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**For Translation Purposes Only**

**For Immediate Release**

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## **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 today.

### **Details**

#### **1. Overview of Revisions**

TRIM has revised its asset management guidelines for JPR to be able to pursue the maintaining and expanding of 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. Major Revisions and Reason for Revisions**

##### **(1) Investment amount as investment standards (Restrictions on acquisition price)**

Before revisions	After revisions
The acquisition price when investing in real estate or asset-backed securities shall be, in principle, no more than <u>an upper limit of 105% of</u> appraised value. However, provided that the property acquisition does not cause the total property acquisition fund to fall below the NOI yield criterion for the current period, the above-mentioned acquisition price's upper limit of <u>105% of</u> appraised value can be exceeded in the following cases:	The acquisition price when investing in real estate or asset-backed securities shall be, in principle, no more than appraised value. However, provided that the property acquisition does not cause the total property acquisition fund to fall below the NOI yield criterion for the current period, the above-mentioned acquisition price's upper limit of appraised value can be exceeded in the following cases:

<p>① Properties that, by long-term fixed leasing contracts, are forecast to contribute to stable cash flow and that are expected to contribute to stably generating dividends in the medium- to long-term.</p> <p>② Properties that, in terms of scale, location or general standpoint, are judged to contribute to an increase in total fund quality and that are expected to contribute to stably generating dividends in the medium- to long-term.</p>	<p>① Properties that, by long-term fixed leasing contracts, are forecast to contribute to stable cash flow and that are expected to contribute to stably generating dividends in the medium- to long-term.</p> <p>② Properties that, in terms of scale, location or general standpoint, are judged to contribute to an increase in total fund quality and that are expected to contribute to stably generating dividends in the medium- to long-term.</p>
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In view of conducting more conservative management, in principle, the upper limit of the acquisition price when investing in real estate or asset-backed securities has been changed from 105% of appraised value to the appraised value.

(2) Sales policy as portfolio management standards

Before revisions	After revisions
<p>The Company will determine asset values each fiscal term and an investment policy committee will study whether to sell or hold any property that has declined more than 20% in terms of appraised value compared with <u>acquisition price</u>. In addition, the Company may also consider the sale of other properties as it sees fit, as warranted by market conditions and other factors.</p> <p>The following are the main considerations in determining sales:</p> <p>① Market forecast</p> <p>② Development forecast for the surrounding area</p> <p>③ Profitability forecast</p> <p>④ Estimated amount of future investments</p> <p>⑤ Forecast changes in valuation</p> <p>⑥ Considerations of the portfolio as a whole (diversification by geographical location, tenant and asset class, etc.; impact on dividends, etc.)</p>	<p>The Company will determine asset values each fiscal term and an investment policy committee will study whether to sell or hold any property that has declined more than 20% in terms of appraised value compared with <u>book value at the end of each fiscal term</u>. In addition, the Company may also consider the sale of other properties as it sees fit, as warranted by market conditions and other factors.</p> <p>The following are the main considerations in determining sales:</p> <p>① Market forecast</p> <p>② Development forecast for the surrounding area</p> <p>③ Profitability forecast</p> <p>④ Estimated amount of future investments</p> <p>⑤ Forecast changes in valuation</p> <p>⑥ Considerations of the portfolio as a whole (diversification by geographical location, tenant and asset class, etc.; impact on dividends, etc.)</p>

In view of consistency with accounting, the standards for determining the properties that will be considered for sale have been changed from properties that have declined more than 20% in terms of appraised value compared with acquisition price as found in the asset valuation conducted each fiscal term to properties that have declined more than 20% in terms of appraised value compared with book value at the end of each fiscal term.

(3) Rights as investment standards (Ownership of land with leaseholds)

Before revisions	After revisions
<p>(New)</p>	<p>① The Company will, in principle, invest in land with leaseholds as specified in the Leasehold Law and the Land and Building Leasing Law.</p> <p>② The Company will carefully study the nature of the leasehold right holder and will make its decision after fully investigating the impact of the provisions for rent revisions, charges for renewing the leasing contract, charges for approval of rebuilding proposals, charges for the approval of sales proposals and other factors concerning profitability.</p>

In view of clarifying ownership of land with leaseholds concerning rights as investment standards, such has been added.

(4) Other revisions

In addition, minor changes have been made.

### **3. Date of Revisions**

January 25, 2012

### **4. Other**

JPR submitted an extraordinary report to the Kanto Local Finance Bureau on January 25, 2012.