December 24, 2009

For Translation Purposes Only
For Immediate Release

Japan Prime Realty Investment Corporation
Hirohito Kaneko
Executive Officer
(Securities Code: 8955)

Asset Management Company:
Tokyo Realty Investment Management, Inc.
Toshihiro Hagiwara
President and Chief Executive Officer
Inquiries: Katsuhito Ozawa
Director and Chief Financial Officer
TEL: +81-3-3516-1591

Notice Concerning Revisions to Internal Rules (JPR Asset Management Guidelines) at Asset Management Company

Japan Prime Realty Investment Corporation (JPR) today announced that Tokyo Realty Investment Management, Inc. (TRIM), a registered asset management company retained by JPR to provide asset management services, revised the JPR Asset Management Guidelines, one of its internal rules, at its Board of Directors meeting held on December 24, 2009, as outlined below.

Details

1. Overview of Revisions

TRIM has revised its asset management guidelines for JPR to be able to maintain and pursue earnings in a stable manner amidst changes in the investment environment and other factors, as well as to pursue the maximization of unitholder value through building an excellent portfolio over a medium to long term.

2. Background of Revisions

Starting asset management in November 2001, JPR has targeted investments primarily at superior office buildings and retail properties located in thriving commercial areas for the seven years (15 fiscal periods) since listing in June 2002, with the basic investment strategy centered on investing in urban commercial real estate. By doing so, JPR aimed to stabilize portfolio earnings and improve unitholder value as well as expand its portfolio size by making investments based on rigorous standards for selecting properties with consideration given to balancing the diversification of the portfolio both in terms of asset class and location. However, compared with when the JPR Asset Management Guidelines were established, the business environment surrounding office buildings and retail properties have changed significantly over the past years, given the accelerated concentration solely on Tokyo due to the expanded economic gap between Tokyo (Note) and other regions as well as the shift in consumption trends due to such factors as growing concerns over employment and stagnant disposable income.

Particularly, the severe business environment for retail properties is continuing due to such factors as the stagnant personal consumption. JPR also expects that the severe business environment for office buildings will continue for the time being. However, JPR acknowledges that the office market situation in Tokyo will be steady and solid as the number of employment is in the trend of growing stably in Tokyo Prefecture and the average vacancy rate of offices in the 23 wards of Tokyo is lower than in Osaka or Nagoya.

Given these changes in the business environment, JPR has decided that building an excellent portfolio over a medium to long term and improving its quality as well as maintaining and expanding earnings in a stable manner are indispensable for recovering unitholder value and establishing a foundation for future growth, and has focused on conducting asset replacement from local cities properties and retail facilities to offices buildings in Tokyo.

TRIM took into consideration such factors as the above-mentioned changes in the business environment, the asset replacement status and the present portfolio allocation ratio of JPR in terms of asset class and location (with office buildings versus retail properties at 68.1%:31.9% and Tokyo versus other cities at 79.0%:21.0% as of the end of the 15th fiscal period). As a result, TRIM decided to review the portfolio allocation ratio by asset class and by location, in order to clarify that JPR aims at building a portfolio focusing on office buildings in Tokyo and to continue investment focused on office buildings in Tokyo that feature higher prospects of growth. In addition, TRIM has made necessary revisions to the equipment and fixtures investment policies, fund management policies of leasehold and security deposits, etc.

(Note) JPR defines “Tokyo” as an investment area that refers to the combination of “Tokyo CBDs” and “Greater Tokyo” as designated below.

Category		Region
Tokyo	Tokyo CBDs	Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards
	Greater Tokyo	All other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures
Other Cities		All other areas in Japan

3. Major Revisions and Reason of Revisions

(1) Portfolio allocation ratio by asset class and location as a standard for portfolio management

	Before revisions	After revisions
By Asset Class	The target allocation ratio between office buildings and retail properties based on acquisition price shall generally be 8:2	As the allocation ratio between office buildings and retail properties, office buildings will be approximately from 70% to 90% and retail properties will be approximately from 10% to 30% of the managed portfolio, based on acquisition price
By Location	The target allocation ratio between Tokyo and other cities based on acquisition price shall generally be 6:4	As the allocation ratio between Tokyo and other cities, Tokyo will be approximately from 80% to 90% and other cities will be approximately from 10% to 20% of the managed portfolio, based on acquisition price

Revisions have been made to the allocation ratio by asset class and by location, which serves as a standard of portfolio management, in order to adopt portfolio management standards that focus on “office buildings in Tokyo” while maintaining the basic policy of JPR. In the revisions, the ceiling to the allocation ratio of office buildings by asset class has been set at 90%, and the ceiling to the allocation ratio of Tokyo by location has also been set at 90%. Compared with the conventional target allocation ratios, which sets office buildings versus retail properties at generally 8:2 and Tokyo versus other cities at generally 6:4, the newly adopted portfolio management standards place further focus on office buildings in Tokyo. Moreover, in consideration of the diversification status of the present portfolio, the lower limit has been set at 70% for office buildings and 80% for Tokyo. By setting a certain range to the target allocation ratio, the new policy aims to expand the portfolio and improve its quality while allowing JPR to respond flexibly to the surrounding investment environment.

(2) Other major revisions

1) Equipment and fixtures investment policies as a standard for portfolio management

Before revisions	After revisions
The Company will invest in equipment and fixtures in accordance with an efficient upkeep plan created for each property and designed to maintain and improve the competitiveness of the property from medium- and long-term perspectives. In principle, such investments will be within the scope of the depreciation expense <u>of the individual property</u>, but <u>final decisions will be made in light of the depreciation expense for the portfolio as a whole. However</u>, repairs to common areas will be implemented quickly by the Company from the perspective of tenant operational policies, and reinforcements will be made quickly for buildings requiring earthquake resistance reinforcements in light of the status of tenant operations.	The Company will invest in equipment and fixtures in accordance with an efficient upkeep plan created for each property and designed to maintain and improve the competitiveness of the property from medium- and long-term perspectives. In <u>implementing equipment and fixtures investments,</u> such investments will in principle be made within the scope of the depreciation expense <u>of the portfolio as a whole. In addition</u>, repairs to common areas will be implemented quickly by the Company from the perspective of tenant operational policies, and reinforcements will be made quickly for buildings requiring earthquake resistance reinforcements in light of the status of tenant operations.

Revisions have been made to equipment and fixtures investment policies in order to allow investment in large-scale repairs, etc. that will surpass the depreciation expense of the individual property, considering the characteristics of the individual property and within the scope of the depreciation expense of the portfolio as a whole.

2) Fund management policies for leasehold and security deposits

Before revisions	After revisions
1) For real estate trust beneficiary interests <u>For the time being</u>, all leasehold and security deposits by tenants will be reserved within the trust account, but <u>over a medium term</u> the Company <u>may consider</u> reducing the reserve amount if warranted by accumulated historical data, the establishment of commitment lines and other provisions. 2) For real estate, real estate leaseholds and surface rights Leasehold and security deposits by tenants will be deposited in full to a commercial bank savings account or time deposit account. <u>Over a</u>	1) For real estate trust beneficiary interests <u>In principle</u>, all leasehold and security deposits by tenants will be reserved within the trust account, but the Company <u>shall be able to reduce</u> the reserve amount if warranted by accumulated historical data, the establishment of commitment lines and other provisions. 2) For real estate, real estate leaseholds and surface rights <u>In principle</u>, leasehold and security deposits by tenants will be deposited in full to a commercial bank savings account or time deposit account. However, the Company <u>shall be able to reduce</u>

medium term, however, the Company may consider reducing reserves in order to more effectively utilize these funds if warranted by accumulated historical data, the establishment of commitment lines and other provisions, while ensuring to maintain security.	reserves in order to more effectively utilize these funds if warranted by accumulated historical data, the establishment of commitment lines and other provisions, while ensuring to maintain security.

Revisions have been made to fund management policies for leasehold and security deposits in order to allow efficient management of leasehold and security deposits while ensuring to maintain security by establishing commitment lines and other means.

(3) Other revisions

In addition, necessary revisions have been made to correspond with revisions to laws and regulations, word modifications, etc.

4. Date of Revisions

December 24, 2009

5. Other

JPR submitted an extraordinary report to the Kanto Local Finance Bureau as of December 24, 2009.