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**For Translation Purposes Only**  
**For Immediate Release**

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## 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

Japan Prime Realty Investment Corporation (JPR) today announced its revised operating forecasts for the fiscal period ending June 30, 2020 (January 1, 2020 through June 30, 2020), which were reported on August 14, 2019 when it announced the financial results for the fiscal period ended June 30, 2019, and its new operating forecasts for the fiscal period ending December 31, 2020 (July 1, 2020 through December 31, 2020), as described below.

### Details

#### 1. Revisions to Operating Forecasts for the Fiscal Period Ending June 30, 2020 (January 1, 2020 through June 30, 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)
Previously announced forecast (A)	15,841	7,626	6,923	6,923	7,500	—
Revised forecast (B)	16,439	7,989	7,287	7,286	7,590	—
Amount of increase / decrease ((B) - (A))	597	363	363	363	90	—
Rate of increase / decrease	3.8%	4.8%	5.2%	5.2%	1.2%	

(Note 1) Forecasted total units outstanding as of June 30, 2020: 960,000 units, forecasted net income per unit: 7,590 yen.

(Note 2) The forecasted figures in the above table are calculated based on the “Assumptions for the Operating Forecasts for the Fiscal Periods Ending June 30, 2020 and December 31, 2020” in the Attachment. 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, the actual number of new units issued and the issue price of the new investment units, 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 3) Figures in yen have been rounded down to the unit. “Rate of increase / decrease” have been rounded to the first decimal place.

Note: This document is a press release for a public announcement regarding revisions to operating forecasts for the fiscal period ending June 30, 2020 and operating forecasts for the fiscal period ending December 31, 2020, and has not been prepared for the purpose of soliciting any investment. We request readers to undertake investment decisions at their own 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.



## 2. Reasons for Revisions

After the date of announcement of the previous forecast (August 14, 2019), JPR acquired Minami Semba Bldg. in January 2020 and plans to acquire Sencity Bldg. in March 2020. In addition, JPR passed a resolution at its Board of Directors' meeting held today for the issuance of new investment units and secondary offering to procure funds for property acquisition, etc.

As these developments have caused changes to the assumptions for the operating forecasts for the fiscal period ending June 30, 2020, JPR has decided to revise the operating forecasts for the period.

## 3. Operating Forecasts for the Fiscal Period Ending December 31, 2020 (July 1, 2020 through 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)
Fiscal Period Ending December 31, 2020	16,797	8,166	7,412	7,411	7,720	—

(Note 1) Forecasted units outstanding as of December 31, 2020: 960,000 units, forecasted net income per unit: 7,720 yen.

(Note 2) The forecast figures in the above table are calculated based on the "Assumptions for the Operating Forecasts for the Fiscal Periods Ending June 30, 2020 and December 31, 2020" in the Attachment. 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, the actual number of new units issued and the issue price of the new investment units, 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 3) Figures in yen have been rounded down to the unit.

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[Attachment]

Assumptions for the Operating Forecasts for  
the Fiscal Periods Ending June 30, 2020 and December 31, 2020

Items	Assumptions
Period	<p>Fiscal period ending June 30, 2020: January 1, 2020 through June 30, 2020 (182 days)</p> <p>Fiscal period ending December 31, 2020: July 1, 2020 through December 31, 2020 (184 days)</p>
Property Portfolio	<ul style="list-style-type: none"> <li>• In addition to the 64 properties which are held by JPR as of February 14, 2020, it is assumed that JPR is to acquire Sencity Bldg. on March 27, 2020.</li> <li>• 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.</li> </ul>
Operating Revenues	<ul style="list-style-type: none"> <li>• Real estate rental revenues are calculated on the basis of the lease contracts effective as of December 31, 2019, with consideration given to such factors as the market environment and status of negotiations with tenants, as well as taking into account the impact of certain tenant move-ins and move-outs, among other factors. JPR also assumes that rents will be paid on time and that no tenants will fail or decline to pay rents.</li> <li>• The assumed period-average occupancy rate at the end of each month is 99.5% for the fiscal period ending June 30, 2020 and 99.2% for the fiscal period ending December 31, 2020.</li> </ul>
Operating Expenses	<ul style="list-style-type: none"> <li>• 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 620 million yen for the fiscal period ending June 30, 2020 and 633 million yen for the fiscal period ending December 31, 2020.</li> <li>• 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 2,400 million yen for the fiscal period ending June 30, 2020 and 2,393 million yen for the fiscal period ending December 31, 2020. 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. Accordingly, the property taxes and city planning taxes related to Minami Semba Bldg. and Sencity Bldg. will be appropriated as expenses from the fiscal period ending June 30, 2021 and thereafter (assumed to be 31 million yen for the fiscal period ending June 30, 2021). Furthermore, the property taxes and city planning taxes on Shinagawa Canal Bldg. (additional ownership), JPR Kojimachi Bldg. and FUNDES Ueno that JPR acquired in the fiscal period ending June 30, 2019 will be appropriated as expenses from the fiscal period ending June 30, 2020 and thereafter (assumed to be 18 million yen for both the fiscal periods ending June 30, 2020 and December 31, 2020).</li> <li>• 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.</li> <li>• Depreciation is calculated using the straight line method, including additional future capital expenditures, and is assumed to be 2,035 million yen for the fiscal period ending June 30, 2020 and 2,100 million yen for the fiscal period ending December 31, 2020, respectively.</li> <li>• Operating expenses excluding rental expenses (asset management fees, administrative service and custodian fees, etc.) are assumed to be 912 million yen for the fiscal period ending June 30, 2020 and 930 million yen for the fiscal period ending December 31, 2020.</li> </ul>
Non-Operating Revenues	<ul style="list-style-type: none"> <li>• As for major non-operating revenues, JPR assumes income on settlement of management association accounts to be 51 million yen for the fiscal period ending June 30, 2020 and 3 million yen for the fiscal period ending December 31, 2020.</li> </ul>

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<p>Non-Operating Expenses</p>	<ul style="list-style-type: none"> <li>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 746 million yen for the fiscal period ending June 30, 2020 and 743 million yen for the fiscal period ending December 31, 2020.</li> <li>It is assumed that the cost of the issuance of new investment units scheduled to be paid in March 2020 will be 44 million yen, 4 million yen will be amortized in the fiscal period ending June 30, 2020 and 7 million yen will be amortized in the fiscal period ending December 31, 2020.</li> </ul>
<p>Interest-Bearing Debt and Interest-Bearing Debt Ratio</p>	<ul style="list-style-type: none"> <li>The interest-bearing debt ratio as of today stands at 41.3%, with interest-bearing debt of 189,020 million yen (comprised of 162,520 million yen in long-term debt and 26,500 million yen in investment corporation bonds).</li> <li>It is assumed that JPR will use the proceeds it will receive from the issuance of investment units through public offering and third-party allotment in accordance with the secondary offering (over-allotment), to be paid in March 2020, for the funds for acquisition of Sencity Bldg. and part (2,000 million yen) of the repayment of borrowings.</li> <li>It is assumed that all borrowings whose repayment dates will arrive during the respective fiscal periods will be refinanced, except for the above-mentioned repayment.</li> <li>Due to the above, the ratio of interest-bearing debts are projected to be 39.5% at end of the fiscal period ending June 30, 2020 and 39.5% at end of the fiscal period ending December 31, 2020.</li> <li>The following formula is used in calculating the ratio of interest-bearing debt to total assets in this table.  <math display="block">\text{Ratio of interest-bearing debt to total assets} = \frac{\text{Expected total interest-bearing debt}}{\text{Expected total assets}} \times 100</math> </li> <li>The ratio of interest-bearing debt to total assets may vary depending on the number and issue price of the new investment units to be issued.</li> </ul>
<p>Total Units Outstanding</p>	<ul style="list-style-type: none"> <li>It is assumed that the number of investment units outstanding as of the end of the fiscal periods ending June 30, 2020 and December 31, 2020 will be 960,000 units, comprising the 923,000 units outstanding as of February 14, 2020 plus 37,000 which is the maximum number of new investment units scheduled to be issued through public offering (35,250 units) and third-party allotment (maximum 1,750 units) in March 2020.</li> <li>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, 2020.</li> </ul>
<p>Distribution per Unit</p>	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul>
<p>Exceeding Profit Distribution Per Unit</p>	<ul style="list-style-type: none"> <li>Distribution exceeding the profit is currently not assumed.</li> </ul>
<p>Others</p>	<ul style="list-style-type: none"> <li>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.</li> <li>It is also assumed that there will be no unexpected material changes in general economic and the real estate market conditions.</li> </ul>

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