepared for the purpose of soliciting any investment. We request readers to undertake investment decisions at their own responsibility and judgment after having read carefully the prospectus and notice of amendments (if issued) for the issuance of new investment units and secondary offering prepared by JPR.



(5) Offering method

The offering of investment units shall be via a primary offering, and underwritten in full by Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. (collectively referred to as the “joint lead managers”) along with Daiwa Securities Co. Ltd., Nomura Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (collectively referred to together with the joint lead managers as the “underwriters”).

The issue price (offer price) for the Primary Offering will be determined by taking into consideration the market demand for the issue, provisionally calculated by applying the closing price for the Investment Corporation’s investment securities on the Tokyo Stock Exchange, Inc. (“Tokyo Stock Exchange”) on the pricing date (if no closing price is available on that date, then the closing price for the most recent date prior to pricing date where a closing price is available), multiplied by 0.90 to 1.00 (resulting amounts less than 1 yen shall be rounded down).

(6) Underwriting agreement

No underwriting commission will be payable by JPR. The aggregate amount of the difference between the issue price (offer price) and the amount to be paid in (issue value) of the Primary Offering shall be the proceeds for the underwriters.

(7) Book-building period

From January 7, 2022 (Friday) to the pricing date

(8) Subscription period

Following business day of the pricing date.

(9) Payment period of deposits for new investment units

From the following business day of the pricing date to two business days after the pricing date

(10) Payment date

A date between January 18, 2022 (Tuesday) and January 20, 2022 (Thursday), provided that it shall be four business days after the pricing date.

(11) Delivery date

The following business day of the payment date

(12) Subscription unit

One unit or more in multiples of one unit

(13) The issue price (offer price) and the amount to be paid in (issue value) and other necessary items relating to the Primary Offering shall be approved at a future Board of Directors Meeting. However, any modifications or other adjustments before formal decision shall be determined at the discretion of the Executive Officer.

(14) The aforementioned items shall be subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Law in Japan.

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2. Secondary Offering (the “Secondary Offering through Over-Allotment”)

(1) Seller and the number of investment units to be offered

Mizuho Securities Co., Ltd.: 1,900 units

The Secondary Offering through Over-Allotment will be conducted by Mizuho Securities Co., Ltd. aside from and in connection with the Primary Offering considering demand and other factors. The abovementioned number of investment units indicates the maximum number of investment units to be offered via the Secondary Offering through Over-Allotment. Depending on demand and other factors, there may be cases where this number of investment units is reduced or the Secondary Offering through Over-Allotment itself is not conducted. The number of investment units to be offered will be determined by a resolution of the Board of Directors on the pricing date after considering demand and other factors for the Primary Offering.

(2) Offer price

To be determined

(It will be decided by resolution of the Board of Directors Meeting held on the pricing date, and shall be the same as the issue price (offer price) of the Primary Offering.)

(3) Total offer price

To be determined

(4) Offering method

Depending on the demand and other factors of the Primary Offering, Mizuho Securities Co., Ltd. shall offer the investment units (the “borrowed investment units”) borrowed from Tokyo Tatemono Co., Ltd., a unitholder of JPR, the maximum amount of which is 1,900 units.

(5) Subscription period

It shall be the same period as that of the Primary Offering.

(6) Payment period of deposits for new investment units

It shall be the same as the payment period of deposits for new investment units for the Primary Offering.

(7) Delivery date

It shall be the same day as the delivery date of the Primary Offering.

(8) Deposits on subscription

It shall be the same amount as the offer price.

(9) Subscription unit

One unit or more in multiples of one unit

(10) The number of investment units to be offered and the offer price and other necessary items relating to the Secondary Offering through Over-Allotment shall be approved at a future Board of Directors Meeting. However, any modifications or other adjustments before formal decision shall be determined at the discretion of the Executive Officer.

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- (11) The aforementioned items shall be subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Law in Japan.

3. Issuance of New Investment Units through Third-Party Allotment

- (1) Total number of investment units to be offered
1,900 units
- (2) Third party and number of investment units to be issued to the third party
Mizuho Securities Co., Ltd.: 1,900 units
- (3) Amount to be paid in (issue value)
To be determined
(It shall be the same price as Amount to be paid in (issue value) for the Primary Offering which shall be determined by a resolution of the Board of Directors on the pricing date.)
- (4) Gross proceeds (total issue value)
To be determined
- (5) Subscription date
February 15, 2022 (Tuesday)
- (6) Payment date
February 16, 2022 (Wednesday)
- (7) Subscription unit
One unit or more in multiples of one unit
- (8) Investment units for which no application for subscription has been made during the subscription period shall not be issued.
- (9) The amount to be paid in (issue value) and other necessary items relating to the third-party allotment shall be approved at a future Board of Directors Meeting. However, any modifications or other adjustments before formal decision shall be determined at the discretion of the Executive Officer.
- (10) The issue of new investment units through the third-party allotment shall not be conducted if the Primary Offering is suspended.
- (11) The aforementioned items shall be subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Law in Japan.

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< For Reference >

1. Details of the Secondary Offering through Over-Allotment

- (1) Depending on the demand and other factors of the Primary Offering, Mizuho Securities Co., Ltd. may offer the investment units borrowed from Tokyo Tatemono Co., Ltd., a unitholder of JPR and the maximum amount of which is 1,900 units.

The number of investment units to be offered through the Secondary Offering through Over-Allotment is the upper limit and may be reduced, or the Secondary Offering through Over-Allotment itself may be suspended, depending on demand and other factors.

In order to cause Mizuho Securities Co., Ltd. to acquire the investment units necessary to repay the borrowed investment units by Mizuho Securities Co., Ltd. upon the Secondary Offering through Over-Allotment, JPR resolved, at the Board of Directors Meeting held on January 4, 2022 (Tuesday), that 1,900 units be issued and allocated to Mizuho Securities Co., Ltd. (the “third-party allotment”) with payment date on February 16, 2022 (Wednesday).

- (2) In order to apply to return of the borrowed investment units, there may be cases where Mizuho Securities Co., Ltd. may also purchase the investment units up to the number of investment units for the Secondary Offering through Over-Allotment in the Tokyo Stock Exchange (the “syndicated cover transaction”) during the period from the day following the close of the subscription period for the Primary Offering and the Secondary Offering through Over-Allotment until February 10, 2022 (Thursday) (the “syndicated cover transaction period”). All of the investment units purchased by Mizuho Securities Co., Ltd. through the syndicated cover transaction shall be used to return the borrowed investment units. Furthermore, there may be cases where Mizuho Securities Co., Ltd. does not conduct the syndicated cover transaction at all or completes the syndicated cover transaction with the number of investment units that are smaller than the number of investment units offered through the Secondary Offering through Over-Allotment, at its own judgment.
- (3) Moreover, Mizuho Securities Co., Ltd. may engage in stabilizing transactions related to the Primary Offering and the Secondary Offering through Over-Allotment. The investment units purchased through such stabilizing transactions may possibly be used, in whole or in part, in the return of the borrowed investment units.
- (4) For the number of investment units as a result of reducing the number of investment units purchased through the syndicated cover transaction and stabilizing transactions and used to return the borrowed investment units from the number of investment units for the Secondary Offering through Over-Allotment, Mizuho Securities Co., Ltd. intends to acquire the investment units by accepting the allotment of the third-party allotment. Consequently, there may be cases where there will be no subscription to the investment units offered in the third-party allotment in whole or in part, and accordingly the final number of investment units placed by the third-party allotment decrease to that extent due to forfeiture, or such allotment itself will not take place at all.

Whether the Secondary Offering through Over-Allotment is exercised and the number of units to be subscribed when the Secondary Offering through Over-Allotment is exercised will be determined on the pricing date. In case the Secondary Offering through Over-Allotment is not exercised, Mizuho Securities

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Co., Ltd. will not borrow the investment units from the aforementioned JPR's unitholder. Consequently, the company will not respond or apply for the third-party allotment and the issuance of new units by the third-party allotment will not take place at all. Similarly, the syndicated cover transaction on the Tokyo Stock Exchange will not be exercised.

- (5) The transactions described in the above (1) to (4) will be conducted upon consultation between Mizuho Securities Co., Ltd. and SMBC Nikko Securities Co., Ltd.

2. Total Number of Issued Investment Units after New Issue

Total number of issued investment units	958,250 units
Number of new investment units to be issued in the Primary Offering	38,100 units
Total number of issued investment units after the Primary Offering	996,350 units
Increase in number of investment units through the third-party allotment	1,900 units (Note)
Total number of issued investment units after the third-party allotment	998,250 units (Note)

(Note) These figures are based on the assumption that the new investment units to be issued by the third-party allotment are all applied by Mizuho Securities Co., Ltd. and issued.

3. Reason for and Purpose of Issuance

JPR has decided to issue new investment units in order to realize external growth through acquisition of new specified assets (as defined in Article 2, paragraph 1 of the Act on Investment Trusts and Investment Corporations of Japan (as amended)) and to expand its property acquisition capability through debt financing and further reinforce its financial base by lowering the loan to value ratio (LTV), and improve its potential of long-term stable growth.

4. Amount of Funds to be Procured, Use and Schedule

- (1) Amount of funds to be procured (approximate net amount JPR will obtain)

15.7 billion yen (maximum)

(Note 1) The amount is the sum of the estimated 15.0 billion yen as proceeds JPR received through the Primary Offering and the maximum estimated amount of 0.7 billion yen as proceeds JPR receives through the third-party allotment.

(Note 2) The above figure is an estimated amount calculated on the basis of the closing price for investment units on the Tokyo Stock Exchange on December 17, 2021 (Friday) (rounded down to the nearest 100 million yen).

- (2) Particulars of use of the funds to be procured and schedule

JPR will use the proceeds of 15.0 billion yen (Note) from the Primary Offering as funds for the acquisition of Tokyo Tatemono Higashi Shibuya Bldg. described below and use proceeds from the issuance of new investment units through the third-party allotment (maximum of 0.7 billion yen) (Note) resolved on the same date as the Primary Offering together with the remaining amount of proceeds from the Primary Offering (if any) as part of funds for repayment of borrowings.

Any additional remaining amount (if any) will be held as cash on hand and used for future acquisition

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of specified assets or repayment of borrowings. Details of Tokyo Tatemono Higashi Shibuya Bldg. are described in “Notice Concerning Acquisition and Sale of Properties (Conclusion of Contracts) (Acquisition of “GRAND FRONT OSAKA” and “Tokyo Tatemono Higashi Shibuya Bldg.” and Sale of “Tokyo Tatemono Honmachi Bldg.” and “JPR Umeda Loft Bldg.”)” announced on December 23, 2021.

Property Number	Asset to be Acquired	Acquisition Price (planned) (Millions of yen)	Settlement Date (planned)
Office A-29	Tokyo Tatemono Higashi Shibuya Bldg.	11,300	January, 2022

(Note) JPR will deposit the procured funds in a financial institution until the time of expenditure.

5. Designated Destination of Distribution

None

6. Outlook

As described in “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” announced on December 23, 2021.

(Reference)

Operating Forecasts for the Fiscal Period Ended December 31, 2021, the Fiscal Period Ending June 30, 2022, and the Fiscal Period Ending 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 exceeding profit distribution per unit) (yen)	Exceeding Profit Distribution per Unit (yen)
Forecasts for Fiscal Period Ended December 31, 2021	18,256	8,611	7,877	7,877	7,550	
Forecasts for Fiscal Period Ending June 30, 2022	18,175	9,245	8,533	8,532	7,750	—
Forecasts for Fiscal Period Ending December 31, 2022	18,392	9,374	8,587	8,586	7,750	—

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7. Operating Results of Past Three Fiscal Periods and Status of Equity Financing

(1) Operating results of past three fiscal periods

	Fiscal Period Ended June 30, 2020	Fiscal Period Ended December 31, 2020	Fiscal Period Ended June 30, 2021
Net Income per Unit (Note 2)	7,690 yen	8,181 yen	8,474 yen
Distribution per Unit	7,595 yen	7,750 yen	7,657 yen
Actual payout ratio	100.0%	94.7%	90.3%
Net Assets per Unit	266,984 yen	267,570 yen	268,295 yen

(Note 1) As the settlement of accounts for the fiscal period ended December 31, 2021 has not been completed as of the date of this document, the operating results for the fiscal period ended June 30, 2020, fiscal period ended December 31, 2020, and fiscal period ended June 30, 2021 are indicated in “(1) Operating results of past three fiscal periods.”

(Note 2) Net income per unit is calculated by dividing net income by the weighted-average number of units outstanding based on the number of days in the current fiscal period.

(2) Recent status of investment unit price

1) Status in the last three fiscal periods

	Fiscal Period Ended December 31, 2020	Fiscal Period Ended June 30, 2021	Fiscal Period Ended December 31, 2021
Opening Price	320,000 yen	335,500 yen	430,500 yen
High	346,500 yen	450,500 yen	439,000 yen
Low	274,600 yen	333,500 yen	391,000 yen
Closing Price	342,000 yen	435,000 yen	399,000 yen

(Note) For the opening price, high and low, the figures calculated based on the closing price of regular transactions of the investment units at the Tokyo Stock Exchange are indicated.

2) Status in the last six months

	July 2021	August	September	October	November	December
Opening Price	430,500 yen	429,500 yen	410,500 yen	391,000 yen	417,500 yen	409,000 yen
High	439,000 yen	429,500 yen	413,500 yen	417,500 yen	423,500 yen	416,500 yen
Low	420,500 yen	399,000 yen	398,500 yen	391,000 yen	404,500 yen	397,000 yen
Closing Price	428,000 yen	411,500 yen	405,000 yen	417,500 yen	404,500 yen	399,000 yen

(Note) For the opening price, high and low, the figures calculated based on the closing price of regular transactions of the investment units at the Tokyo Stock Exchange are indicated.

3) Investment unit price on the business day preceding the resolution day of the issuance

	December 30, 2021
Opening Price	401,000 yen
High	402,500 yen

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Low	397,500 yen
Closing Price	399,000 yen

(3) Status of equity financing in the past three fiscal periods

Public offering

Issue date	March 3, 2020
Amount procured	16,207,597,500 yen
Amount to be paid in (issue value)	459,790 yen
Total number of issued investment units before the offering	923,000 units
Number of investment units issued through the offering	35,250 units
Total number of issued investment units after the offering	958,250 units
Use of funds upon the offering	Funds for the acquisition of specified assets and repayment of part of borrowings
Scheduled time of expenditure	March 2020 and thereafter
Status of use of funds	Allocated all the amount in the scheduled time above

8. Other

(1) Lock-up agreement with issuer

Upon the Offering, JPR and Tokyo Realty Investment Management, Inc. have agreed with the joint lead managers that JPR will not additionally issue investment units (except for an additional issue in the case of the Primary Offering, Third-Party Allotment, split of investment units, etc.) for a period starting on the pricing date and ending on the date which is six months after the delivery date of the Primary Offering. Joint lead managers reserve the right, if both of them agree, to terminate this restriction, in whole or in part, or shorten the restriction period at their discretion.

(2) Lock-up agreement with Tokyo Tatemono and unitholders

Upon the Primary Offering, Tokyo Tatemono Co., Ltd. has agreed with the joint lead managers not to sell, transfer, pledge as collateral, lend or otherwise dispose of the 29,300 investment units it holds as of January 4, 2022 (Tuesday), except for lending them to Mizuho Securities Co., Ltd. for the Secondary Offering through Over-Allotment, for a period starting on the pricing date and ending on the date which is six months after the delivery date of the Primary Offering, except for the case where the joint lead managers give prior written consent.

Upon the Primary Offering, certain unitholders of JPR as listed below have agreed with the joint lead managers not to sell, transfer, pledge as collateral, lend or otherwise dispose of investment units of JPR they hold as of January 4, 2022 (Tuesday) for a period starting on the pricing date and ending on the date which is six months after the delivery date of the Primary Offering in the case of Tokyo Realty Investment Management, Inc., or three months after the delivery date of the Primary Offering in the

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case of Yasuda Real Estate Co., Ltd. and Taisei Corporation, except for the case where the joint lead managers give their prior written consent.

The number of investment units held by each unitholder as of January 4, 2022 (Tuesday) is listed as follows.

(As of January 4, 2022)

Unitholders	Number of investment units held
Yasuda Real Estate Co., Ltd.	5,000 units
Taisei Corporation	1,500 units
Tokyo Realty Investment Management, Inc.	100 units
Total	6,600 units

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II Cancellation of Shelf Registration for the Issuance of New Investment Units

1. Overview of Shelf Registration Subject to Cancellation

(1) Date of submission of shelf registration statement	December 23, 2021
(2) Destination of submission of shelf registration statement	Director-General of the Kanto Local Finance Bureau
(3) Type of domestic investment securities	JPR's investment unit
(4) Planned issue period	One year from the scheduled date for the shelf registration to come into effect (January 5, 2022 to January 4, 2023)
(5) Planned amount of issue	16 billion yen (maximum amount)
(6) Use of proceeds	JPR plans to use the proceeds as the funds for the acquisition of specified assets and as part of funds for repayment of borrowings or as part of funds for repayment of borrowings. The proceeds, however, may be used for future acquisition of specified assets, repayment of borrowings or cash on hand. (Reference) JPR decided to undertake borrowing (10.4 billion yen) to acquire specified assets as of December 22, 2021, and to acquire specified assets and announced it as of the same date of submission of the shelf registration statement. JPR decided to submit this shelf registration statement for the issuance of new investment units as it is considering acquiring specified assets and repaying borrowings, or raising part of funds to repay borrowings through public offering of new investment units. JPR will consider the possibility of financing through issuing new investment units by taking into account changes in market conditions and other factors.

2. Results of Issuance of JPR's Investment Unit through Shelf Registration

Not applicable.

3. Reason for Cancellation of Shelf Registration Statement

The shelf registration became unnecessary as JPR decided to submit a securities registration statement to the Director-General of the Kanto Local Finance Bureau today and issue investment units in accordance with the securities registration statement based on the resolution described in "I Issuance of New Investment Units and Secondary Offering" above.

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