

July 9, 2012

**For Translation Purposes Only**

**For Immediate Release**

Japan Prime Realty Investment Corporation  
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## **Notice Concerning Property Acquisition (Conclusion of Contract) “Yakuin Business Garden”**

Japan Prime Realty Investment Corporation (JPR) today announced its decision to acquire the Yakuin Business Garden, as outlined below. The scheduled acquisition date is August 8, 2012.

### Details

#### **1. Reason for Acquisition**

The acquisition of the Yakuin Business Garden is in accordance with JPR’s fundamental investment policies and investment stance in an effort to enhance and stabilize its investment portfolio by acquiring a new office building in a major local city.

#### **2. Acquisition Details**

1) Asset Type	Real estate
2) Property Name	Yakuin Business Garden
3) Acquisition Price	10,996 million yen (excluding expenses related to acquisition, consumption tax and other expenses)
4) Contract Date	July 9, 2012
5) Settlement Date	August 8, 2012 (planned)
6) Seller	Yakuin Holdings TMK
7) Funding	Fund procurement through issuance of new investment units (7 billion yen including acquisition costs) and borrowings (planned)
8) Payment Method	Lump-sum payment at the time of transfer

### 3. Details of Property for Acquisition

Property Name		Yakuin Business Garden	
Location	Registered	Land	13-2, Yakuin 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka and others
		Bldg.	13-2, Yakuin 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka and others
	Residential	1-1, Yakuin 1-chome, Chuo-ku, Fukuoka-shi, Fukuoka	
Access		An approximately two-minute walk from Yakuin Station on the Nishitsu Tenjin-Omuta Line, Fukuoka City Subway Nanakuma Line	
Use		Office/Retail	
Type of Ownership		Land: Ownership Building: Ownership	
Site Area (registered)	Land	Total site area	4,348.43 m <sup>2</sup>
	Bldg.	Gross floor space of entire building	22,286.35 m <sup>2</sup>
Type of Structure (registered)		SRC, 14F	
Completion Date		January 13, 2009	
Architecture and Design		Shimizu Corporation	
Construction		Shimizu Corporation	
Building Construction Authorization Agency		The Building Center of Japan	
Agency to Prepare Building Situation Appraisal Report		Eri Solution Co., Ltd.	
Building Specifications	Leasable Floor Space	1,300.45 m <sup>2</sup>	
	Ceiling Height	2,800 mm	
	Air Conditioning System	Individual air conditioning system by floor	
	Type of Flooring	OA-compatible floor (100 mm)	
Appraisal	Appraisal Method	Appraisal conducted by Japan Real Estate Institute	
	Appraisal Value	11,000 million yen	
	Appraisal Date	May 1, 2012	
Probable Maximum Loss		1.45% (based on the earthquake risk assessment report prepared by the NKSJ Risk Management, Inc.) PML (Probable Maximum Loss) refers to a 100s ratio, 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 with exceeding provability of 90%. 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 with an annual exceeding probability of 0.211%.	
Collateral		None	
Number of Tenants		18	
Major Tenant		LEVEL-5 Inc. and QSAI Co., Ltd.	
Total Rental Revenue (annual) (*1)		769 million yen	
Lease and Guarantee Deposits (*1)		559 million yen	
Total Leasable Floor Space (*2)		16,538.89 m <sup>2</sup>	
Total Leased Floor Space (*2)		16,538.89 m <sup>2</sup>	
Occupancy Rate (*2)		100%	
Assumed NOI (NOI Return) (*3)		617 million yen (5.6%)	
Remarks		None	

(\*1) The figure for total rental revenue is an annualized amount of the sum of rents and other revenues based on lease contract as of the date of the contract. The figure for the lease and guarantee deposit is the total amount of lease and guarantee deposits based on lease contract as of the date of the contract.

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

(\*3) The assumed NOI is an estimate for the fiscal period 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), and is made under the following assumptions.

- (1) The occupancy rate is 96%.
- (2) Taxes and public dues have been tentatively calculated based on the taxable income of fiscal year 2012. The NOI yield of the property is 5.5%, obtained by dividing the net operating income, which was indicated in the appraisal report and used as a base for calculating the capitalized value through direct capitalization method, by the planned acquisition price.

#### 4. Aim of Property Acquisition

The Yakuin area where the property is located is near Kyushu's largest business center, Tenjin in Fukuoka City. The location is excellent for transportation as it connects to multiple train and bus routes. Also, the area hosts an assemblage of major companies such as the Kyushu Electric Power Company. Completed in January 2009, the property which is equipped with the latest office specs is very spacious with a standard floor area of 400 tsubos and a ceiling height of 2.8m, and exhibits a very open office environment with glass wall curtains surrounding three sides. Another feature of the property is its high resistance to earthquakes as it employs a seismic damping structure design. It also features excellent visibility as the site is connected to roads on all sides.

Therefore, JPR highly evaluates this property as a large-scale regional office building with excellent competitiveness and ability to attract alternative tenants, with relatively high yields and stable profitability compared to offices in Tokyo.

#### 5. Seller Profile

Company Name	Yakuin Holdings TMK
Head Office Address	1-11 Kanda-Jimbocho, Chiyoda-ku, Tokyo (within Sakura & Co. Office)
Representative	Akihiko Asano, Director
Capital	100,000 yen (as of May 8, 2012)
Principal Activities	<ol style="list-style-type: none"> <li>1 Transfer of specified assets in accordance with asset liquidation plans based on the Act on the Liquidation of Assets, and management and disposition thereof.</li> <li>2 Other collateral duties associated with the above-mentioned liquidation of specified assets.</li> </ol>
Establishment	November 30, 2005
<b>Relationship with JPR and the Asset Management Company</b>	
Capital Relationship	JPR and/or the asset management company have no capital relationship to be indicated.
Personnel Relationship	JPR and/or the asset management company have no personnel relationship to be indicated.
Business Relationship	JPR and/or the asset management company had no transactions to be indicated in the fiscal period ended June 30, 2012.
Related Party or Not	The concerned company does not fall within the definition of a related party. Tokyo Tatemono Co., Ltd., a shareholder of JPR's asset management company, has preferred stocks of the concerned company and has been entrusted with asset management from the company.

Other	The concerned company falls within the scope of an interested party as defined in the rules of JPR's Board of Directors. Accordingly, JPR's Board of Directors has provided its authorization before entering into an agreement with the concerned company. The definition of interested parties as stipulated in the rules and regulations prescribed by JPR's Board of Directors differs from related parties as defined in the Enforcement Order for the Investment Trusts and Investment Corporations Law, and the concerned company does not fall within the definition of a related party.
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## 6. Profile of Previous Owners

Previous Owner	Owners before Previous Owner
1) Name Yakuin Holdings TMK (*1)	—
2) Relationship with JPR and its Asset Management Company Tokyo Tatemono Co., Ltd., a shareholder of JPR's asset management company, has preferred stocks of the concerned company and has been entrusted with asset management from the company.	
3) Acquisition Background, Reason, etc. The property is a development property in which Yakuin Holdings TMK participates as operator. As such, the acquisition price (and other expenses) and acquisition date have been omitted.	

(\*1) For the profile of Yakuin Holdings TMK, please refer to 5. Seller Profile.

## 7. Sales Agent

1) Sales agent: Tokyo Tatemono Co., Ltd.

Company Name	Tokyo Tatemono Co., Ltd.
Head Office Address	9-9, Yaesu 1-chome, Chuo-ku, Tokyo
Representative	Hajime Sakuma, President and Representative Director
Capital	92,451million yen (as of December 31, 2011)
Principal Activities	Real estate business
Establishment	October 1, 1896
Relationship with JPR and the Asset Management Company	
Capital Relationship	As of the end of June 2012, Tokyo Tatemono Co., Ltd. owns JPR's investment units equivalent to 4.09% of the investment units issued and outstanding. In addition, the concerned company owns 40% of the shares issued and outstanding of JPR's asset management company.

Personnel Relationship	As of the end of June 2012, ten of the officers and employees of JPR's asset management company (excluding part-time directors) are those seconded from the concerned company.
Business Relationship	JPR and/or the asset management company have entered into a transaction to acquire "Otemachi 1-6 Plan (tentative name) (land with land leasehold)" in terms of transactions concerning the entrustment of sales agent operations, with the concerned company in the fiscal period ended June 30,2012. Additionally, in the period of concern, there have been no transactions of property acquisitions or property sales between the concerned company and JPR and/or the asset management company.
Related Party or Not	The concerned company does not fall within the definition of a related party of JPR. The concerned company is another interested party of the asset management company and falls within the definition of a related party of the asset management company.
Other	The concerned company is a shareholder of JPR's asset management company, Tokyo Realty Investment Management, Inc. (TRIM), and falls within the scope of interested parties as defined in the rules of JPR's Board of Directors. Accordingly, JPR's Board of Directors has provided its authorization before entering into an agreement with the concerned company. Interested parties differ from related parties as defined in the Enforcement Order for the Investment Trusts and Investment Corporations Law and the concerned company does not fall within the definition of a related party.

2) Brokerage fee

The brokerage fee to be paid to the above-indicated sales agent is scheduled to be 329.88 million yen (excluding consumption tax, etc.) in total.

**8. Outlook**

For operating forecasts for JPR's 22nd fiscal period (fiscal period ending December 31, 2012), please refer to the press release "Notice Concerning Operating Forecasts for the Fiscal Period Ending December 2012" dated today.

**[Attachments]**

- Reference 1      Real estate portfolio after the acquisition of this property
- Reference 2      Photograph of the Yakuin Business Garden

**Reference 1 : Real estate portfolio after the acquisition of this 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	4.2%	
	Office	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	Dec. 2001	2,874	0.7%	
	Office	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	Nov. 2001	2,100	0.5%	
	Office	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	Nov. 2001 Nov. 2002 Nov. 2004	2,420	0.6%	
	Office	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	Jun. 2002	4,000	1.0%	
	Office	MS Shibaura Bldg.	Minato-ku, Tokyo	Mar. 2003	11,200	2.9%	
	Office	Gotanda First Bldg.	Shinagawa-ku, Tokyo	Jul. 2003	2,920	0.7%	
	Office	Fukuoka Bldg.	Chuo-ku, Tokyo	Oct. 2003 Apr. 2005	2,920	0.7%	
	Office	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	May 2004	5,100	1.3%	
	Office	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	Jun. 2004	3,500	0.9%	
	Office	Shinjuku Square Tower	Shinjuku-ku, Tokyo	Jul. 2004 Sep. 2008	10,180	2.6%	
	Office	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	Nov. 2004 Apr. 2005 Jul. 2010	15,121	3.9%	
	Office	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	Nov. 2004	710	0.2%	
	Office	Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	Mar. 2008	21,000	5.4%	
	Office	Minami Azabu Bldg.	Minato-ku, Tokyo	Jul. 2008	3,760	1.0%	
	Office	Shinagawa Canal Bldg.	Minato-ku, Tokyo	Dec. 2008	1,870	0.5%	
	Office	Rokubancho Bldg.	Chiyoda-ku, Tokyo	Dec. 2009	2,800	0.7%	
	Office	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	Dec. 2009	8,400	2.1%	
	Office	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	Feb. 2010	5,250	1.3%	
	Office	JPR Nihonbashi Horidome Bldg.	Chuo-ku, Tokyo	Mar. 2010	5,100	1.3%	
	Office	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	May 2010	15,050	3.8%	
	Office	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	Aug. 2011	3,400	0.9%	
	Office	Otemachi 1-6 Plan (tentative name) (land with land leasehold)	Chiyoda-ku, Tokyo	Mar. 2012	36,000	9.2%	
	Retail	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Jun. 2003	12,000	3.1%	
	Retail	JPR Daikanyama	Shibuya-ku, Tokyo	Oct. 2004	2,160	0.6%	
	Retail	JPR Jingumae 432	Shibuya-ku, Tokyo	Mar. 2006	4,275	1.1%	
	Retail	Shinjuku Sanchome East Bldg.	Shinjuku-ku, Tokyo	Mar. 2007 Apr. 2008	2,740	0.7%	
	Retail	Yurakucho Ekimae Building (Yurakucho Itocia)	Chiyoda-ku, Tokyo	Aug. 2008	3,400	0.9%	
	<b>Subtotal</b>					<b>206,526</b>	<b>52.7%</b>

Area	Type	Property Name	Location	Acquired	Acquisition Price (yen in millions) (Note1)	% of Total (Note2)
Greater Tokyo	Office	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	Sep. 2002	920	0.2%
	Office	Kawaguchi Center Bldg.	Kawaguchi, Saitama	Feb. 2004	8,100	2.1%
	Office	JPR Ueno East Bldg.	Taito-ku, Tokyo	Mar. 2004	3,250	0.8%
	Office	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	Sep. 2005 Feb. 2007	3,188	0.8%
	Office	Rise Arena Bldg.	Toshima-ku, Tokyo	Mar. 2007	5,831	1.5%
	Office	Yume-ooka Office Tower	Yokohama, Kanagawa	Jul. 2007	6,510	1.7%
	Office	Olinas Tower	Sumida-ku, Tokyo	Jun. 2009	31,300	8.0%
	Office	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	Dec. 2010	7,000	1.8%
	Retail	Tanashi ASTA	Nishitokyo, Tokyo	Nov. 2001	10,200	2.6%
	Retail	The Cupo-la Main Bldg.	Kawaguchi, Saitama	Mar. 2006	2,100	0.5%
	Retail	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	Sep. 2006	7,260	1.9%
	Retail	Musashiurawa Shopping Square	Saitama, Saitama	Mar. 2007	4,335	1.1%
	Retail	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	Apr. 2007	15,080	3.8%
	<b>Subtotal</b>					<b>116,231</b>
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata, Niigata	Nov. 2001	2,140	0.5%
	Office	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	Nov. 2001	4,150	1.1%
	Office	JPR Hakata Bldg.	Fukuoka, Fukuoka	Nov. 2001	2,900	0.7%
	Office	JPR Naha Bldg.	Naha, Okinawa	Nov. 2001	1,560	0.4%
	Office	Sompo Japan Sendai Bldg.	Sendai, Miyagi	Jun. 2002	3,150	0.8%
	Office	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	Jun. 2002	1,670	0.4%
	Office	Tenjin 121 Bldg.	Fukuoka, Fukuoka	Jun. 2002	2,810	0.7%
	Office	JPR Dojima Bldg.	Osaka, Osaka	Jan. 2004	2,140	0.5%
	Office	JPR Hakata Chuo Bldg.	Fukuoka, Fukuoka	Jun. 2004	1,920	0.5%
	Office	JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	Mar. 2005	4,137	1.1%
	<b>Office</b>	<b>Yakuin Business Garden</b>	<b>Fukuoka, Fukuoka</b>	<b>Aug. 2012 (planned)</b>	<b>10,996</b>	<b>2.8%</b>
	Retail	JPR Umeda Loft Bldg.	Osaka, Osaka	May 2003 Jul. 2003	13,000	3.3%
	Retail	Benetton Shinsaibashi Bldg.	Osaka, Osaka	May 2005	5,430	1.4%
	Retail	Housing Design Center Kobe	Kobe, Hyogo	Sep. 2005	7,220	1.8%
	Retail	JPR Chayamachi Bldg.	Osaka, Osaka	Aug. 2006	6,000	1.5%
<b>Subtotal</b>					<b>69,223</b>	<b>17.7%</b>
<b>Total</b>					<b>391,980</b>	<b>100.0%</b>

(Note 1) The "Acquisition Price" is the amount identified in the purchase agreement and does not include acquisition costs and consumption tax. The "Acquisition Price" is rounded down to the million.

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

**Reference 2 : Photograph of the Yakuin Business Garden**

