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Notice Concerning Property Acquisition (Conclusion of Contract) “Ryoshin Harajuku Building”

Japan Prime Realty Investment Corporation (JPR) today announced its decision to acquire the Ryoshin Harajuku Building, as outlined below. The scheduled acquisition date is December 25, 2009.

Details

1. Reason for Acquisition

The acquisition of the Ryoshin Harajuku Building is in accordance with JPR’s fundamental investment policies and investment stance to acquire new office buildings in central Tokyo in an effort to enhance and stabilize its investment portfolio.

2. Acquisition Details

1) Asset Type	Beneficiary interest in real estate
2) Asset Custodian	Mitsubishi UFJ Trust and Banking Corporation
3) Term of Trust	From March 28, 2005 to December 25, 2019 (planned)
4) Property Name	Ryoshin Harajuku Building
3) Acquisition Price	8,400 million yen (excluding expenses related to acquisition, consumption tax and other expenses)
4) Contract Date	December 24, 2009
5) Settlement Date	December 25, 2009 (planned)
6) Seller	TOKYU REIT, Inc.
7) Funding	Borrowings and cash on hand
8) Payment Method	Lump-sum payment at the time of transfer

3. Details of Property for Acquisition

Property Name		Ryoshin Harajuku Building	
Location	Registered	Land	6-16-46, Jingumae, Shibuya-ku, Tokyo
		Bldg.	6-16-26 and other, Jingumae, Shibuya-ku, Tokyo
	Residential	6-17-11, Jingumae, Shibuya-ku, Tokyo	
Access		A four-minute walk from Meiji-jingumae Station, Tokyo Metro Fukutoshin and Chiyoda Lines and a nine-minute walk from Harajuku Station, JR Yamanote Line	
Use		Office/Retail	
Type of Ownership		Land: Ownership Building: Unit Ownership (*1)	
Site Area (registered)	Land	Total site area	1,205.07m ²
	Bldg.	Gross floor space of the entire building	6,466.94m ²
Type of Structure (registered)		SRC B1/9F	
Completion Date		March 1989	
Architecture and Design		Fujita Corporation	
Construction		Fujita Corporation	
Building Construction Authorization Agency		Shibuya Ward, Tokyo	
Agency to Prepare Building Situation Appraisal Report		Shimizu Corporation	
Building Specifications	Leasable Floor Space	500.06m ²	
	Ceiling Height	2,645mm	
	Air Conditioning System	Individual systems	
	Type of Flooring	OA-compatible floor (50mm)	
Appraisal	Appraisal Method	Appraisal conducted by HIRO & REAS network, Inc.	
	Appraisal Value	¥8,490 million	
	Appraisal Date	December 1, 2009	
Probable Maximum Loss		7.1% (based on the earthquake risk assessment report prepared by the Sompo Japan Risk Management, Inc.) PML (Probable Maximum Loss) refers to a percentage, not exceeding 90%, of expected damages caused if a maximum-level earthquake happens during an assumed period for the economic life of a building to the procurement cost for restoring those expected damages. The expected period for the economic life of a building is 50 years, which is the useful life of a standard building. The expected maximum-level earthquake here means an earthquake that happens once every 50 years with a 10% probability. This means that this level of earthquake statistically happens once every 475 years.	
Collateral		None	
Number of Tenants		8	
Major Tenant		Peach John Co., Ltd., ZYYX Inc., Toyota Motor Corporation	
Annual Rent		¥538 million	
Security Deposit/Guarantee Deposit		¥443 million	
Total Leasable Floor Space (*2)		4,760.09m ²	
Total Leased Floor Space (*2)		4,760.09m ²	
Occupancy Rate (*2)		100%	
Assumed NOI (NOI Return) (*3)		¥441 million (5.3%)	
Remarks		None	

(*1) JPR has acquired all of the unit ownerships for this property, and there are no other sectional owners.

(*2) The expected figures as of the date of the contract have been recorded. Furthermore, regarding total leasable floor space and total leased floor space, the areas of the leasing contract have been recorded.

(*3) The assumed NOI is an estimate for the 12 months in which the property acquisition was made and is exclusive of extraordinary factors (the assumed NOI is not for the current fiscal period under review). Further, the following premises were established:

(1) The occupancy rate is 97%.

(2) Regarding taxes and public dues, the same amount of expenditures as those of fiscal 2009 are expected.

4. Aim of Property Acquisition

The Jingumae district where the Ryoshin Harajuku Building is located is one of the leading commercial areas in Japan. A variety of flagship shops, primarily apparel stores ranging from casual to luxury brands, are concentrated in the area, while it is also an office area where companies in creative businesses such as design, apparel, entertainment, publication and media-related services are concentrated. The property is located a four-minute walk from Meiji-jingumae Station on the Tokyo Metro Fukutoshin and Chiyoda Lines and faces Meiji-dori Street. The property is not only visibly impressive, as it adopts glass curtain walls that provide an appearance of quality design, but it also boasts excellent building specifications. Accordingly, JPR highly evaluates the property as a building that has strong competitiveness.

JPR will continue to pursue the construction of a portfolio that places a particular emphasis on office buildings in the Tokyo area.

5. Seller Profile

Company Name	TOKYU REIT, Inc.
Head Office Address	1-12-1, Dogenzaka, Shibuya-ku, Tokyo
Representative	Masahiro Horie, Executive Director
Capital	98,019,722,000 yen (as of July 31, 2009)
Principal Activities	Aims to manage assets as investments primarily in real estate and asset-backed securities that have such real estates as their primary investment
Relationship with JPR and the Asset Manager	TOKYU REIT, Inc. neither falls within the definition of a related party as identified in the Investment Trusts and Investment Corporations Law Enforcement Order, nor within the definition of an interested party as stipulated in the rules and regulations prescribed by JPR's Board of Directors.

6. Profile of Previous Owners

Previous Owner	Owners before Previous Owner
1) Company name TOKYU REIT, Inc. 2) Relationship with JPR and TRIM No special interest relationship exists. 3) Acquisition background, reason, etc. No special interest relationship exists with the previous owner. As such, the acquisition background, reason, etc., acquisition price (including other expenses) and acquisition date have been omitted.	No special interest relationship exists.

7. Sales Agent

(1) Sales agent: Mitsubishi UFJ Trust and Banking Corporation

The sales agent neither falls within the definition of a related party as identified in the Investment Trusts and Investment Corporations Law Enforcement Order, nor within the definition of an interested party as stipulated in the rules and regulations prescribed by JPR's Board of Directors.

(2) Brokerage fee

The brokerage fee paid to the above-indicated sales agent concerning the acquisition of the subject property has not been disclosed at the request of the sales agent.

8. Outlook

The operating forecasts in correlation with the acquisition of the property will be included in the operating forecasts for the 17th fiscal period (fiscal period ending June 2010) and disclosed at the time when the operating results for the 16th fiscal period (fiscal period ending December 2009) is announced.

[Attachments]

- Reference 1 Real estate portfolio after concluding the sale contract of the property
- Reference 2 Photograph of the Ryoshin Harajuku Building

Reference 1

Real estate portfolio after concluding the sale contract of the property

Area	Type	Property Name	Location	Acquired	Acquisition Price (yen in millions) (Note1)	% of Total (Note2)
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo-ku, Tokyo	Dec. 2001	16,276	5.0%
	Office	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	Dec. 2001	2,874	0.9%
	Office	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	Nov. 2001	2,100	0.6%
	Office	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	Nov. 2001 Nov. 2002 Nov. 2004	2,420	0.7%
	Office	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Jun. 2002	4,000	1.2%
	Office	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 2003	11,200	3.4%
	Office	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 2003	2,920	0.9%
	Office	Fukuoka Bldg.	Chuo-ku, Tokyo	Oct. 2003 Apr. 2005	2,920	0.9%
	Office	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	May 2004	5,100	1.6%
	Office	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Jun. 2004	3,500	1.1%
	Office	Shinjuku Square Tower	Shinjuku-ku, Tokyo	Jul. 2004 Sep. 2008	10,180	3.1%
	Office	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Nov. 2004 Apr. 2005	11,821	3.6%
	Office	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Nov. 2004	710	0.2%
	Office	Shinjuku Center Bldg.	Shinagawa-ku, Tokyo	Mar. 2008	21,000	6.4%
	Office	Minami Azabu Bldg.	Minato-ku, Tokyo	Jul. 2008	3,760	1.2%
	Office	Shinagawa Canal Bldg.	Minato-ku, Tokyo	Dec. 2008	1,870	0.6%
	Office	Rokubancho Bldg.	Chiyoda-ku, Tokyo	Dec. 2009	2,800	0.9%
	Office	Ryoshin Harajuku Bldg.	Shibuya-ku, Tokyo	Dec. 2009(planned)	8,400	2.6%
	Office	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	May. 2010 (planned)	15,050 (Note3)	4.6%
	Retail	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Jun. 2003	12,000	3.7%
Retail	JPR Daikanyama	Shibuya-ku, Tokyo	Oct. 2004	2,160	0.7%	
Retail	JPR Jingumae 432	Shibuya-ku, Tokyo	Mar. 2006	4,460 (Note4)	1.4%	
Retail	Shinjuku Sanhome East Bldg.	Shinjuku-ku, Tokyo	Mar. 2007 Apr. 2008	2,740	0.8%	
Retail	Yurakucho Ekimae Building (Yurakucho Itocia)	Chiyoda-ku, Tokyo	Aug. 2008	3,400	1.0%	
Subtotal					153,661	47.2%
Greater Tokyo	Office	Arca East	Sumida-ku, Tokyo	Nov. 2001	5,880	1.8%
	Office	JPR Chiba Bldg.	Chiba, Chiba	Dec. 2001	2,350	0.7%
	Office	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	Nov. 2001	2,927	0.9%
	Office	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Sep. 2002	920	0.3%
	Office	Kawaguchi Center Bldg.	Kawaguchi, Saitama	Feb. 2004	8,100	2.5%
	Office	JPR Ueno East Bldg.	Taito-ku, Tokyo	Mar. 2004	3,250	1.0%
	Office	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Sep. 2005 Feb. 2007	3,188	1.0%
	Office	Rise Arena Bldg.	Toshima-ku, Tokyo	Mar. 2007	5,831	1.8%
	Office	Yume-ooka Office Tower	Yokohama, Kanagawa	Jul. 2007	6,510	2.0%
	Office	Olinas Tower	Sumida-ku, Tokyo	June. 2009	31,300	9.6%
	Retail	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 2001	10,200	3.1%
	Retail	The Cupo-la Main Bldg.	Kawaguchi, Saitama	Mar. 2006	2,100	0.6%
	Retail	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	Sep. 2006	7,260	2.2%
	Retail	Musashiurawa Shopping Square	Saitama, Saitama	Mar. 2007	4,335	1.3%
	Retail	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Apr. 2007	15,080	4.6%
	Subtotal					109,231

Area	Type	Property Name	Location	Acquired	Acquisition Price (yen in millions) (Note1)	% of Total (Note2)
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata, Niigata	Nov. 2001	2,140	0.7%
	Office	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Nov. 2001	4,150	1.3%
	Office	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 2001	2,900	0.9%
	Office	JPR Naha Bldg.	Naha, Okinawa	Nov. 2001	1,560	0.5%
	Office	Sompo Japan Sendai Bldg.	Sendai, Miyagi	Jun. 2002	3,150	1.0%
	Office	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 2002	1,670	0.5%
	Office	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 2002	2,810	0.9%
	Office	JPR Nagoya Sakae Bldg.	Nagoya, Aichi	Sep. 2003	4,550	1.4%
	Office	JPR Dojima Bldg.	Osaka, Osaka	Jan. 2004	2,140	0.7%
	Office	JPR hakata Chuo Bldg.	Fukuoka, Fukuoka	Jun. 2004	1,920	0.6%
	Office	Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya, Aichi	Mar. 2005	4,137	1.3%
	Retail	JPR Umeda Loft Bldg.	Osaka, Osaka	May 2003 Jul. 2003	13,000	4.0%
	Retail	Benetton Shinsaibashi Bldg.	Osaka, Osaka	May 2005	5,430	1.7%
	Retail	Housing Design Center Kobe	Kobe, Hyogo	Sep. 2005	7,220	2.2%
	Retail	JPR Chayamachi Bldg.	Osaka, Osaka	Aug. 2006	6,000	1.8%
Subtotal					62,777	19.3%
Total					325,669	100.0%

(Note 1) The “Acquisition Price” is the amount identified in the purchase agreement and does not include acquisition costs and consumption tax.

(Note 2) Percentages are rounded to the first decimal point.

(Note 3) The acquisition price of JPR Sendagaya Bldg. is subject to revision at the maximum of 16,500 million yen based on a predetermined formula in the event profitability improves as a result of efforts by the seller to attract tenants, etc.

(Note 4) A portion of land of JPR Jingumae 432 is scheduled to be transferred for 301,650 thousand yen until March 31, 2010.

Reference 2

Photograph of the Ryoshin Harajuku Building

