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Supplementary Material on Measures, Operating Forecasts and Revisions to Operating Forecasts Announced on June 1, 2015

Revisions to Operating Forecasts for Fiscal Period Ending June 2015 (27th Period)
Operating Forecasts for Fiscal Period Ending December 2015 (28th Period)
Operating Forecasts for Fiscal Period Ending June 2016 (29th Period)



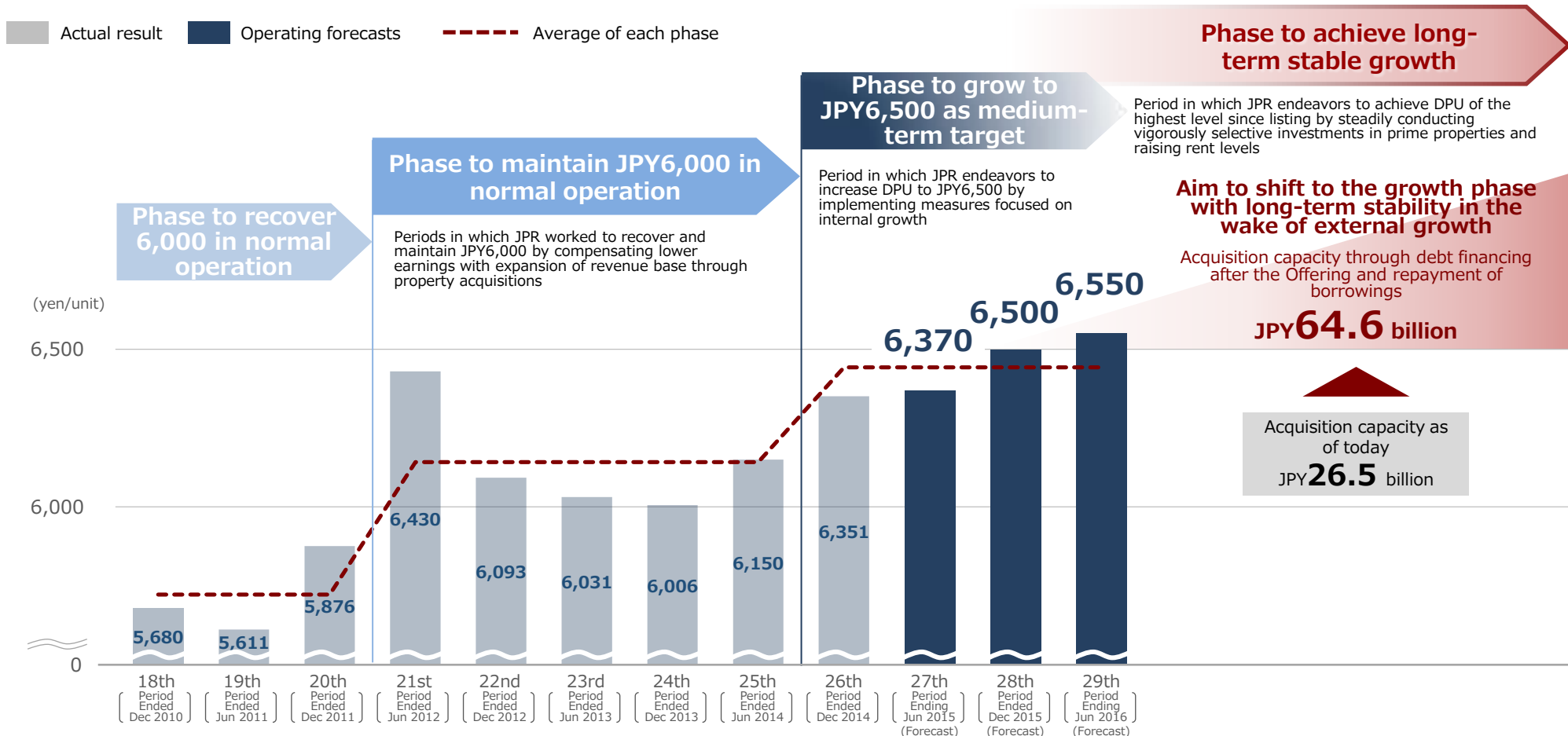
JAPAN PRIME REALTY INVESTMENT CORPORATION

This document is supplementary material that summarizes the initiatives announced in “Notice Concerning Issue of New Investment Units and Secondary Offering” disclosed on June 1, 2015, the overview of the operating forecasts announced in “Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending June 30, 2015 and Operating Forecasts for the Fiscal Periods Ending December 31, 2015 and June 30, 2016” and, in accordance with the operating forecasts, revisions to the operating forecasts disclosed in the “Presentation Material for the 26th Fiscal Period Ended December 2014” dated February 19, 2015. Of the various figures indicated in this material, those for the future have been calculated based on certain calculation methods under certain presumptions, estimates and assumptions. Accordingly, the actual figures may differ significantly from such figures. Therefore, JPR is not in a position to guarantee these future figures. As for the details of the assumptions and the calculation methods, etc., please refer to the notes throughout this material and the “Definitions of Terms Used in this Material” on page 5, as well as the various press releases and presentation materials on financial results mentioned above. The forecast figures of distribution per unit are based on current operating forecasts, and actual distribution per unit may fluctuate depending on changes in the conditions and audits by the Independent Auditor, etc. Moreover, these forecasts should not be construed as a guarantee of the amount of distribution per unit.

Japan Prime Realty Investment Corporation(JPR) has decided to implement the Offering in the belief that the mid-term target of JPY6,500 for distribution per unit is expected to be achieved and the Offering will provide JPR with certain prospects of realizing stable growth going forward, even after taking into consideration the impact of dilution through the Offering.

JPR will endeavor after vigorously selective investments in prime properties by utilizing the acquisition capacity through debt financing created as a result of the Offering.

Actual Results and Outlook of DPU



(Note 1) Distribution per unit includes a temporary increase in earnings due to inclusion into the acquisition cost of the amount equivalent to property taxes, etc. levied on newly acquired properties for the fiscal year in which the acquisition was made.

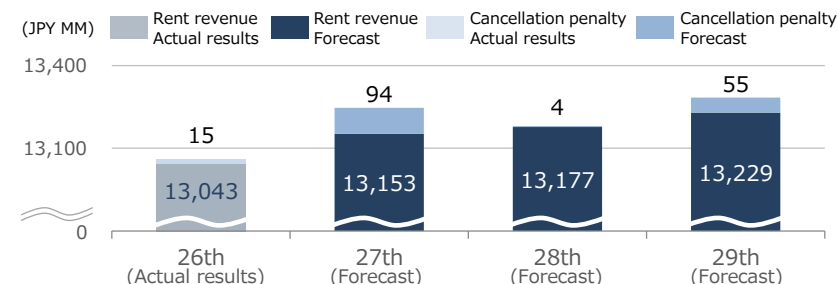
(Note 2) Forecast distributions for the 27th fiscal period ending June 2015, the 28th fiscal period ending December 2015 and the 29th fiscal period ending June 2016 indicate the forecast figures of distribution per unit described in "Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending June 30, 2015 and Operating Forecasts for the Fiscal Periods Ending December 31, 2015 and June 30, 2016" disclosed on June 1, 2015. Furthermore, these forecasts should not be construed as a guarantee of the amount of distribution per unit (the same applies through this document).

DPU for the 27th fiscal period is expected to be JPY6,370, almost the same level as the JPY6,360 forecast made at the beginning of the period. JPR forecasts DPU of JPY6,500 for the 28th fiscal period and JPY6,550 for the 29th fiscal period, both of which are expected to surpass the mid-term target of JPY6,500 JPR has laid out.

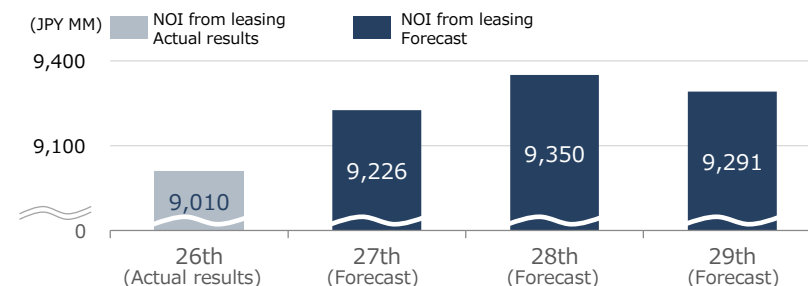
	26th (Ended Dec 2014) (Actual results)	27th (Ending Jun 2015) (Forecast)	28th (Ending Dec 2015) (Forecast)	29th (Ending Jun 2016) (Forecast)
				(JPY MM)
Operating revenues	13,902	14,244 (+341)	14,000 (-243)	14,035 (+35)
Rent revenue /cancellation penalty	13,059	13,248 (+189)	13,182 (-66)	13,284 (+102)
NOI from leasing	9,010	9,226 (+216)	9,350 (+123)	9,291 (-58)
Operating income	6,477	6,658 (+181)	6,761 (+103)	6,698 (-63)
Debt costs	1,250	1,175 (-74)	1,086 (-89)	1,011 (-75)
Ordinary income	5,239	5,524 (+285)	5,672 (+147)	5,718 (+46)
Net income	5,238	5,561 (+322)	5,675 (+113)	5,718 (+42)
Distribution per unit (Yen)	6,351	6,370 (+19)	6,500 (+130)	6,550 (+50)
Number of units outstanding (units)	825,000	873,000 (+48,000)	873,000 (-)	873,000 (-)

(Note) Figures in parenthesis represent a period-on-period increase or decrease.

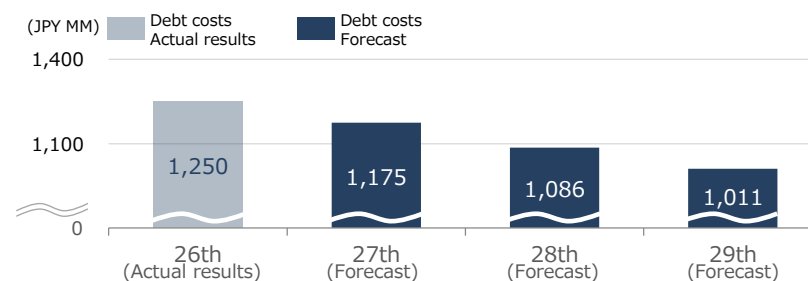
Rent revenue/Cancellation penalty



NOI from leasing



Debt costs

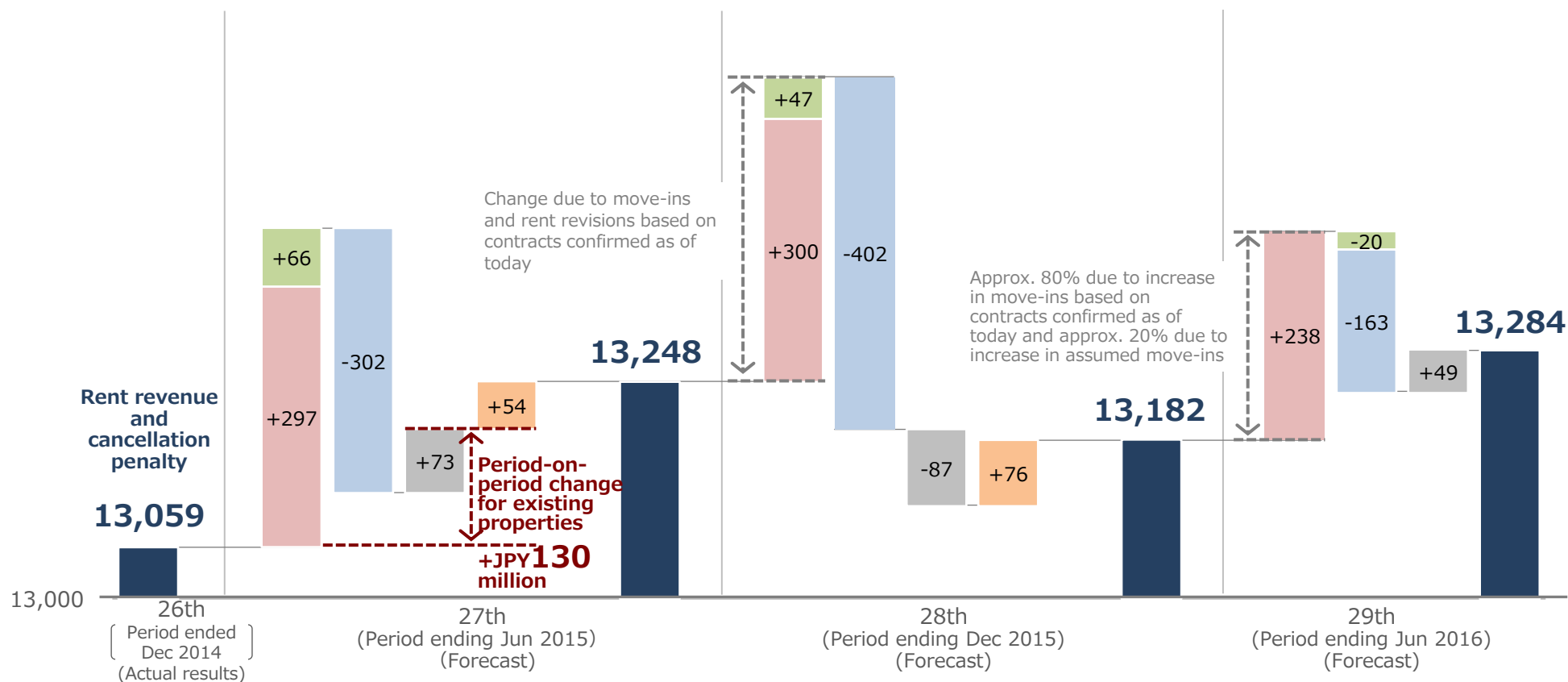


For the 27th fiscal period, it is assumed that the sum of rent revenue and cancellation penalty from existing properties surpasses the previous period's results by at least JPY130 million.

For the 28th fiscal period and thereafter, the operating forecasts assume a decrease in the occupancy rate due to occurrence of replacement of some tenants. However, rent revenue is assumed to remain solid thanks to confirmed lease contracts, etc.

Changes in Rent Revenue/Cancellation Penalty and Factors of Change

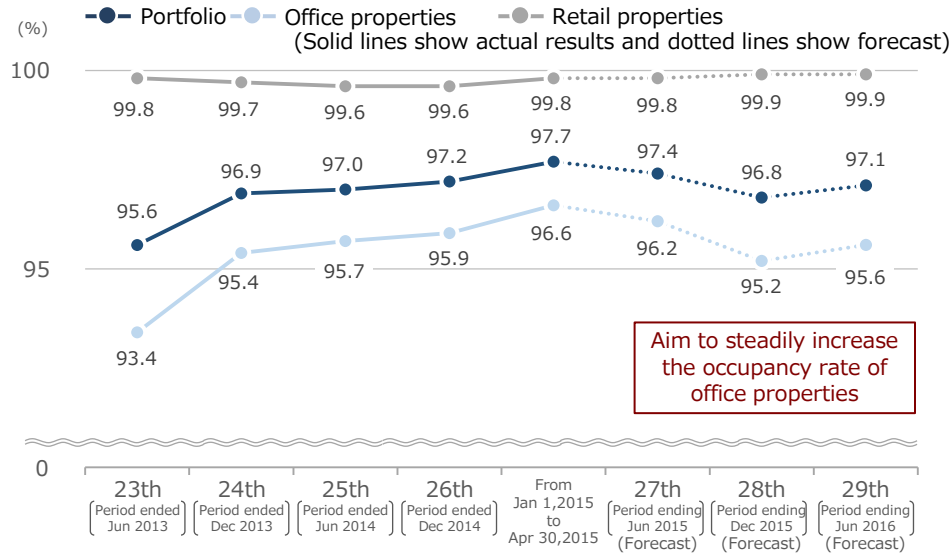
(JPY MM) ■ Rent revenue and cancellation penalty ■ Increase from move-ins ■ Increase and decrease from rent revisions ■ Decrease from move-outs ■ Increase and decrease from other factors (accrual and lack of cancellation penalty) ■ Increase from property acquisition



(Note) "Existing properties" refers to properties JPR owned throughout the 26th fiscal period ended December 2014.

The occupancy rate is assumed to remain at a level of around 97% despite impacts of tenant replacement. As for rent revisions, upward revisions are surpassing downward revisions and downward revisions show a generally decreasing trend, both in terms of value.

Average occupancy rate



[27th fiscal period ending June 2015]

- Despite the impact of large tenants cancelling contracts ahead of schedule, the Average occupancy rate of the portfolio is expected to surpass the previous period (26th period) by 0.2 percentage points to 97.4%.

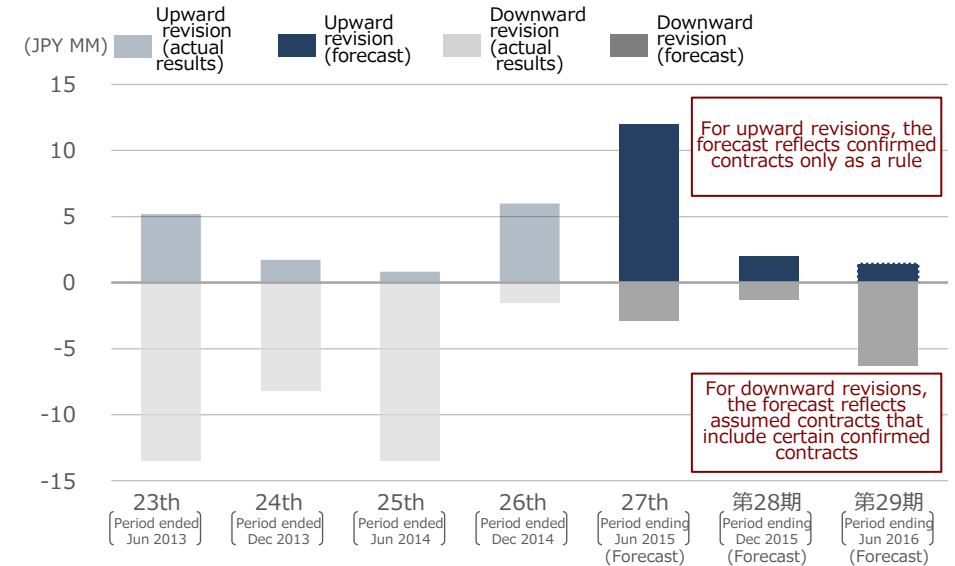
[28th fiscal period ending December 2015]

- The impact of cancellations by large tenants at such properties as Gotanda First Bldg. and Kanematsu Bldg. Annex on the Average occupancy rate of the portfolio will be -1.8 percentage points throughout the period.
- Although JPR will work to increase the occupancy rate of properties other than the above two properties, the occupancy rate based on contracts confirmed as of today is expected to decrease to 96.8%.

[29th fiscal period ending June 2016]

- JPR assumes a certain length of periods from cancellation to invitation of new tenants (down time). As such, the Average occupancy rate of the portfolio assumed for the forecast is anticipated to increase by only around 0.3 percentage points.

Revision Amount of Monthly Rent, Etc.



- With regard to the revision amount of monthly rent, etc. in the 27th fiscal period ending June 2015, upward revisions are surpassing downward revisions and downward revisions shows a generally decreasing trend, both in terms of value.
- For the 28th fiscal period ending December 2015 and thereafter, as a rule, the operating forecasts reflect only the contracts confirmed as of today for upward revisions. JPR will continue to strengthen its endeavors on upward revision of rents in order to raise the rent levels. As for downward revisions, the forecast reflects assumed contracts that includes certain confirmed contracts, taking into account the contract rent levels of existing tenants, divergence from the market levels and performance and sales status, etc.

Definition of Terms Used in This Material

- Unless otherwise noted, the number of digits of figures indicated in the text of this material are rounded down to the nearest specified unit, and percentages are figures rounded off to the nearest specified unit. Accordingly, the sum total of the figures of respective items may not match the sum totals of all items.
- Distribution per unit includes a temporary increase in earnings due to inclusion into the acquisition cost of the amount equivalent to property taxes, etc. levied on newly acquired properties for the fiscal year in which the acquisition was made.
- The issuance of new investment through public offering and by way of the third-party allotment (the "Third-Party Allotment"), which were resolved at the board of directors' meeting held today, are jointly referred to as the "Offering."
- "Acquisition capacity" represents the total value of properties that can be newly acquired when conducting new property acquisitions by using funds procured only through debt financing without conducting capital increases, or an estimated figure of debt procurement capacity (the amount that can be increased) at each point of time until LTV reaches 50% which is the operational target ceiling of JPR. However, the acquisition capacity does not guarantee that the amount is procured through debt financing or that acquisition of new properties by using such funds is achieved. Furthermore, LTV is calculated by using the formula: $LTV = \text{Interest-bearing debts} / (\text{Total assets} + \text{unrealized gains or losses})$
- "After the Offering and repayment of borrowings" means the point of time by when the Offering has been completed and JPY19 billion in borrowings have been repaid. Furthermore, the repayment amount of the borrowings will change depending on the proceeds JPR receives through the Offering, and may not necessarily match the actual figure.
- "Acquisition capacity through debt financing after the Offering and repayment of borrowings" represents the estimated value based on the proceeds JPR will receive from the Offering assumed as of today, and may not necessarily match the actual figure. Moreover, it does not guarantee that the amount is procured through debt financing or that acquisition of new properties by using such funds is achieved. As of today, there is no property which JPR has specifically decided to acquire.
- The number of units outstanding for the 27th, 28th and 29th fiscal periods are based on the assumption that the maximum number of investment units offered in the Third-Party Allotment will be issued and that the proceeds for the said units will be paid in by Mizuho Securities Co., Ltd.
- "Rent revenue" = rent, land rent, common charges and parking lot revenues (excluding variable revenues such as incidental use fees)
- "NOI from leasing" = (Real estate rental revenues - real estate rental expenses) + depreciation
- "Debt costs" = Interest expenses, borrowing-related expenses, interest expenses for investment corporation bonds and amortization of investment corporation bond issuance costs, etc.
- "Average occupancy rate" = Average figure of total leased space of each property / total leasable space) at the end of each month of the fiscal period and of the phase
- "Revision amount of monthly rent, etc." = Total amount of increase and decrease in monthly rent, etc. that was revised in each period
Furthermore, for the revision amount of monthly rent, etc. of 27th period ending Jun 2015, the revised rent for The Otemachi Tower (Land with Leasehold Interest) is recorded only for the portion linked to the CPI (national average of the consumer price index (composite index) publicized by Statistics Bureau, Ministry of Internal Affairs and Communications), with the revisions to property taxes, etc. excluded.

Disclaimer

- This material contains information that constitutes forward-looking statements. Such forward-looking statements are made by JPR and Tokyo Realty Investment Management, Inc. based on information currently available, and is therefore not guarantees of future performance. Actual results may differ materially from those in the forward-looking statements as a result of various factors including known or unknown risks and uncertainties.
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