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Notice Concerning Operating Forecasts for the Fiscal Period Ending June 2010

Japan Prime Realty Investment Corporation (JPR) today announced its operating forecasts for the fiscal period ending June 2010 (January 1, 2010 – June 30, 2010), as detailed below.

Details

1. Forecasts for the Fiscal Period Ending June 2010 (January 1, 2010 – June 30, 2010)

	Operating Revenues (Millions of yen)	Recurring Profits (Millions of yen)	Ordinary Income (Millions of yen)	Net Income (Millions of yen)	Dividend per Unit (excluding distributions in excess of earnings per unit) (Yen)	Distributions in Excess of Earnings per Unit (Yen)
Fiscal Period Ending June 2010	12,114	6,238	4,720	4,719	6,600	—

Notes:

1. Forecast units outstanding as of June 30, 2010: 715,000 units
2. The above forecasts are based on the assumptions outlined in the attached “Assumptions for the Operating Forecasts for the Fiscal Period Ending June 2010.” Accordingly, actual operating revenues, recurring profits, ordinary income, net income and dividend per unit may change due to the acquisition of additional properties or the sale of properties, changes in the operating environment and other factors occurring in the future. JPR is not in a position to guarantee these results.
3. Figures of less than one unit have been rounded down.

<Reference>

With regard to the forecasts for the period ended December 2009 (July 1, 2009 - December 31, 2009), to which JPR has made no revision, please refer to the "Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending December 31, 2009" dated November 30, 2009.

Attachment

Assumptions for the Operating Forecasts for the Fiscal Period Ending June 2010

	Assumptions
Period	17th fiscal period: January 1, 2010 to June 30, 2010 (investment period: 181 days)
Property Portfolio	In addition to the 53 properties held as of December 31, 2009, JPR assumes that it will acquire the Tokyo Tatemono Kyobashi Bldg. on February 12, 2010 (planned) and the JPR Sendagaya Bldg. in May 2010 (planned), and that it will sell the JPR Nagoya Sakae Bldg. by March 31, 2010 (planned). The assumed average occupancy rate at the end of each month in the fiscal period is 95.9%. In practice, these assumptions may vary due to the acquisition of additional properties or the sale of existing properties.
Operating Revenues	Real estate rental revenues have been calculated on the basis of the lease contracts effective as of the end of the 16th fiscal period, with consideration given to the market environment, competitiveness of the properties, status of tenants and other factors. For operating revenues, JPR assumes that rents will be paid on time and that no tenants will fail or decline to pay rents. Profit from the sale of the JPR Nagoya Sakae Bldg. is assumed to be 347 million yen. Profit from the sale of parts of the site for JPR Jingumae 432 is assumed to be 105 million yen.
Operating Expenses	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 and considering the information obtained in the 16th fiscal period. Outsourcing expenses are assumed to be 496 million yen for the 17th fiscal period. For property taxes and city planning taxes, the amount to be paid in the 17th fiscal period has been calculated out of the levied tax amount, and is assumed to be 957 million yen. Concerning the Tokyo Tatemono Kyobashi Bldg. and the JPR Sendagaya Bldg., which JPR plans to acquire after January 1, 2010, the property taxes and city planning taxes levied on these properties for the initial year of acquisition have been included in acquisition costs, and no operating expenses have been incurred for these. (However, property taxes and city planning taxes to be levied on the owners of the properties as of January 1, 2011 will be appropriated as operating expenses for fiscal periods ending June 2011 and after.) For expenditures for the repair and maintenance of buildings, the amount expected to be required in the 17th fiscal period has been recorded. However, the expenditures for repair and maintenance for the fiscal period 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 grow from year to year and repair expenses do not arise regularly. Depreciation is calculated using the straight line method, including incidental expenses and additional future capital expenditure. Depreciation for the 17th fiscal period is assumed to be 1,864 million yen.
Non-operating Expenses	As for major non-operating expenses, JPR assumes 1,502 million yen for interest paid, interest on corporate bonds and fees related to loan arrangement. JPIR assumes 49 million yen as one-time expenses accompanying the additional issuance of new investment units.
Interest-bearing Debt Ratio	The interest-bearing debt ratio as of January 21, 2010 stands at 49.0%, with interest-bearing debt of 150,872 million yen (comprising 16,252 million yen in short-term debt, 6,716 million in the current portion of long-term debt, 83,404 million yen in long-term debt and 445,000 million yen in the current portion of corporate bonds). JPR intends to secure funds through borrowings for the redemption of corporate bonds that will mature in the fiscal period ending June 2010. JPR assumes that it will obtain capital through the additional issuance of new investment units scheduled for February 2010 and through the third-party allotment in the secondary offering (over-allotment option) scheduled for March 2010, and that it will gain proceeds from the sale of the JPR Nagoya Sakae Bldg. JPR intends to apply these funds to the acquisition of the Tokyo Tatemono Kyobashi Bldg. as well as to the repayment of borrowings. JPR plans to borrow 15,000 million yen in May 2010 as funds to acquire the JPR Sendagaya Bldg. Due to the above, the interest-bearing debt ratio is expected to be 46.3% at the end of the fiscal period ending June 2010. For any interest-bearing debt other than the above, no repayment date or redemption date will arrive in the period. The following formula has been used for calculating the interest-bearing debt ratios in this table: Interest-bearing debt ratio = Interest-bearing debt / (Interest-bearing debt + Unitholders' equity) x 100
Units Outstanding	Forecast units outstanding as of June 30, 2010 are 715,000 units. This is based on the 625,000 units outstanding as of December 31, 2009 plus the 82,000 units as an additional issuance of new investment units in February 2010 and the 8,000 units (maximum) for the third-party allotment in the secondary offering (over-allotment option) in March 2010.
Dividend per Unit	Dividend per unit is based on the assumption that distributions will comply with the

	monetary distribution policy stipulated in JPR's Articles of Incorporation. The amount of the dividend per unit is subject to change due to various factors that include changes in rental income associated with changes in properties, changes in tenants or other causes, and the emergence of unexpected repair work.
Distributions in Excess of Earnings per Unit	JPR does not currently anticipate distributions in excess of earnings (dividend in excess of earnings per unit).
Other	The performance forecasts are based on the assumption that revisions impacting the forecast figures above will not be made to laws and regulations, the tax system, accounting standards, the listing rules, the rules of the Investment Trusts Association, Japan, etc. It is also assumed that there will be no unexpected material change in general economic trends, the real estate market, etc.