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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

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.

Details

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

- (1) Total number of investment units to be offered
35,250 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 February 26, 2020 (Wednesday) and March 2, 2020 (Monday). The issue price (offer price) shall be the price at which the Primary Offering is made.)
- (3) Amount to be paid in (purchase price)
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 (purchase price) shall be the proceeds per an investment unit (the “investment unit”) JPR receives from the underwriters mentioned under (5) below.)
- (4) Gross proceeds (total purchase price)
To be determined
- (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 Nomura Securities Co., Ltd., Daiwa Securities Co. Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (collectively referred to together with the joint lead managers as the “underwriters”).

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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 disregarded).

(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 (purchase price) of the Primary Offering shall be the proceeds for the underwriters.

(7) Book-building period

From February 21, 2020 (Friday) to the pricing date

(8) Subscription period

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

(9) Payment date

A date between March 3, 2020 (Tuesday), and March 6, 2020 (Friday), provided that it shall be four business days after the pricing date.

(10) Delivery date

The following business day of the payment date

(11) Subscription unit

One unit or more in multiples of one unit

(12) The issue price (offer price) and the amount to be paid in (purchase price) 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.

(13) 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.

2. Secondary Offering (the "Secondary Offering through Over-Allotment")

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

Mizuho Securities Co., Ltd.: 1,750 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

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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 1,750 units.

(5) Subscription period

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

(6) Settlement date

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

(7) Advances on subscription

It shall be the same amount as the offer price.

(8) Subscription unit

One unit or more in multiples of one unit

(9) 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.

(10) 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

1,750 units

(2) Third party and number of investment units to be issued to the third party

Mizuho Securities Co., Ltd.: 1,750 units

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- (3) Amount to be paid in (purchase price)
To be determined
(It shall be the same price as Amount to be paid in (purchase price) for the Primary Offering which shall be determined by a resolution of the Board of Directors on the pricing date.)
- (4) Gross proceeds (total purchase price)
To be determined
- (5) Subscription date
March 23, 2020 (Monday)
- (6) Payment date
March 24, 2020 (Tuesday)
- (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 (purchase price) 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.

< 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 1,750 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

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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 February 14, 2020 (Friday), that 1,750 units be issued and allocated to Mizuho Securities Co., Ltd. (the “third-party allotment”) with payment date on March 24, 2024 (Tuesday).

- (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 March 18, 2020 (Wednesday) (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 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.

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2. Total Number of Issued Investment Units after New Issue

Total number of issued investment units	923,000 units
Number of new investment units to be issued in the Primary Offering	35,250 units
Total number of issued investment units after the Primary Offering	958,250 units
Increase in number of investment units through the third-party allotment	1,750 units (Note)
Total number of issued investment units after the third-party allotment	960,000 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 Issue

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)

17.5 billion yen (maximum)

(Note 1) The amount is the sum of the estimated 16.7 billion yen as proceeds JPR received through the Primary Offering and the maximum estimated amount of 0.8 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 January 31, 2020 (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 16.7 billion yen (Note) from the Primary Offering and the proceeds from the issuance of new investment units through the third-party allotment (maximum of 0.8 billion yen) (Note) as the funds for the acquisition of Sencity Bldg. described below and as part of funds for repayment of borrowings.

The remaining amount will be cash on hand and will be used for future acquisition of specified assets or repayment of borrowings, if any. Details of the property to be acquired are described in the “Notice Concerning Property Acquisition (Conclusion of Contract) “Sencity Bldg.”” separately announced today.

Property Number	Asset to be Acquired	Acquisition Price (planned) (Millions of yen)	Settlement Date (planned)
Office B-14	Sencity Bldg.	13,870	March, 2020

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

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5. Designated Destination of Distribution

None

6. Outlook

As described in the “Financial Report for the 36th Fiscal Period Results (July 1, 2019 – December 31, 2019)” and “Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending June 30, 2020 and Operating Forecasts for the Fiscal Period Ending December 31, 2020” separately announced today

(Reference)

Operating Forecasts for the Fiscal Period Ended June 30, 2020 and the Fiscal Period Ending December 31, 2020

	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 Ending June 30, 2020	16,439	7,989	7,287	7,286	7,590	—
Forecasts for Fiscal Period Ending December 31, 2020	16,797	8,166	7,412	7,411	7,720	—

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

(1) Operating results of past three fiscal periods

	Fiscal Period Ended December 31, 2018	Fiscal Period Ended June 30, 2019	Fiscal Period Ended December 31, 2019 (Note 1)
Net Income per Unit (Note 2)	7,324 yen	7,818 yen	7,491 yen
Distribution per Unit	7,326 yen	7,380 yen	7,493 yen
Actual payout ratio	100.0%	94.3%	100.0%
Net Assets per Unit	258,626 yen	259,118 yen	259,230 yen

(Note 1) Figures for the Fiscal Period Ended December 31, 2019 have not been audited by an auditor in accordance with the provisions in Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act.

(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.

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(2) Recent status of investment unit price

1) Status in the last three fiscal periods

	Fiscal Period Ended December 31, 2018	Fiscal Period Ended June 30, 2019	Fiscal Period Ended December 31, 2019
Opening Price	403,000 yen	410,000 yen	465,000 yen
High	448,000 yen	492,000 yen	528,000 yen
Low	388,000 yen	383,000 yen	463,500 yen
Closing Price	417,000 yen	467,000 yen	476,500 yen

2) Status in the last six months

	September 2019	October	November	December	January 2020	February (Note)
Opening Price	484,000 yen	510,000 yen	520,000 yen	496,500 yen	476,000 yen	498,000 yen
High	521,000 yen	528,000 yen	525,000 yen	499,500 yen	507,000 yen	504,000 yen
Low	480,000 yen	504,000 yen	473,000 yen	470,000 yen	468,500 yen	481,500 yen
Closing Price	513,000 yen	519,000 yen	498,500 yen	476,500 yen	501,000 yen	493,000 yen

(Note) The investment unit price for February 2020 is the figure as of February 13, 2020.

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

	February 13, 2020
Opening Price	491,500 yen
High	496,500 yen
Low	488,000 yen
Closing Price	493,000 yen

(3) Status of Equity Financing in the past three fiscal periods

None

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 of six months after the delivery date of the Primary Offering, from February 14, 2020 (Friday). 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 February 14, 2020 (Friday), except for lending them to Mizuho Securities Co., Ltd. for the Secondary Offering through Over-Allotment, for a period of six months after the delivery date of the Primary Offering, from February 14, 2020 (Friday), except for the case where the joint lead managers give prior written consent.

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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 February 14, 2020 (Friday) for a period of 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 case of Yasuda Real Estate Co., Ltd. and Taisei Corporation, from February 14, 2020 (Friday), 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 February 14, 2020 (Friday) is listed as follows.

(As of February 14, 2020)

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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