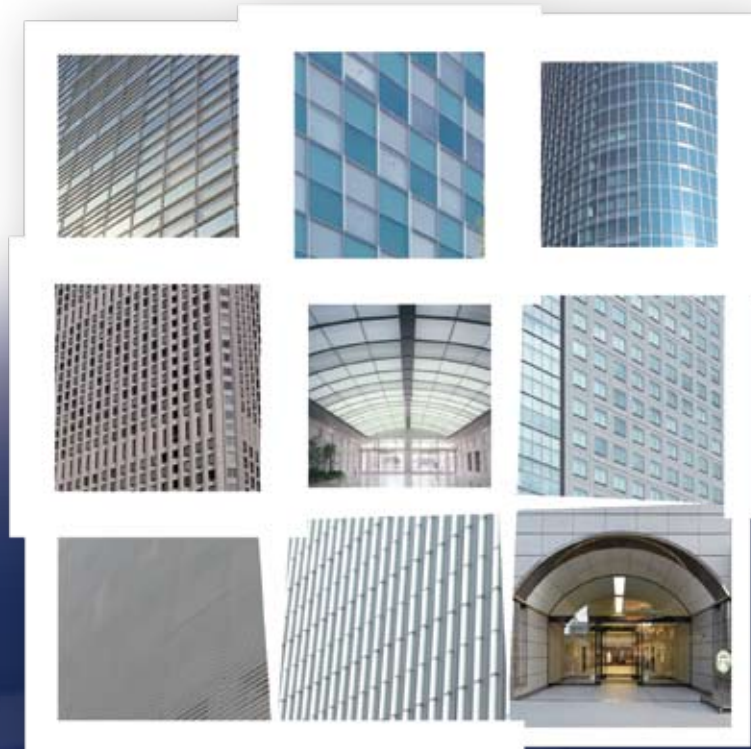


20

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JPR

Twentieth Fiscal Period Business Report
July 1, 2011 - December 31, 2011
Japan Prime Realty Investment Corporation

Corporate Profile

Established on September 14, 2001, Japan Prime Realty Investment Corporation (JPR or the Company) is a closed-end corporate fund that focuses on a diverse investment portfolio of office and retail properties. Through its investment activities, JPR has been awarded high credit ratings from rating agencies, reflecting the Company's high-quality portfolio, earnings stability and sound financial standing. As of December 31, 2011, JPR had an investment portfolio totaling 344.98 billion yen on an acquisition basis, 501 tenants and 57 properties, and is recognized as one of the top diversified REITs in Japan.



Contents

- Investment Highlights** 2
- Message to Our Unitholders** 3
- The Appeal of JPR ~Initiatives to Achieve Sustainable Growth~** 4
- Account Highlights** 8
- Investment Unit Status** 9
- Portfolio Topics** 10
- Property Portfolio** 12
- New Acquisitions during the 20th Fiscal Period and After** 18
- Overview of Portfolio Properties** 19
- Characteristics and Corporate History** 27
- Members of the Board** 28
- Overview of the Asset Manager** 29
- Directors of Tokyo Realty Investment Management, Inc.** 30
- Overview of Asset Management** 31
- Overview of the Investment Corporation** 37
- Status of JPR's Assets under Management** 39
- Capital Expenditures of Owned Real Estate** 43
- Expenses and Liabilities** 44
- Acquisitions and Sales during the 20th Fiscal Period** 46
- Overview of Accounting** 48
- Overview of Investment Trust Beneficiary Certificates of JPR** 48
- Other** 49
- Balance Sheets** 50
- Statements of Income and Retained Earnings** 52
- Statements of Unitholders' Equity** 53
- Notes to Financial Statements** 54
- Report of Independent Auditors** 64
- Statements of Cash Flows (Information Only)** 65
- JPR Investment Policies** 67
- Investor Information** 77

Investment Highlights

Portfolio Overview

- Top-ranked diversified J-REIT
- Focusing on high-quality office buildings and high-profile retail properties
- Sponsored by major real estate developers, a general contractor and financial institutions
 - Providing support in property pipeline and financial aspects through expertise in real estate, construction and finance

Growth Strategies

- Investing with emphasis on properties with strong potential using diversified acquisition methods
- Maintaining high occupancy level through reinforcing the competitiveness of the properties
- Maintaining conservative financial operations and maintaining a stable financial foundation

Targets

- Asset size exceeding 500 billion yen
- Raise cash distribution per unit





Message to Our Unitholders

Thank you for your continued loyal patronage of Japan Prime Realty Investment Corporation (JPR).

We at JPR would like to express our sincere condolences to all those affected by the Great East Japan Earthquake, and wish for the expedient recovery of the affected areas.

As we have settled the 20th fiscal period (July 1, 2011 – December 31, 2011), allow us to provide you, our unitholders, with an overview of the asset management and financial results of JPR for the period.

First, in terms of the portfolio, JPR newly acquired Ginza Sanwa Building, an office building located in a central business district of Tokyo, at an acquisition price of 3.4 billion yen. The purchase expanded JPR's portfolio to 57 properties or 344.9 billion yen on an acquisition price basis as of the end of the 20th fiscal period, adding one property compared to the end of the previous fiscal period.

Second, in financing, JPR spent another fiscal period continuing to secure a stable financial standing by conducting fund procurement with consideration given to a further shift to fixed-rate borrowings and the diversification of repayment and redemption dates, etc. Moreover, JPR repaid its sole secured loan before maturity in the 20th fiscal period, leaving all of its outstanding interest-bearing debt (totaling 163.0 billion yen at the end of the period) unsecured and unguaranteed.

As for the financial results of the 20th fiscal period, rental revenues and other earnings increased period-on-period due to such factors as the new property added to the portfolio and a rise in the occupancy rates of existing properties. This led JPR to post 11,772 million yen in operating revenue, 4,201 million yen in ordinary income and 4,200 million yen in net income.

As a result, the cash distribution per unit for the 20th fiscal period came to 5,876 yen.

JPR will continue working with Tokyo Realty Investment Management, Inc., our asset management company, to realize stable growth of our portfolio over the medium to long term by conducting prudent and solid asset management. With these efforts and commitment, we are dedicated to meet the expectations of our unitholders.

We ask for your continued understanding and support of our operations.

Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation

The Appeal of JPR

~Initiatives to Achieve Sustainable Growth~

Japan Prime Realty Investment Corporation (JPR), listed on the Tokyo Stock Exchange on June 14, 2002, has invested primarily in superior office buildings and retail properties located in thriving commercial areas with the basic concept of “investing in urban commercial real estate.”

In this section, let me highlight JPR’s initiatives on the two subjects of “environmental” and “governance,” in order to help our unitholders comprehend JPR in more detail.

*Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation*

JPR’s “Environmental” and “Governance” Initiatives

Q: Recently we often hear “environment” and “governance” discussed. What are JPR’s initiatives in these areas?

Kaneko: First, as our “environmental” initiatives, JPR acquired DBJ Green Building Certification for its Olinas Tower and JPR Sendagaya Building portfolio properties from the Development Bank of Japan (DBJ). Moreover, JPR was ranked third among listed companies in Asia in the international survey on environmental responses of real estate business operators conducted byGRESB*¹, which comprises representative European pension funds and other entities. As these show, JPR is proactively engaged in “environmental” friendliness.

As for “governance,” which has been covered in recent years in newspapers and other media, JPR has consistently positioned reinforcement of “governance” as one of the most important themes for sound and efficient operations. As such, we worked to establish its governance system as we prepared for the listing of JPR.

“Environmental” and “governance” initiatives may look unrelated at a glance. However, we believe that both are indispensable for realizing sustainable growth and should eventually contribute to enhancing unitholder value over the medium to long term.

Q: What is JPR’s stance on implementing “environmental” initiatives?

Kaneko: Tokyo Realty Investment Management, Inc. (TRIM), the asset manager of JPR, participated in a European environmental conference in 2011.

Despite market conditions continuing to worsen and many hedge funds withdrawing their investments from the capital market, TRIM was amazed at the predominant presence of ESG funds and their strong willingness to invest.

The ESG funds are funds engaged in responsible



investments^{*2}, as represented by their initials that come from Environment, Society and Governance.

The thinking of ESG investment, developed in Europe, matches the trend of the times in which the social responsibility of investors is taken over and appropriately implemented by the funds. Conventionally, the “environment,”

“society” and “governance” were, if anything, negative factors for corporate finance, and related expenditures were often perceived as costs.

However, a new trend is being formed in which ESG investment is given additional marks when determining investments. This is because experts increasingly share the view that there is a correlation between “ESG considerations” and “management performance,” and because of the viewpoint that such institutional investors as public and corporate pension funds should take social responsibility.

Other factors include the increase in shareholder (unitholder) activists and the heightened environmental consciousness.

Accordingly, asset management that gives consideration to ESG is expanding, and becoming established as a judgment criterion.

Q: Are there similar movements seen in Japan?

Kaneko: In Japan, DBJ launched the DBJ Green Building Certification System in April 2011. The system selects superior real estate that meets the demands of the times, with the objective of promoting properties (“Green Buildings”) that are environmentally friendly, equipped to mitigate disaster and prevent crime, as well as meet the various social requirements surrounding real estate from stakeholders, and grant certifications of Platinum, Gold, Silver and Bronze in accordance with the degree of considerations. In addition, receiving the certification allows expectations for support from DBJ in terms of financing needs for such purposes as real estate development, property acquisitions and renovations.

■ Properties that acquired DBJ Green Building Certification

JPR acquired Gold certification, the first achievement among J-REITs, for Olinas Tower, and Silver certification for JPR Sendagaya Building, in August 2011.

Q: What is the role the asset manager should take in “environmental” initiatives?

Kaneko: As mentioned earlier, JPR was ranked third among listed companies in Asia in the GRESB survey that analyzes and evaluates the sustainability of real estate funds, etc. from the viewpoint of their environmental friendliness and social nature.

In our view, the high evaluation was achieved in the survey as JPR has established a consistent system among all related parties involved in building operations, from TRIM to property management companies and building maintenance companies, under a clear environmental policy. Furthermore, such initiatives have been steadily implemented to reduce energy consumption with the cooperation of tenants.

Moreover, unique to TRIM, it entrusted operations related to environmental laws and regulations to one of its sponsors, Tokyo Tatemono Co., Ltd., and promptly established a system to be provided with know-how and advice.

Along with advice, TRIM promotes environmental measures by allocating dedicated staff to the section that conducts portfolio construction planning, which is rather a rare organization among asset management companies, based on the technological know-how of Taisei Corporation, a sponsor company.

I think the role and the scope of the asset manager has been expanding in these respects.

Q: “Governance” may sound difficult to understand. Do you have any characteristic governance structure that is special to JPR?

Kaneko: The asset management of “investment corporations,” including JPR, is conducted by entrusting such services to asset management companies, which have close relationships with

their sponsor companies (shareholders). Such relationships allow for building on the strengths of respective sponsor companies. On the other hand, if the sponsor companies become too influential, priority might be placed on the interest of the sponsor companies rather than the interest of investment corporations, causing disadvantages to the investment corporations and their unitholders. This is called conflicts of interest. For sound and efficient operations of investment corporations, it is particularly important to prevent disadvantages to unitholders. To that end, JPR has worked to build a compliance structure as a vital issue, so that sound and efficient operations can be promised to unitholders.

As specific measures, the Executive Officer and Supervising Officers of JPR do not have any concurrent position at TRIM, the asset manager. The independence of JPR is enhanced by selecting human resources with high expertise, such as attorneys and certified public accountants, from outside. I am no exception. These measures work to reinforce our checking function over the asset manager, and realize sound and efficient operations of JPR.

Q: Is it true that TRIM, the asset manager, also has a characteristic structure?

Kaneko: At present, TRIM has five sponsor companies and receives support from them in terms of properties, human resources and information, etc. taking advantage of their respective strengths. As mentioned before, TRIM has close relationships with the sponsor companies. On the other hand, care has been given through the diversified shareholding composition for the independence as an asset manager.

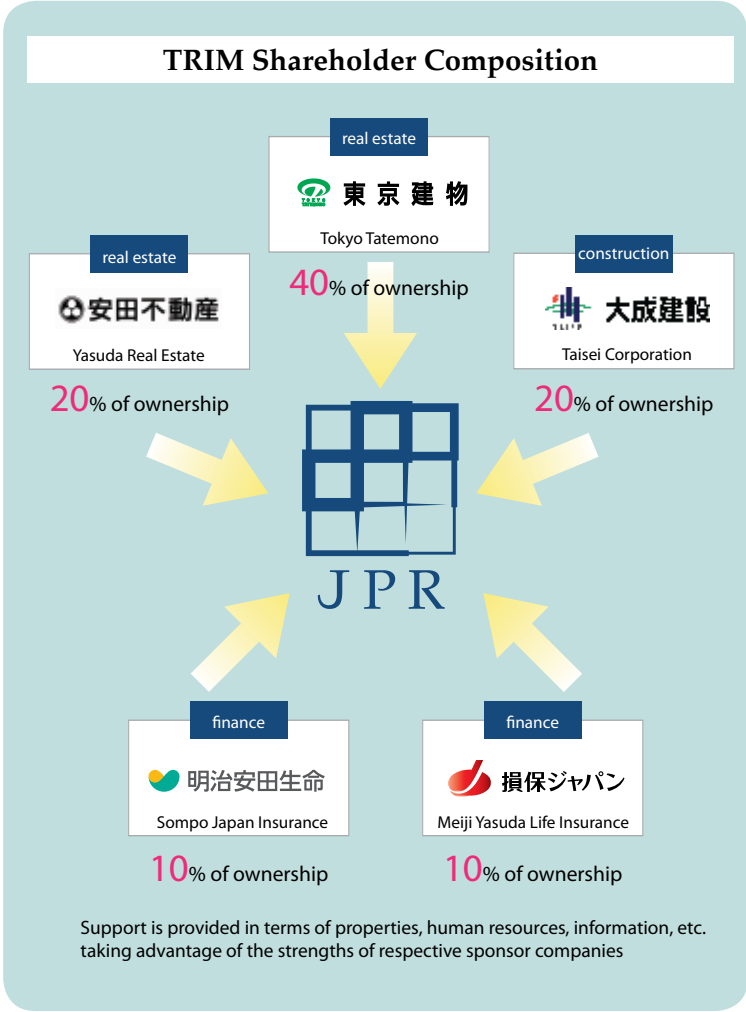
In addition, Satoshi Okubo, President of TRIM, is not seconded from a sponsor company but rather assumed his position after transferring to TRIM. The general manager position of the Compliance Office, which is in charge of internal control, is assumed by a career employee*³.

For other employees, the percentage of career employees has risen significantly compared with that upon inception. As these show, focus is placed on the independence as an asset manager in terms of the human resources structure as well.

Such a system designed to secure the independence of the asset manager from its sponsor companies also contributes to the sound and efficient operations of JPR.

Q: Can you tell us about the characteristics special to JPR in its approach to important business deals conducted with the sponsor companies, which could actually generate issues in terms of conflicts of interest?

Kaneko: At TRIM, the Compliance Committee screens and investigates the validity and rationality of important business deals conducted with the sponsor companies, on top of the decisions made by the Board of Directors, the Investment Committee and other institutions concerning



JPR Board Members

Executive Officer:	Hirohito Kaneko (attorney)	The Board of JPR comprises experts (attorneys and a certified public accountant) who have various experiences. They constitute high-quality governance by taking advantage of their expertise in respective areas in order to operate JPR in a sound and efficient way.
Supervising Officer:	Sosuke Yasuda (certified public accountant)	
Supervising Officer:	Masato Denawa (attorney)	

ordinary business deals. The Compliance Committee has a special member who is an outside attorney, and employs an unanimous voting system, not a majority voting system, for approvals. Moreover, JPR requires prior approval of deals by the Board which is comprised of officers who are independent of TRIM, the asset manager.

As such, it is a characteristic of JPR that, concerning important business deals conducted with the sponsor companies where issues could occur in terms of conflicts of interest, monitoring is conducted through checks (screening/investigating and prior approval) from inside and outside the asset manager to secure sound and efficient operations.

TRIM Compliance Committee Members

President and CEO		The Compliance Committee is held by inviting an attorney from outside the company as a special member. As a rule, the Committee employs an unanimous voting system rather than a majority voting system.
Corporate Planning/Administration Division General Manager	Investment Management Division General Manager	
Financial Division General Manager	Compliance Office General Manager	
Special Member (outside attorney)		

Q: Will JPR keep on going in these initiatives?

Kaneko: As stated earlier, the “environment,” “society” and “governance” were conventionally negative factors, if anything, and expenditures on them were often simply perceived as costs. However, in real estate investment, it has become essential to create a structure that enables the achievement of sustainable growth. The era when our ability or inability to conduct appropriate measures for such will affect the decisions of investors.

Investment Corporations like ourselves invest in real estate and earn revenues from properties under management, and distribute profits to unitholders.

Generally speaking, real estate investment is conducted over the medium to long term, and we believe real estate plays a role as part of social infrastructure.

We will continue working with TRIM, to which we entrust asset management, to realize stable growth of our portfolio over the medium to long term, so that we can meet the expectations of our unitholders.

*¹ GRESB: This stands for the Global Real Estate Sustainability Benchmark, a benchmark to analyze and evaluate sustainability of real estate companies, REITs and private placement real estate funds in terms of their environmental friendliness and social nature. Furthermore, the group that conducts the survey is also called GRESB.

*² Responsible investment: This refers to investment that takes ESG into account, pursuant to the Principles for Responsible Investment prepared jointly by the United Nations Environment Programme Finance Initiative and the United Nations Global Compact.

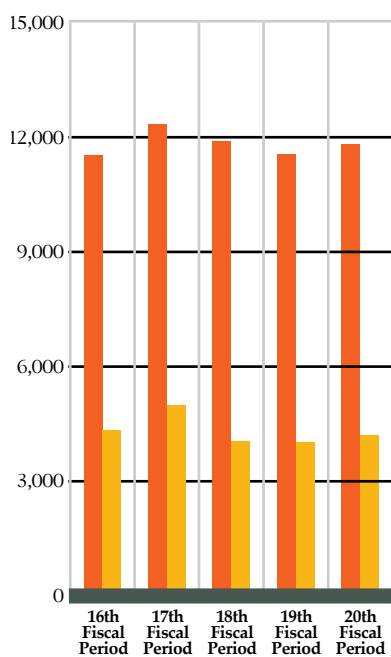
*³ Career employee: This refers to a regular employee, not an employee seconded from a sponsor company, in this context.

Account Highlights

(All amounts in millions of yen unless otherwise stated)

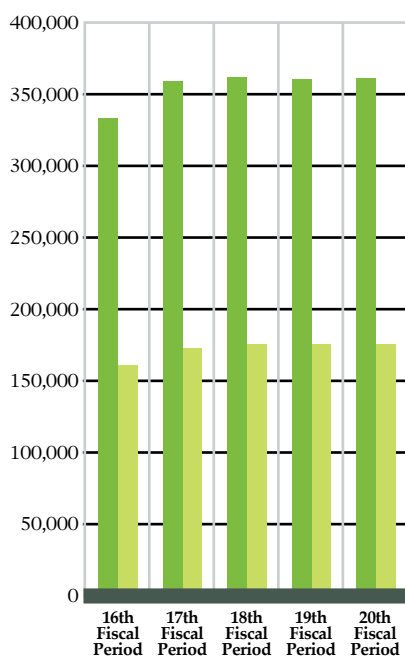
	16th Fiscal Period ended December 2009	17th Fiscal Period ended June 2010	18th Fiscal Period ended December 2010	19th Fiscal Period ended June 2011	20th Fiscal Period ended December 2011
Operating revenues	11,493	12,314	11,870	11,529	11,772
Ordinary income	4,333	4,964	4,039	4,075	4,201
Net income	4,332	4,963	4,039	4,010	4,200
Total cash distributions	4,333	4,840	4,061	4,011	4,201
Total assets	332,380	358,339	360,904	360,004	360,699
Total unitholders' equity	161,058	176,303	175,502	175,452	175,640
Equity ratio (%)	48.5	49.2	48.6	48.7	48.7
Unitholders' equity per unit (yen)	257,693	246,578	245,458	245,387	245,651
Cash distribution per unit (yen)	6,933	6,770	5,680	5,611	5,876

Operating Revenues and Net Income



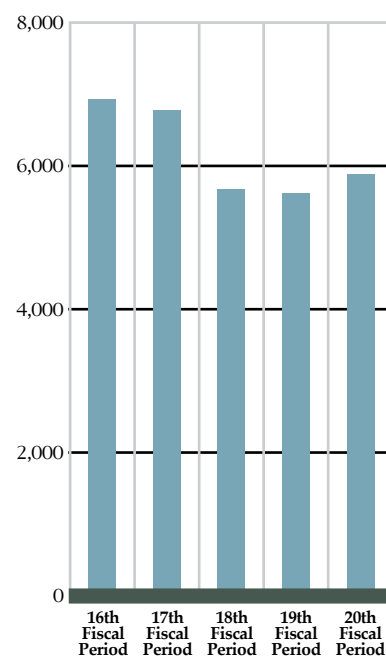
■ Operating revenues (million yen)
■ Net income (million yen)

Total Assets and Total Unitholders' Equity



■ Total assets (million yen)
■ Total unitholders' equity (million yen)

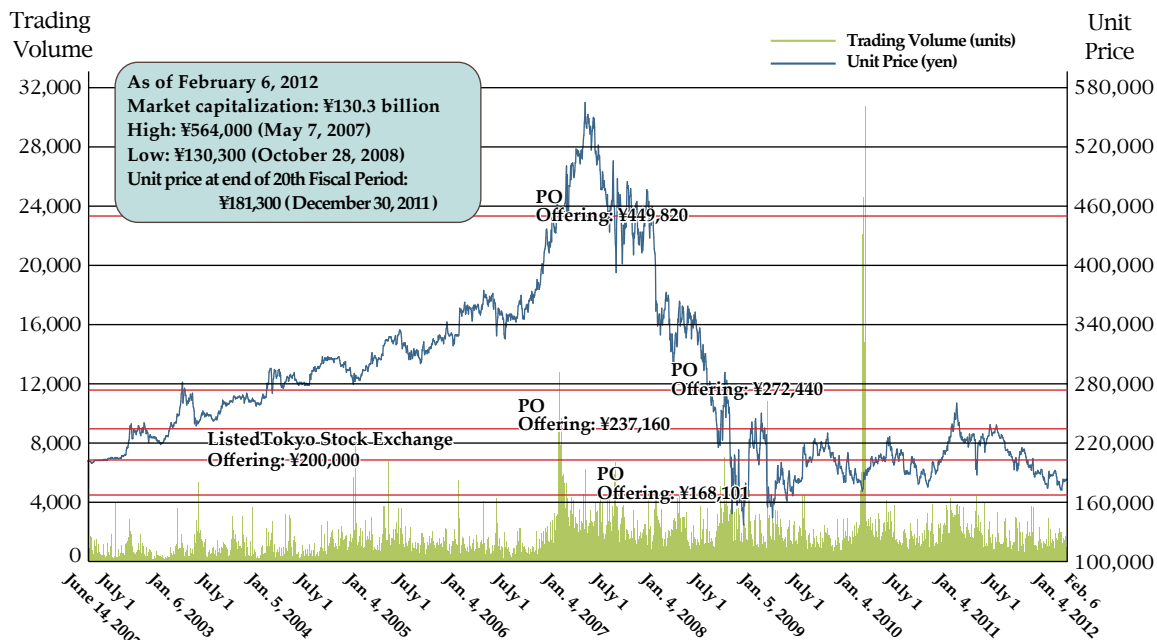
Cash Distribution per Unit



■ Cash Distribution (yen)

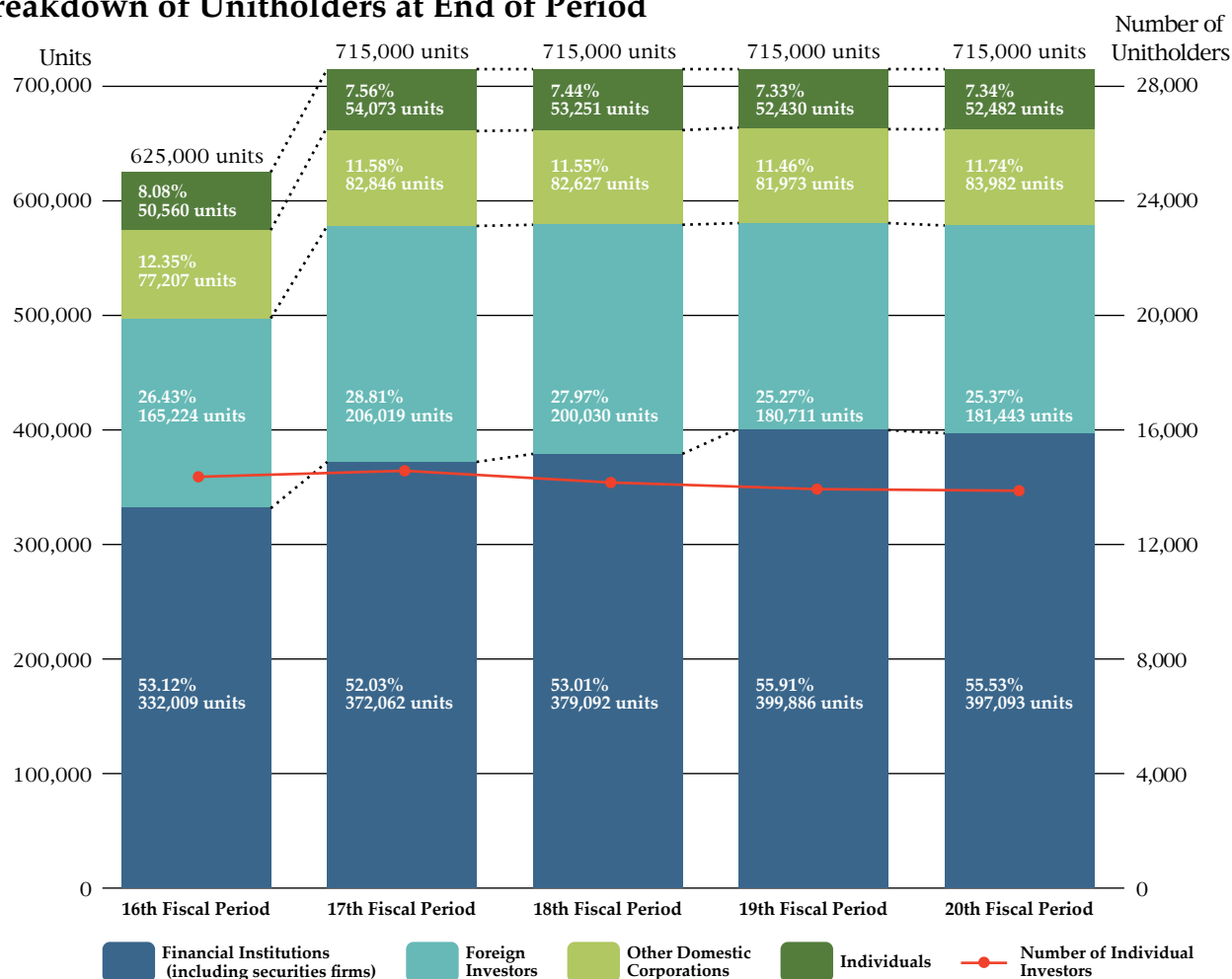
Investment Unit Status

Historical Unit Price



(Note) Unit prices are based on closing prices.

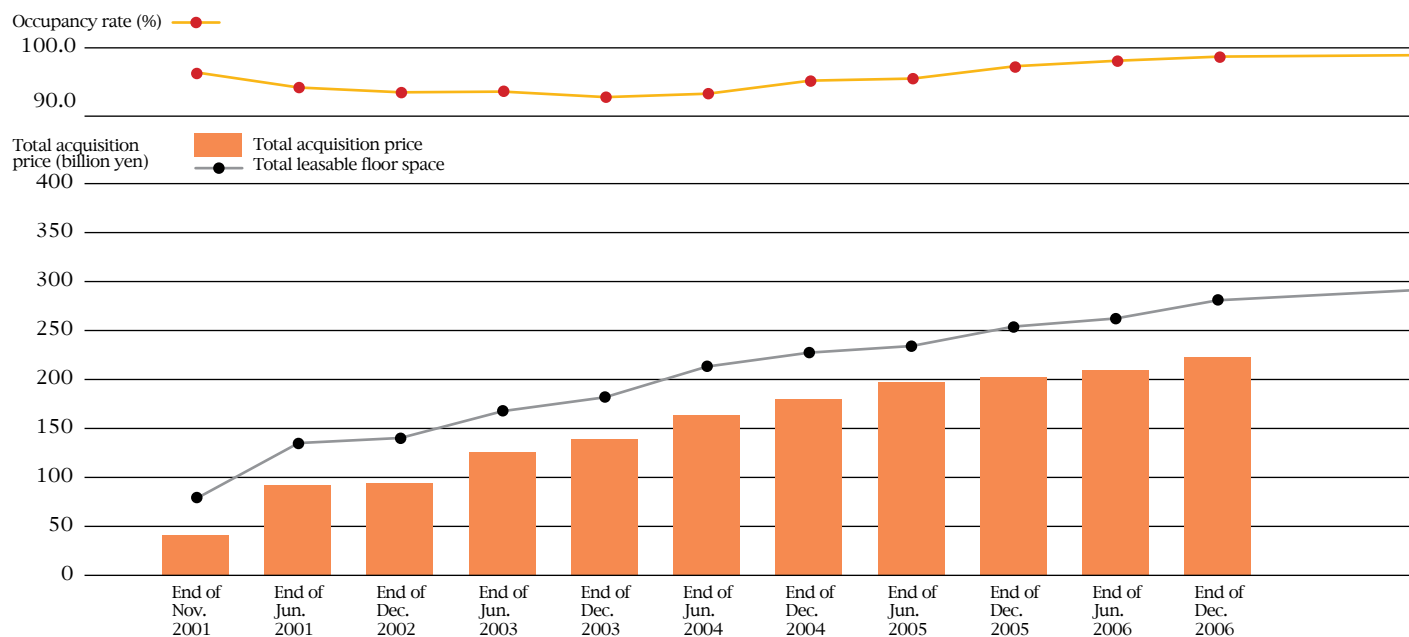
Breakdown of Unitholders at End of Period



(Note) The composition ratio is rounded to two decimal places.

Portfolio Topics

Portfolio Growth



	End of Nov. 2001	End of Jun. 2001	End of Dec. 2002	End of Jun. 2003	End of Dec. 2003	End of Jun. 2004	End of Dec. 2004	End of Jun. 2005	End of Dec. 2005	End of Jun. 2006	End of Dec. 2006
Total acquisition price (billion yen)	40.73	92.18	94.59	125.79	139.64	163.65	179.62	197.65	202.66	209.22	222.48
Total leasable floor space (m ²)	94,935.49	162,734.50	168,987.78	201,808.72	218,734.67	256,329.13	273,330.52	281,408.97	308,205.26	315,156.84	337,382.05
Occupancy rate (%)	96.3	94.1	93.4	93.5	92.7	93.2	95.1	95.4	97.2	98.0	98.6
Properties	13	25	27	30	32	38	42	42	42	44	46
Total number of tenants	133	281	311	324	357	437	496	459	441	462	479

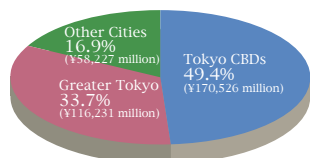
(Note 1) When a single tenant leases multiple rooms in the same property, the tenant is counted as one. If the leased rooms are in multiple buildings, the tenant is counted in plural.

(Note 2) Each sectional owner of Shinjuku Square Tower leases its portions to Shinjuku Square Tower Management Co., Ltd. collectively, and the firm subleases them to sub-lessees. Accordingly, the leasable floor space of the building as it relates to JPR's ownership is calculated by multiplying the total contracted areas of offices, shops and warehouses the management company can sublease to sub-lessees by the rent allocation ratio of JPR (39.70457% up to the end of June 2008 and with the additional acquisition in September 2008, 40.31465% from the end of December 2008) to arrive at the rent allocated to JPR. The subleased areas used to calculate the occupancy rate are the subleased areas to sub-lessees multiplied by the rent allocation ratio. Each figure has been rounded to the second decimal point. The number of sub-lessees of the Shinjuku Square Tower is also regarded as the number of tenants.

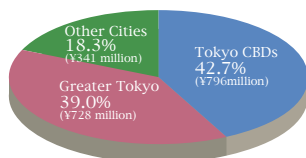
Portfolio Diversification by Region

■ Tokyo CBDs ■ Greater Tokyo ■ Other Cities

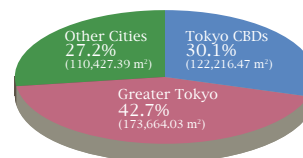
Value breakdown by acquisition price



Value breakdown by monthly rental revenue at period end



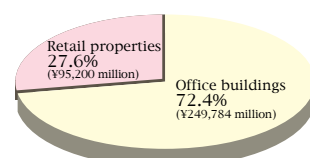
Value breakdown by leased floor space at period end



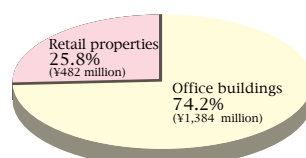
Portfolio Diversification by Asset Class

■ Office buildings ■ Retail properties

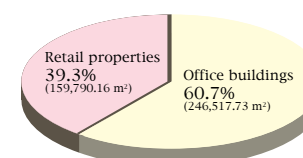
Value breakdown by acquisition price

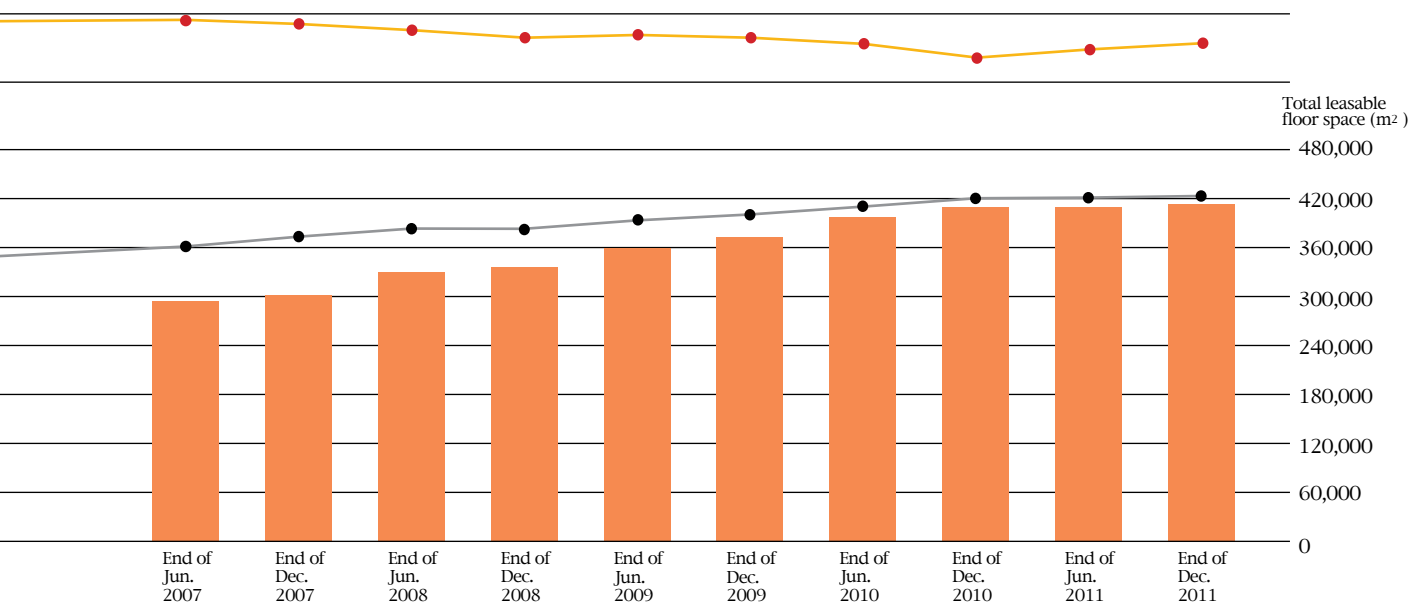


Value breakdown by monthly rental revenue at period end



Value breakdown by leased floor space at period end





	245.39	251.90	275.10	280.61	299.41	310.61	331.28	341.58	341.58	344.98
	361,574.77	373,609.99	383,491.03	383,215.57	393,532.31	400,751.87	410,326.04	420,544.51	421,371.51	423,311.93
	99.0	98.4	97.5	96.4	96.8	96.4	95.5	93.5	94.7	95.6
	48	49	50	52	51	53	55	56	56	57
	491	517	537	499	476	476	460	479	493	501

(Note 3) The tenants of Shinjuku Center Building, Rise Arena Bldg. and Kawasaki Dice Building have sublet space to a sub-lessee and a lease agreement has been executed where the rent paid by the tenant fluctuates in accordance with the lease conditions of the sub-lessee. Therefore, the total leasable floor space, total leased floor space and occupancy rate entered for these buildings are the figures concerning the sub-lessee of the tenant and the number of sub-lessees is deemed to be the number of tenants.

(Note 4) In the event that the contracted area and the area based on which the rent is calculated differ, the situation was handled by making the latter the leased floor space through the fiscal period ended December 2006. Since the period ended June 2007, the contracted area has been made the leased area.

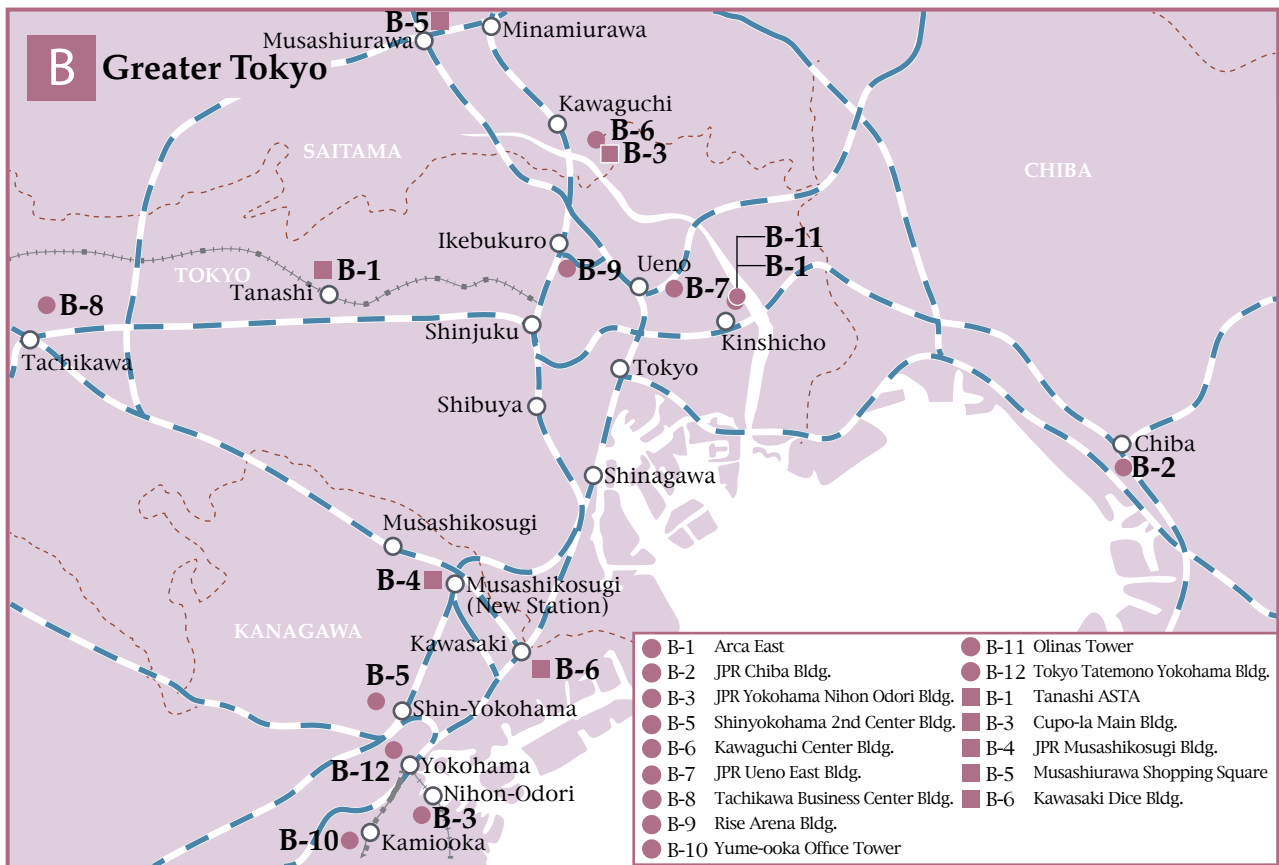
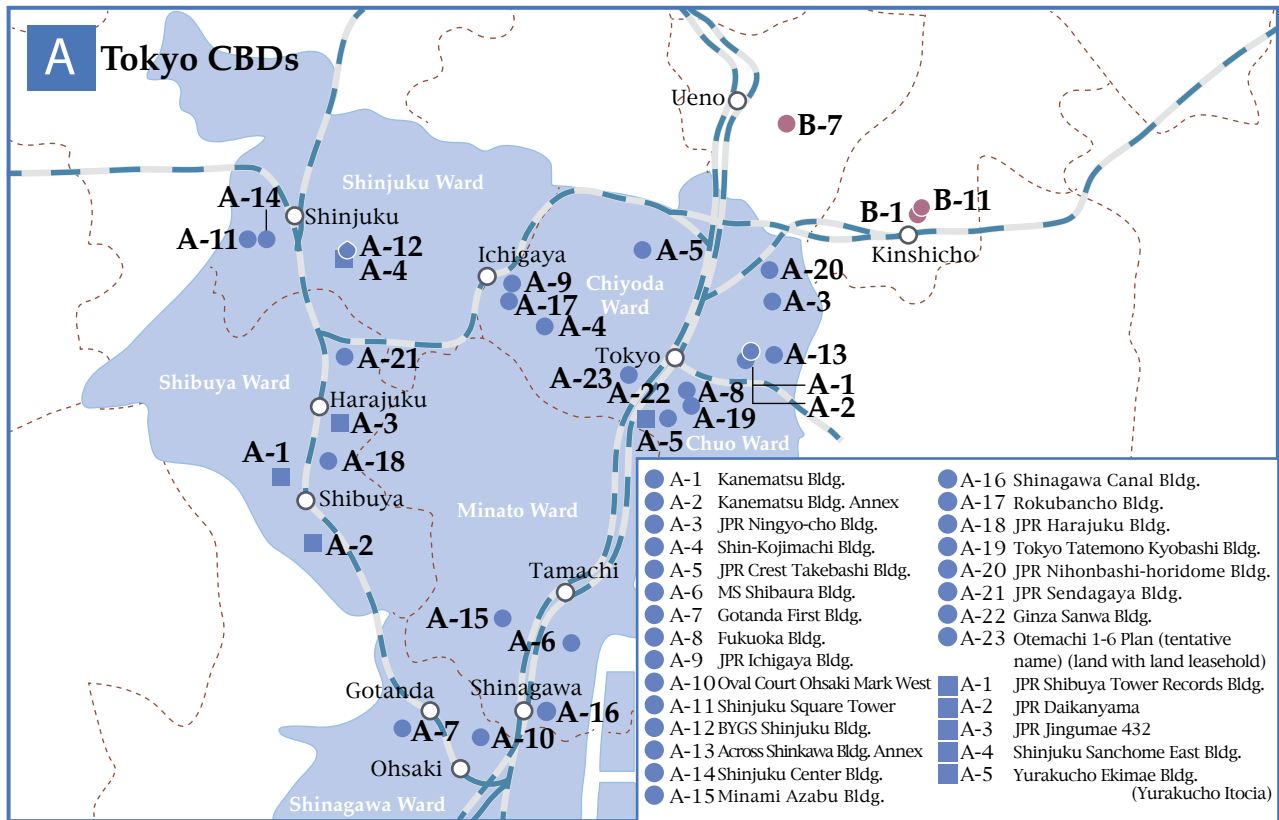
Major Tenants

(As of December 31, 2011)

#	Tenant	Name of Property	Leased floor area at period end (m ²)	Percentage of total leased floor area at period end
1	ABC Development Corporation	Housing Design Center Kobe	35,444.13	8.7%
2	Tokyo Tatemono Co., Ltd.	Shinjuku Square Tower 1 Shinjuku Square Tower 2 Shinjuku Center Bldg. Kawasaki Dice Bldg.	33,213.32	8.2%
3	The Seiyu, Ltd.	Tanashi ASTA	31,121.71	7.7%
4	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	4.9%
5	The Loft Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	4.6%
6	Olympic Corporation	Musashiurawa Shopping Square	9,558.51	2.4%
7	Tower Records Japan, Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	2.0%
8	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg. Yume-ooka Office Tower Sompo Japan Sendai Bldg. Sompo Japan Wakayama Bldg.	7,754.19	1.9%
9	Yuraku Real Estate Co., Ltd.	Rise Arena Bldg.	6,023.39	1.5%
10	The Maruetsu, Inc.	Cupo-la Main Bldg.	5,963.00	1.5%

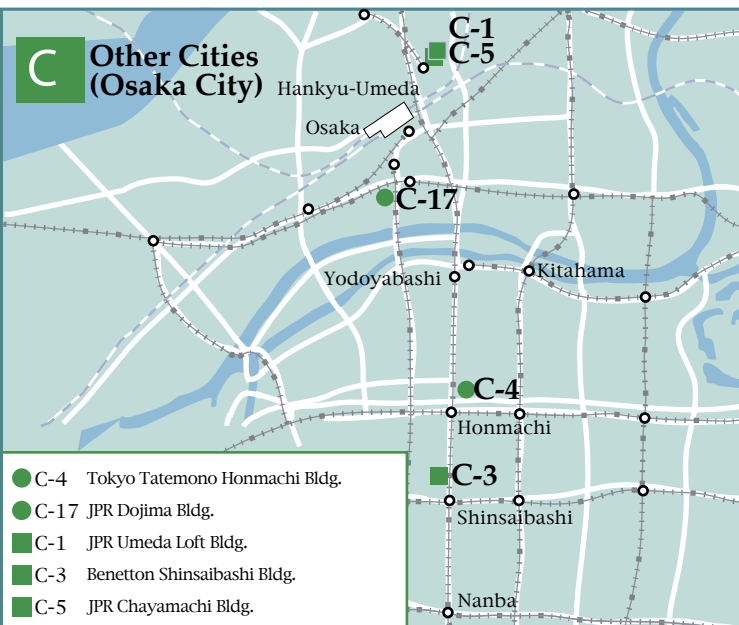
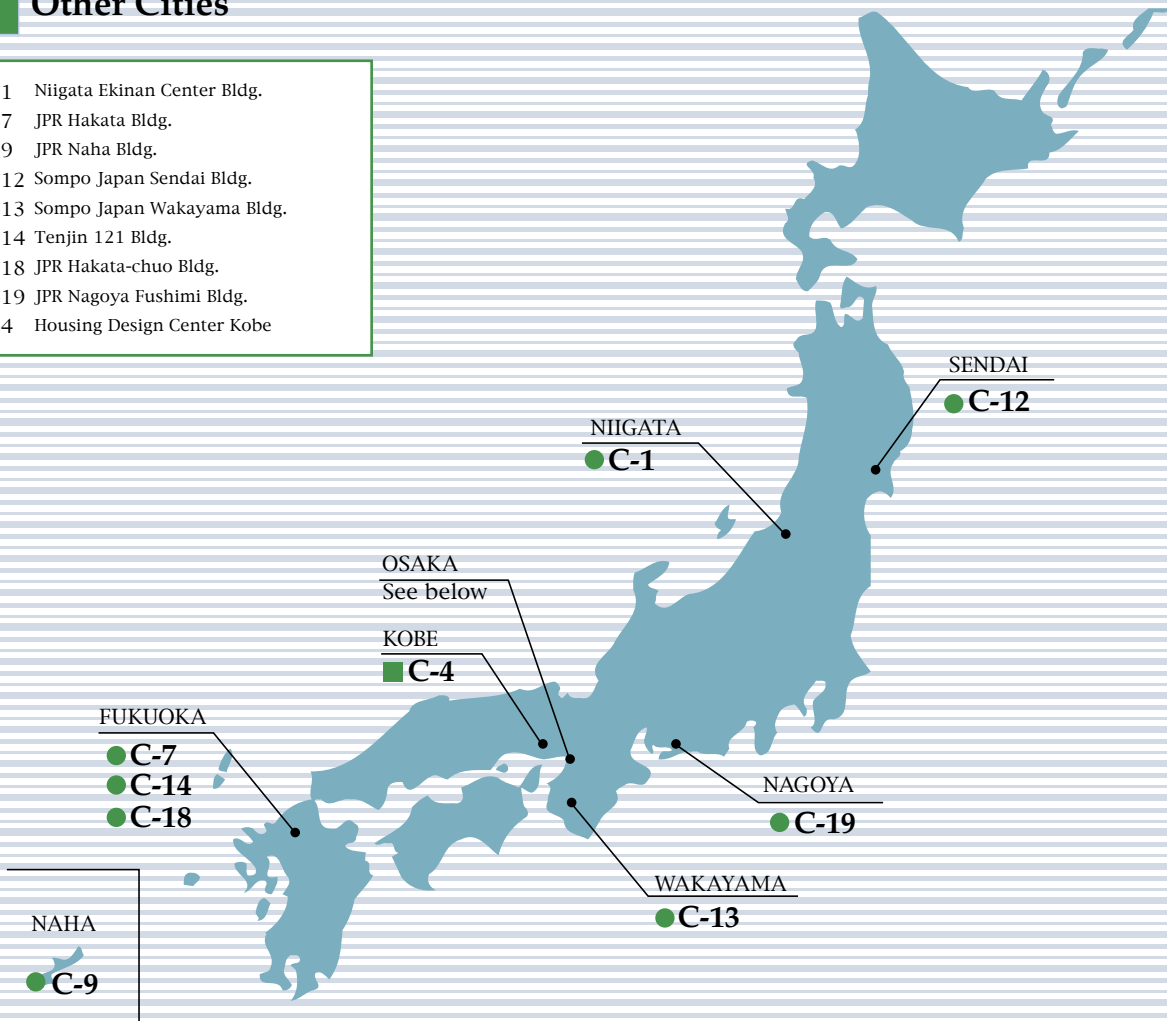
(Note) The areas of co-owned buildings corresponding to the portions owned by JPR are indicated.

Property Portfolio



C Other Cities

- C-1 Niigata Ekinan Center Bldg.
- C-7 JPR Hakata Bldg.
- C-9 JPR Naha Bldg.
- C-12 Sompo Japan Sendai Bldg.
- C-13 Sompo Japan Wakayama Bldg.
- C-14 Tenjin 121 Bldg.
- C-18 JPR Hakata-chuo Bldg.
- C-19 JPR Nagoya Fushimi Bldg.
- C-4 Housing Design Center Kobe



- C-4 Tokyo Tatemono Honmachi Bldg.
- C-17 JPR Dojima Bldg.
- C-1 JPR Umeda Loft Bldg.
- C-3 Benetton Shinsaibashi Bldg.
- C-5 JPR Chayamachi Bldg.

A	Chiyoda Ward Chuo Ward Minato Ward Shinjuku Ward Shinagawa Ward Shibuya Ward
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B	All other areas of Tokyo and Chiba, Kanagawa and Saitama Prefectures
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C	All other areas in Japan
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Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-2	Kanematsu Bldg. Annex	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-3	JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	1989.12	2001.11	
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	1984.10	2001.11 2002.11 2004.11	
	Office	A-5	JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	1999.9	2002.6	
	Office	A-6	MS Shibaura Bldg.	Minato Ward, Tokyo	1988.2	2003.3	
	Office	A-7	Gotanda First Bldg.	Shinagawa Ward, Tokyo	1989.7	2003.7	
	Office	A-8	Fukuoka Bldg.	Chuo Ward, Tokyo	1990.5	2003.10 2005.4	
	Office	A-9	JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	1989.3	2004.5	
	Office	A-10	Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	2001.6	2004.6	
	Office	A-11	Shinjuku Square Tower	Shinjuku Ward, Tokyo	1994.10	2004.7 2008.9	
	Office	A-12	BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	1985.4	2004.11 2005.4 2010.7	
	Office	A-13	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	1994.6	2004.11	
	Office	A-14	Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	1979.10	2008.3	
	Office	A-15	Minami Azabu Bldg.	Minato Ward, Tokyo	1992.6	2008.7	
	Office	A-16	Shinagawa Canal Bldg.	Minato Ward, Tokyo	2008.7	2008.12	
	Office	A-17	Rokubancho Bldg.	Chiyoda Ward, Tokyo	1991.10	2009.12	
	Office	A-18	JPR Harajuku Bldg.	Shibuya Ward, Tokyo	1989.3	2009.12	
	Office	A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo Ward, Tokyo	1981.1	2010.2	
	Office	A-20	JPR Nihonbashi-horidome Bldg.	Chuo Ward, Tokyo	2002.6	2010.3	
	Office	A-21	JPR Sendagaya Bldg.	Shibuya Ward, Tokyo	2009.5	2010.5	
	Office	A-22	Ginza Sanwa Bldg.	Chuo Ward, Tokyo	1982.10	2011.8	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	1992.2	2003.6	
	Retail	A-2	JPR Daikanyama	Shibuya Ward, Tokyo	2002.7	2004.10	
	Retail	A-3	JPR Jingumae 432	Shibuya Ward, Tokyo	2006.2	2006.3	
	Retail	A-4	Shinjuku Sanchome East Bldg.	Shinjuku Ward, Tokyo	2007.1	2007.3 2008.4	
	Retail	A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda Ward, Tokyo	2007.10	2008.8	

Subtotal (27 Properties)

Notes: (1) Acquisition price does not include miscellaneous expenses of acquisition (real estate transaction brokerage fee and consumption tax).

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

(3) Ownership indicates the ratio of proprietary ownership of JPR to the total proprietary ownership stipulated in the management regulations, etc. As for cases that proprietary ownership includes parking lots, figure in parentheses indicates ratio calculated excluding parking lots. In addition, ratio for Rise Arena Bldg., Olinas Tower and Tanashi ASTA do not include the residential portion and ratio for Yume-ooka Office Tower is that for the business tower only.

(As of December 31, 2011)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	16,276	4.7	79.4	1,751.13	7,994.02	95.0	8	360,986
	2,874	0.8	79.4	679.06	2,291.13	100.0	1	85,485
	2,100	0.6	100.0	550.06	2,804.56	45.9	2	72,595
	2,420	0.7	77.2	657.80	2,107.58	95.7	7	77,318
901.36					67.4	2	20,275	
312.53					0.0	0	12,180	
3,321.47								
	4,000	1.2	100.0	636.90	3,265.34	94.9	8	126,701
	11,200	3.2	58.0	8,992.18	14,470.72	93.2	7	518,125
	2,920	0.8	59.6	1,551.19	4,243.58	100.0	2	135,793
	2,920	0.8	26.2	1,302.17	1,250.06	100.0	1	87,356
687.34					100.0	0	33,983	
1,937.40								
	5,100	1.5	100.0	1,058.04	4,224.96	100.0	9	170,841
	3,500	1.0	23.9	4,006.00	4,088.44	100.0	3	187,256
	10,180	3.0	38.8	8,409.52	10,982.03	99.1	23	190,741
168.75					99.1	0	2,930	
11,150.78								
	15,121	4.4	100.0	3,522.46	15,237.87	97.3	24	506,640
	710	0.2	35.5	858.48	1,253.39	100.0	4	33,390
	21,000	6.1	8.6	14,917.11	8,861.34	87.5	22	470,795
	3,760	1.1	100.0	778.09	3,405.73	100.0	1	(Note 5)
	1,870	0.5	45.6	828.82	1,700.57	100.0	4	68,100
	2,800	0.8	100.0	716.95	2,488.36	100.0	1	(Note 5)
	8,400	2.4	100.0	1,205.07	4,760.09	88.5	7	223,144
	5,250	1.5	100.0	547.10	3,499.31	100.0	2	(Note 5)
	5,100	1.5	100.0	937.59	5,299.86	100.0	7	198,390
	15,050	4.4	100.0	2,217.49	6,177.74	89.9	5	268,841
	3,400	1.0	26.6	1,119.27	1,899.27	98.4	8	74,325
	12,000	3.5	100.0	1,010.47	8,076.85	100.0	1	345,576
	2,160	0.6	100.0	277.12	651.29	100.0	4	38,849
	4,275	1.2	100.0	198.10	1,027.33	89.8	5	69,145
	2,740	0.8	12.5	2,578.69	2,347.81	100.0	1	74,498
	3,400	1.0	1.9	6,808.12	1,101.92	100.0	1	(Note 5)
	170,526	49.4	—	—	127,581.13	—	—	—

Notes: (4) Site area and total leasable floor space indicate the entire site area and entire floor space including portions of other sectional owners, etc. except for the following properties:

- MS Shibaura Building: The above site area indicates the area of the property and Trinity Shibaura that has been developed in an integrated manner.
Shinjuku Square Tower: The above site area and total leasable floor space indicate the area of the entire redevelopment project.
Rise Arena Building: The above site area and total leasable floor space indicate the site area and floor space of the entire redevelopment project including the residential tower.
Olinas Tower: The above site area and total leasable floor space indicate the area including the commercial building and the residential building.
Cupo-la Main Bldg.: The above site area indicates the area of the entire redevelopment project.

(5) The portion owned by JPR are leased to single tenants.
JPR was unable to obtain the tenants' approval to disclose rental information.

Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Greater Tokyo	Office	B-1	Arca Eazast	Sumida Ward, Tokyo	1997.3	2001.11	
	Office	B-2	JPR Chiba Bldg.	Chiba City, Chiba	1991.1	2001.12	
	Office	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	1989.10	2001.11	
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	1991.8	2002.9	
	Office	B-6	Kawaguchi Center Bldg.	Kawaguchi City, Saitama	1994.2	2004.2	
	Office	B-7	JPR Ueno East Bldg.	Taito Ward, Tokyo	1992.10	2004.3	
	Office	B-8	Tachikawa Business Center Bldg.	Tachikawa City, Tokyo	1994.12	2005.9 2007.2	
	Office	B-9	Rise Arena Bldg.	Toshima Ward, Tokyo	2007.1	2007.3	
	Office	B-10	Yume-ooka Office Tower	Yokohama City, Kanagawa	1997.3	2007.7	
	Office	B-11	Olinas Tower	Sumida Ward, Tokyo	2006.2	2009.6	
	Office	B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama City, Kanagawa	1981.5	2010.12	
	Retail	B-1	Tanashi ASTA	Nishitokyo City, Tokyo	1995.2	2001.11	
	Retail	B-3	Cupo-la Main Bldg.	Kawaguchi City, Saitama	2006.1	2006.3	
	Retail	B-4	JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	1983.3	2006.9	
	Retail	B-5	Musashiurawa Shopping Square	Saitama City, Saitama	2005.10	2007.3	
	Retail	B-6	Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	2003.8	2007.4	
Subtotal (16 Properties)							
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata City, Niigata	1996.3	2001.11	
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	1970.2	2001.11	
	Office	C-7	JPR Hakata Bldg.	Fukuoka City, Fukuoka	1985.6 2003.11	2001.11	
	Office	C-9	JPR Naha Bldg.	Naha City, Okinawa	1991.10	2001.11	
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai City, Miyagi	1997.12	2002.6	
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	1996.7	2002.6	
	Office	C-14	Tenjin 121 Bldg.	Fukuoka City, Fukuoka	2000.7	2002.6	
	Office	C-17	JPR Dojima Bldg.	Osaka City, Osaka	1993.10	2004.1	
	Office	C-18	JPR Hakata-Chuo Bldg.	Fukuoka City, Fukuoka	1993.2	2004.6	
	Office	C-19	JPR Nagoya Fushimi Bldg.	Nagoya City, Aichi	1991.3	2005.3	
	Retail	C-1	JPR Umeda Loft Bldg.	Osaka City, Osaka	1990.4	2003.5-7	
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka City, Osaka	2003.2 2005.1	2005.5	
	Retail	C-4	Housing Design Center Kobe	Kobe City, Hyogo	1994.6	2005.9	
	Retail	C-5	JPR Chayamachi Bldg.	Osaka City, Osaka	1994.6	2006.8	
Subtotal (14 Properties)							
Total (57 Properties)							

- Notes: (1) Acquisition price does not include miscellaneous expenses of acquisition (real estate transaction brokerage fee and consumption tax).
(2) Percentages and ratios are rounded to the first decimal point.
(3) Ownership indicates the ratio of proprietary ownership of JPR to the total proprietary ownership stipulated in the management regulations, etc. As for cases that proprietary ownership includes parking lots, figure in parentheses indicates ratio calculated excluding parking lots. In addition, ratio for Rise Arena Bldg., Olinas Tower and Tanashi ASTA do not include the residential portion and ratio for Yume-ooka Office Tower is that for the business tower only.

(As of December 31, 2011)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	5,880	1.7	38.3	3,755.01	7,022.76	85.3	4	229,779
	2,350	0.7	100.0	1,382.35	5,541.45	85.4	31	120,799
	2,927	0.8	100.0	1,100.59	6,066.53	100.0	13	128,669
	920	0.3	50.0	841.71	2,642.38	85.5	13	50,141
	8,100	2.3	86.5	4,524.61	15,461.98	83.2	36	379,973
	3,250	0.9	100.0	1,242.97	6,490.05	83.6	6	141,978
	3,188	1.0	47.9	2,047.22	1,747.13 2,983.91 4,731.04	100.0 100.0	4 13	61,346 91,725
	5,831	1.7	25.2	9,377.28	6,023.39	100.0	1	240,186
	6,510	1.9	48.8	12,011.00	12,011.73	87.9	33	322,526
	31,300	9.1	23.3	27,335.29	23,987.40	98.6	12	1,120,647
	7,000	2.0	100.0	1,110.28	6,494.09	100.0	13	308,348
	10,200	3.0	43.6	12,326.30	31,121.71	100.0	1	596,400
	2,100	0.6	16.7	15,008.28	5,963.00	100.0	1	(Note 5)
	7,260	2.1	100.0	4,761.62	19,740.95	100.0	1	(Note 5)
	4,335	1.3	50.0	8,317.99	14,960.69	100.0	3	129,061
	15,080	4.4	46.6	4,475.45	13,066.69	98.2	19	470,553
	116,231	33.7	—	—	181,325.84	—	—	—
	2,140	0.6	32.9	2,706.99	5,326.88	100.0	8	133,210
	4,150	1.2	72.0	1,432.64	7,162.60	78.0	10	107,667
	2,900	0.8	100.0	1,214.63	6,581.15	91.3	25	149,576
	1,560	0.5	100.0	959.87	3,946.41	93.8	18	94,548
	3,150	0.9	100.0	1,895.67	7,128.81	99.9	12	194,779
	1,670	0.5	100.0	1,128.45	4,874.91	88.4	14	118,875
	2,810	0.8	52.2	1,164.39	3,257.73	91.4	13	90,219
	2,140	0.6	100.0	668.11	3,930.21	100.0	9	120,625
	1,920	0.6	100.0	680.63	3,290.42	100.0	5	71,922
	4,137	1.2	100.0	1,610.38	7,086.37	89.7	3	90,761
	13,000	3.8	100.0	3,518.68	18,586.97	100.0	1	402,411
	5,430	1.6	100.0	609.31	5,303.98	100.0	1	(Note 5)
	7,220	2.1	100.0	3,994.47	35,444.13	100.0	1	(Note 5)
	6,000	1.7	100.0	592.45	2,484.39	100.0	7	139,701
	58,227	16.9	—	—	114,404.96	—	—	—
	344,984	100.0	—	—	423,311.93	95.6	501	11,772,766

Notes: (4) Site area and total leasable floor space indicate the entire site area and entire floor space including portions of other owners, etc. except for the following properties:

- MS Shibaura Building: The above site area indicates the area of the property and Trinity Shibaura that has been developed in an integrated manner.
Shinjuku Square Tower: The above site area and total leasable floor space indicate the area of the entire redevelopment project.
Rise Arena Building: The above site area and total leasable floor space indicate the site area and floor space of the entire redevelopment project including the residential tower.
Cupo-la Main Bldg.: The above site area indicates the area of the entire redevelopment project.
Olinas Tower: The above site area and total floor space indicate the area for the entire property including retail and residential towers.

(5) The portion owned by JPR is leased to a single tenant.

JPR was unable to obtain the tenants' approval to disclose rental information.

(6) For JPR Hakata Bldg. the upper figures are for the office building portion and the lower figures are for the parking lot portion. In addition, the acquisition price does not include the acquisition of the parking lot portion.

New Acquisitions during the 20th Fiscal Period and After Property to be Acquired in the 21st Fiscal Period

Otemachi 1-6 Plan (tentative name) (land with land leasehold) **A 23** (Office)



Location	Chiyoda Ward, Tokyo
Type of Ownership	Ownership
Acquisition Date	March 13, 2012
Acquisition Price	¥36,000 million
Site Area	11,034.78m ²
Overview of Surface Rights:	
Surface Right Holder	Mizuho Trust & Banking Co., Ltd
Contract Type	Agreement on creation of surface rights
Contract Period	70 years (until March 11, 2082)
Annual Rent	2,695 million yen

Reason for Acquisition

The acquisition of the property is in accordance with JPR's fundamental investment policies and investment stance to acquire beneficial interests in land with land leasehold (land with surface rights) of a new high-rise office complex (completion in entirety scheduled for the end of April 2014) in central Tokyo in an effort to enhance and stabilize its investment portfolio.

[Reference: Profile of Otemachi 1-6 Plan (tentative name)]

Location	6-6, Otemachi 1-chome, Chiyoda-ku, Tokyo, etc
District	Retail zone, fire prevention zone, Otemachi, Marunouchi and Yurakucho District Redevelopment Project, Tokyo City Planning Special Urban Renaissance Districts
Site Area	11,034.78 m ²
Gross Floor Space	Approx. 198,000 m ²
Floor Area Ratio	Approx. 1,600%
Floors	B6/F38, 3 floors rooftop
Type of Structure	Below ground: RC, partial SRC; Above ground: S
Ceiling Height	2,900mm (OA floors 100mm) (standard office floors)
Use	Office, hotel, retail, parking lots, etc.
Architecture and Design	Taisei Design Planners Architects & Engineers
Construction	Taisei Corporation
Construction Period	Construction start: November 2009; Completion: April 2014

Overview of Portfolio Properties

Tokyo CBDs

Kanematsu Bldg.

A 1

Chuo Ward, Tokyo



Acquisition Price
¥16,276 million
Site Area
1,751.13 m²
Total Floor Space
14,995.09 m²

Structure/Floors
S/RC/SRC B2/13F
Completed
February 1993

Kanematsu Bldg. Annex

A 2

Chuo Ward, Tokyo



Acquisition Price
¥2,874 million
Site Area
679.06 m²
Total Floor Space
4,351.46 m²
Structure/Floors
SRC B1/8F
Completed
February 1993

JPR Ningyo-cho Bldg.

A 3

Chuo Ward, Tokyo



Acquisition Price
¥2,100 million
Site Area
550.06 m²
Total Floor Space
4,117.70 m²
Structure/Floors
SRC/RC B1/8F
Completed
December 1989

Shin-Kojimachi Bldg.

A 4

Chiyoda Ward, Tokyo



Acquisition Price
¥2,420 million
Site Area
657.80 m²
Total Floor Space
5,152.98 m²
Structure/Floors
SRC B1/9F
Completed
October 1984

JPR Crest Takebashi Bldg.

A 5

Chiyoda Ward, Tokyo



Acquisition Price
¥4,000 million
Site Area
636.90 m²
Total Floor Space
4,790.68 m²
Structure/Floors
SRC B1/9F
Completed
September 1999

MS Shibaura Bldg.

A 6

Minato Ward, Tokyo



Acquisition Price
¥11,200 million
Site Area
8,992.18 m²
Total Floor Space
31,020.21 m²
Structure/Floors
SRC/RC/S B2/13F
Completed
February 1988

Gotanda First Bldg.

A 7

Shinagawa Ward, Tokyo



Acquisition Price
¥2,920 million
Site Area
1,551.19 m²
Total Floor Space
10,553.34 m²
Structure/Floors
SRC/RC B2/11F
Completed
July 1989

Fukuoka Bldg.

A 8

Chuo Ward, Tokyo



Acquisition Price
¥2,920 million
Site Area
1,302.17 m²
Total Floor Space
11,627.74 m²
Structure/Floors
SRC B2/10F
Completed
May 1990

JPR Ichigaya Bldg.

A 9

Chiyoda Ward, Tokyo



Acquisition Price
¥5,100 million
Site Area
1,058.04 m²
Total Floor Space
5,888.82 m²
Structure/Floors
SRC B1/9F
Completed
March 1989

Oval Court Ohsaki Mark West

A 10

Shinagawa Ward, Tokyo



Acquisition Price
¥3,500 million
Site Area
4,006.00 m²
Total Floor Space
28,575.80 m²
Structure/Floors
S/SRC B2/17F
Completed
June 2001

Shinjuku Square Tower

A 11

Shinjuku Ward, Tokyo



Acquisition Price
¥10,180 million
Site Area
8,409.52 m²
(entire redevelopment project)
Total Floor Space
78,796.00 m²
(entire redevelopment project)
Structure/Floors
S/RC/SRC B4/30F
Completed
October 1994

BYGS Shinjuku Bldg.

A 12

Shinjuku Ward, Tokyo



Acquisition Price
¥15,121 million
Site Area
3,522.46 m²
Total Floor Space
25,733.10 m²
Structure/Floors
SRC B2/14F
Completed
April 1985

Shinjuku Center Bldg.

A 14

Shinjuku Ward, Tokyo



Acquisition Price
¥21,000 million
Site Area
14,917.11 m²
Total Floor Space
176,607.89 m²
Structure/Floors
SRC/RC/S B5/54F
Completed
October 1979

Across Shinkawa Bldg. Annex

A 13

Chuo Ward, Tokyo



Acquisition Price
¥710 million
Site Area
858.48 m²
Total Floor Space
5,535.90 m²
Structure/Floors
S/SRC B2/10F
Completed
June 1994

Minami Azabu Building

A 15

Minato Ward, Tokyo



Acquisition Price
¥3,760 million
Site Area
778.09 m²
Total Floor Space
4,570.63 m²
Structure/Floors
S 9F
Completed
June 1992

Shinagawa Canal Building

A 16

Minato Ward, Tokyo



Acquisition Price
¥1,870 million
Site Area
828.82 m²
Total Floor Space
5,216.21 m²
Structure/Floors
S B1/8F
Completed
July 2008

Rokubancho Building

A 17

Chiyoda Ward, Tokyo



Acquisition Price
¥2,800 million
Site Area
716.95 m²
Total Floor Space
4,205.09 m²
Structure/Floors
SRC B3/7F
Completed
October 1991

JPR Harajuku Building

A 18

Shibuya Ward, Tokyo



Acquisition Price
¥8,400 million
Site Area
1,205.07 m²
Total Floor Space
6,466.94 m²
Structure/Floors
SRC B1/9F
Completed
March 1989

Tokyo Tatemono Kyobashi Building

A 19

Chuo Ward, Tokyo



Acquisition Price
¥5,250 million
Site Area
547.10 m²
Total Floor Space
4,419.79 m²
Structure/Floors
SRC/S B1/10F
Completed
January 1981

JPR Nihonbashi-horidome Building

A 20

Chuo Ward, Tokyo



Acquisition Price
¥5,100 million
Site Area
937.59 m²
Total Floor Space
7,190.82 m²
Structure/Floors
SRC B1/9F
Completed
June 2002

JPR Sendagaya Building

A 21

Shibuya Ward, Tokyo



Acquisition Price
¥15,050 million
Site Area
2,217.49 m²
Total Floor Space
7,683.19 m²
Structure/Floors
S 8F
Completed
May 2009

Ginza Sanwa Building

A 22

Chuo Ward, Tokyo



Acquisition Price
 ¥3,400 million
 Site Area
 1,119.27 m²
 Total Floor Space
 8,851.00 m²
 Structure/Floors
 SRC B2/9F
 Completed
 October 1982

JPR Shibuya Tower Records Bldg. (Retail)

A 1

Shibuya Ward, Tokyo



Acquisition Price
 ¥12,000 million
 Site Area
 1,010.47 m²
 Total Floor Space
 8,449.56 m²
 Structure/Floors
 SRC/S B3/8F
 Completed
 February 1992

JPR Daikanyama (Retail)

A 2

Shibuya Ward, Tokyo



Acquisition Price
 ¥2,160 million
 Site Area
 277.12 m²
 Total Floor Space
 668.09 m²
 Structure/Floors
 RC B2/2F
 Completed
 July 2002

JPR Jingumae 432 (Retail)

A 3

Shibuya Ward, Tokyo



Acquisition Price
 ¥4,275 million
 Site Area
 198.10 m²
 Total Floor Space
 1,066.81 m²
 Structure/Floors
 S/SRC B1/7F
 Completed
 February 2006

Shinjuku Sanchome East Bldg. (Retail)

A 4

Shinjuku Ward, Tokyo



Acquisition Price
 ¥2,740 million
 Site Area
 2,578.69 m²
 Total Floor Space
 24,617.65 m²
 Structure/Floors
 S/SRC/RC B3/14F
 Completed
 January 2007

Yurakucho Ekimae Building (Yurakucho Itocia)(Retail)

A 5

Chiyoda Ward, Tokyo



Acquisition Price
 ¥3,400 million
 Site Area
 6,808.12 m²
 Total Floor Space
 71,957.65 m²
 Structure/Floors
 S/SRS B4/20F
 Completed
 October 2007

Greater Tokyo

Arca East

B 1



Sumida Ward, Tokyo

Acquisition Price
¥5,880 million
Site Area
3,755.01 m²
Total Floor Space
34,281.86 m²
Structure/Floors
S/SRC B3/19F
Completed
March 1997

JPR Chiba Bldg.

B 2



Chiba City, Chiba

Acquisition Price
¥2,350 million
Site Area
1,382.35 m²
Total Floor Space
9,072.57 m²
Structure/Floors
S/SRC B1/13F
Completed
January 1991

JPR Yokohama Nihon Odori Bldg.

B 3



Yokohama City, Kanagawa

Acquisition Price
¥2,927 million
Site Area
1,100.59 m²
Total Floor Space
9,146.52 m²
Structure/Floors
SRC B1/11F
Completed
October 1989

Shinyokohama 2nd Center Bldg.

B 5



Yokohama City, Kanagawa

Acquisition Price
¥920 million
Site Area
841.71 m²
Total Floor Space
7,781.93 m²
Structure/Floors
S/SRC B2/12F
Completed
August 1991

Kawaguchi Center Bldg.

B 6



Kawaguchi City, Saitama

Acquisition Price
¥8,100 million
Site Area
4,524.61 m²
Total Floor Space
28,420.85 m²
Structure/Floors
S/SRC B2/15F
Completed
February 1994

JPR Ueno East Bldg.

B 7



Taito Ward, Tokyo

Acquisition Price
¥3,250 million
Site Area
1,242.97 m²
Total Floor Space
8,490.44 m²
Structure/Floors
S/SRC B1/8F
Completed
October 1992

Tachikawa Business Center Bldg.

B 8



Tachikawa City, Tokyo

Acquisition Price
¥3,188 million
Site Area
2,047.22 m²
Total Floor Space
14,706.36 m²
Structure/Floors
S/SRC B1/12F
Completed
December 1994

Rise Arena Bldg.

B 9



Toshima Ward, Tokyo

Acquisition Price
¥5,831 million
Site Area
9,377.28 m²
(entire redevelopment project)
Total Floor Space
91,280.94 m²
(including residential tower)
Structure/Floors
RC/SRC/S B3/42F*
Completed
January 2007

*The commercial tower portion has 2 basement floors and 15 floors above ground.

Yume-ooka Office Tower

B 10



Yokohama City, Kanagawa

Acquisition Price
¥6,510 million
Site Area
12,011.00 m²
Total Floor Space
185,974.87 m²
Structure/Floors
S/SRC/RC B3/27F
Completed
March 1997

Olinas Tower

B 11



Sumida Ward, Tokyo

Acquisition Price
¥31,300 million
Site Area
27,335.29 m²
Total Floor Space
257,842.41 m²
Structure/Floors
SRC/RC/S B2/45F*
Completed
February 2006

*The office building has 31 floors above ground and 2 floors underground.

Tokyo Tatemono Yokohama Bldg.

B 12



Yokohama City, Kanagawa

Acquisition Price
¥7,000 million
Site Area
1,110.28 m²
Total Floor Space
8,772.51 m²
Structure/Floors
SRC B1/9F
Completed
May 1981

Tanashi ASTA (Retail)

B 1



Nishitokyo City, Tokyo

Acquisition Price
¥10,200 million
Site Area
12,326.30 m²
Total Floor Space
80,675.27 m²
Structure/Floors
SRC B2/17F
Completed
February 1995

Cupo-la Main Bldg. (Retail)

B 3



Kawaguchi City, Saitama

Acquisition Price
¥2,100 million
Site Area
15,008.28 m²
(entire redevelopment project)
Total Floor Space
48,321.96 m²
Structure/Floors
S/RC/SRC B2/10F
Completed
January 2006

JPR Musashikosugi Bldg. (Retail)

B 4



Kawasaki City, Kanagawa

Acquisition Price
¥7,260 million
Site Area
4,761.62 m²
Total Floor Space
18,394.32 m²
Structure/Floors
SRC/RC/S B1/6F
Completed
March 1983

Musashiurawa Shopping Square (Retail)

B 5



Saitama City, Saitama

Acquisition Price
¥4,335 million
Site Area
8,317.99 m²
Total Floor Space
28,930.36 m²
Structure/Floors
S B1/4F
Completed
October 2005

Kawasaki Dice Bldg. (Retail)

B 6



Kawasaki City, Kanagawa

Acquisition Price
¥15,080 million
Site Area
4,475.45 m²
Total Floor Space
36,902.01 m²
Structure/Floors
S/SRC/RC B2/11F
Completed
August 2003

Other Cities

Niigata Ekinan Center Bldg. **C 1**

Niigata City, Niigata



Acquisition Price
 ¥2,140 million
 Site Area
 2,706.99 m²
 Total Floor Space
 19,950.42 m²
 Structure/Floors
 S/SRC B1/10F
 Completed
 March 1996

Tokyo Tatemono Honmachi Bldg. **C 4**

Osaka City, Osaka



Acquisition Price
 ¥4,150 million
 Site Area
 1,432.64 m²
 Total Floor Space
 14,619.52 m²
 Structure/Floors
 SRC B3/9F
 Completed
 February 1970

JPR Hakata Bldg. **C 7**

Fukuoka City, Fukuoka



Acquisition Price
 ¥2,900 million
 Site Area
 1,214.63 m²
 Total Floor Space
 9,828.73 m²
 Structure/Floors
 S/RC B1/12F
 Completed
 June 1985

JPR Naha Bldg. **C 9**

Naha City, Okinawa



Acquisition Price
 ¥1,560 million
 Site Area
 959.87 m²
 Total Floor Space
 5,780.71 m²
 Structure/Floors
 SRC/S 12F
 Completed
 October 1991

Sompo Japan Sendai Bldg. **C 12**

Sendai City, Miyagi



Acquisition Price
 ¥3,150 million
 Site Area
 1,895.67 m²
 Total Floor Space
 10,783.52 m²
 Structure/Floors
 SRC B1/12F
 Completed
 December 1997

Sompo Japan Wakayama Bldg. **C 13**

Wakayama City, Wakayama



Acquisition Price
 ¥1,670 million
 Site Area
 1,128.45 m²
 Total Floor Space
 6,715.07 m²
 Structure/Floors
 S 9F
 Completed
 July 1996

Tenjin 121 Bldg. **C 14**

Fukuoka City, Fukuoka



Acquisition Price
 ¥2,810 million
 Site Area
 1,164.39 m²
 Total Floor Space
 8,690.95 m²
 Structure/Floors
 S/SRC 13F
 Completed
 July 2000

JPR Dojima Bldg. **C 17**

Osaka City, Osaka



Acquisition Price
 ¥2,140 million
 Site Area
 668.11 m²
 Total Floor Space
 5,696.01 m²
 Structure/Floors
 SRC B2/9F
 Completed
 October 1993

JPR Hakata-Chuo Bldg.

C 18

Fukuoka City, Fukuoka



Acquisition Price
¥1,920 million
Site Area
680.63 m²
Total Floor Space
3,874.81 m²
Structure/Floors
SRC 8F
Completed
February 1993

JPR Nagoya Fushimi Building

C 19

Nagoya City, Aichi



Acquisition Price
¥4,137 million
Site Area
1,610.38 m²
Total Floor Space
10,201.44 m²
Structure/Floors
SRC B1/9F
Completed
March 1991

JPR Umeda Loft Bldg. (Retail)

C 1

Osaka City, Osaka



Acquisition Price
¥13,000 million
Site Area
3,518.68 m²
Total Floor Space
17,897.56 m²
Structure/Floors
SRC B1/8F
Completed
April 1990

Benetton Shinsaibashi Bldg. (Retail)

C 3

Osaka City, Osaka



Acquisition Price
¥5,430 million
Site Area
609.31 m²
Total Floor Space
5,303.98 m²
Structure/Floors
S B2/10F
Completed
February 2003

Housing Design Center Kobe (Retail)

C 4

Kobe City, Hyogo



Acquisition Price
¥7,220 million
Site Area
3,994.47 m²
Total Floor Space
33,877.71 m²
Structure/Floors
SRC/S B2/11F
Completed
June 1994

JPR Chayamachi Bldg. (Retail)

C 5

Osaka City, Osaka



Acquisition Price
¥6,000 million
Site Area
592.45 m²
Total Floor Space
3,219.36 m²
Structure/Floors
S/SRC 9F
Completed
June 1994

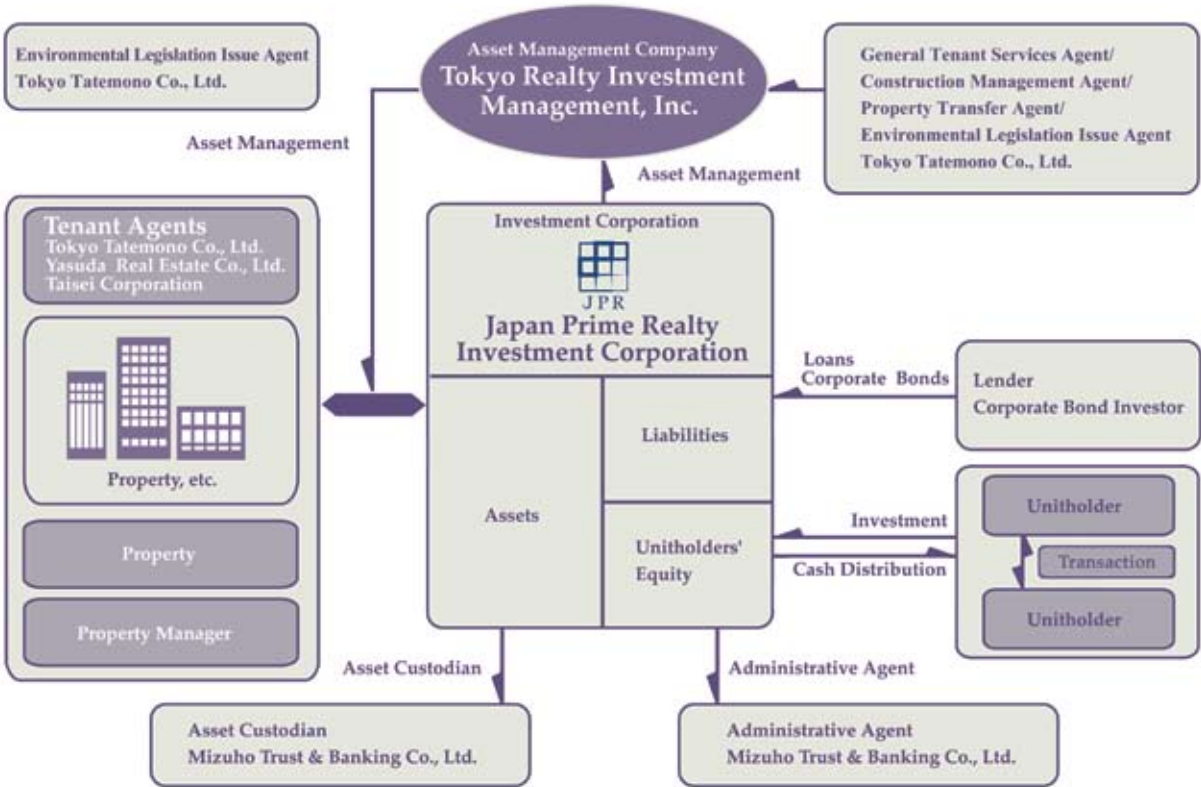
Characteristics and Corporate History

The Objective and Basic Characteristics of JPR

The fundamental investment policy of JPR consists of our investment strategy based on the basic concept of "investing in urban commercial real estate." JPR's investment targets are primarily comprised of superior office buildings (urban work facilities), retail properties located in thriving commercial areas, the land on which they are located and asset-backed securities that have such real estate as their primary investment. JPR makes investments in properties in which we are convinced that the benefits of portfolio management can be demonstrated after carefully considering the risks and returns of the investment. JPR also diversifies its investment geographically by not limiting itself to Tokyo but by also considering assets in other major cities.

Corporate History

Date	Description
September 6, 2001	The founder (Tokyo Realty Investment Management, Inc.) filed for establishment of the Investment Corporation under the Investment Trust Law
September 14, 2001	Japan Prime Realty Investment Corporation was established
November 16, 2001	Started asset management (acquisition of 13 real estate in trust with underlying trust assets of 11 office buildings and 2 commercial properties; ¥40,730 million in total value)
January 22, 2002	Investment unit split (2.5 units for 1 existing unit)
June 14, 2002	Listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange



Members of the Board (As of December 31, 2011)



Executive Officer

Hirohito Kaneko

- Dec. 2001** Executive Officer, Japan Prime Realty Investment Corporation (currently held position)
- Apr. 1979** Representative Counsel, Hirohito Kaneko Law Office (currently held position)
- Apr. 1977** Bar admission (Tokyo Bar Association), Shigeru Yamada Law Office

Supervising Officer

Sosuke Yasuda

- Jan. 2009** Adviser, Gyosei Audit Corporation (currently held position)
- Group Representative Partner, GYOSEI Certified Public Tax & Accountants' Co. (currently held position)
- Apr. 2008** Outside Auditor, Mitsui Sumitomo Insurance Group Holdings, Inc. currently MS&AD Insurance Group Holdings, Inc. (part-time, currently held position)
- Jan. 2008** Group Representative Partner, Gyosei Audit Corporation (Tokyo Hokuto & Co. merged with Serizawa Accounting Firm)
- Oct. 2006** CPA and Director, Gyosei Audit Corporation
- Jun. 2006** Outside Auditor, Nomura Research Institute, Ltd. (currently held position)
- Jun. 2005** Outside Auditor, Mitsui Sumitomo Insurance Company, Ltd.
- Sep. 2001** Supervising Officer, Japan Prime Realty Investment Corporation (currently held position)
- Oct. 1999** Director and Senior Partner, Tokyo Hokuto & Co. (Tokyo Akasaka Audit Co. merged with Hokuto Audit Co.)
- Jul. 1993** Senior Partner, Tokyo Akasaka Audit Co.
- Feb. 1983** Representative, Tokyo Akasaka CPA Joint Office
- Jun. 1980** Sosuke Yasuda Tax Accountant Office
- Dec. 1975** Masamitsu Serizawa Accounting Firm
- Apr. 1968** Main Store, KK Ohgiya

Supervising Officer

Masato Denawa

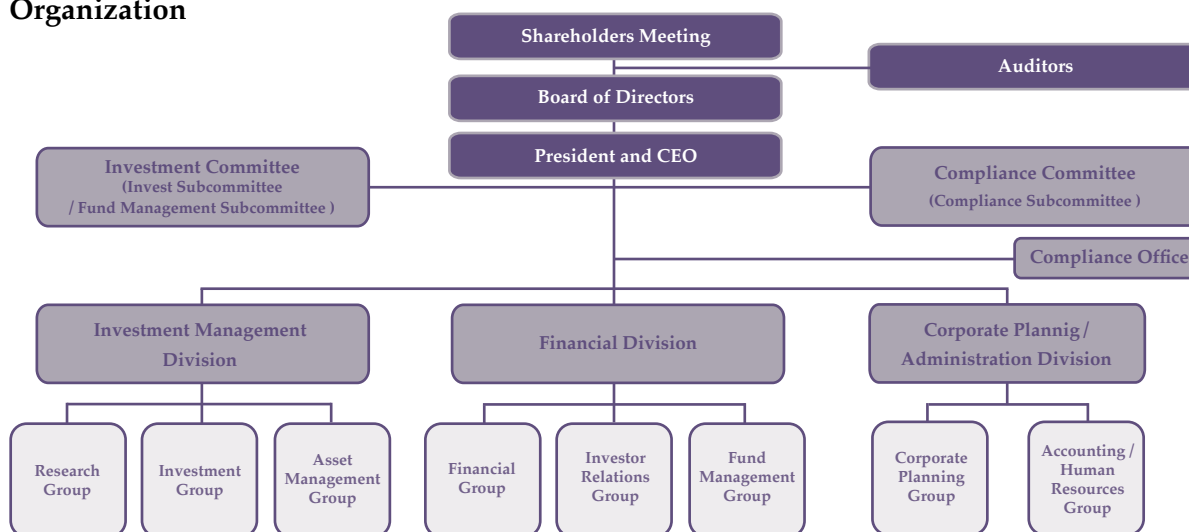
- Apr. 2011** Practicing-attorney-professor for civil advocacy, The Legal Training and Research Institute of Japan, Supreme Court of Japan (currently held position)
- Apr. 2009** Adjunct professor (part-time) at Keio Law School (currently held position)
- Sep. 2007** Supervising Officer of Japan Prime Realty Investment Corporation (currently held position)
- Jul. 2007** Director of Advicelink Co., Ltd. (currently held position)
- Feb. 2005** Part-time auditor of Ulvex Inc. (currently held position)
- Jul. 2003** Partner attorney at Spring Partners (former Okinobu, Ishihara & Sei Law Office)
- Apr. 2002** Adjunct professor (part-time) at Keio University Faculty of Law (Civil law practice)
- Jun. 2000** Part-time auditor of Kinkan Co., Ltd. (currently held position)
- Jan. 1999** Partner of Okinobu, Ishihara & Sei Law Office (currently held position)
- Apr. 1991** Okinobu, Ishihara & Sei Law Office (former Okinobu & Ishihara Law Office)
- Apr. 1990** Registered with Daiichi Tokyo Bar Association at Okinobu & Ishihara Law Office currently MS&AD Insurance Group Holdings, Inc. (part-time, currently held position)

Overview of the Asset Manager

Corporate Profile

Name	Tokyo Realty Investment Management, Inc. (TRIM)	
Core Business	Asset management for investment corporation	
Capitalization	350 million yen	
Shareholders	Tokyo Tatemono Co., Ltd. (40%) Taisei Corporation (20%) Yasuda Real Estate Co., Ltd. (20%) Meiji Yasuda Life Insurance Company (10%) Sompo Japan Insurance Inc. (10%)	
History	April 28, 2000:	Founded
	October 13, 2000:	Approved for real estate transaction service
	March 16, 2001:	Approved as discretionary transaction agent
	June 20, 2001:	Approved for asset management of investment corporation
	September 30, 2007:	Registered as investment management business
	November 28, 2007:	Applying for and submitting application form regarding Financial Instruments and Exchange Law (investment management business)
Services	(1) Asset management for JPR (including all decision-making in connection with the acquisition/disposition or leasing of properties and acting as an agent or broker of such transactions based on relevant evaluation and judgement) (2) Funding by JPR (3) Reporting to JPR (4) Any other services related to or affiliated with the above	

Organization



TRIM's Decision-Making Process of Investment Management

TRIM established the Investment Committee to make investment management decisions with Investment Subcommittee (including the Due Diligence Subcommittee) and Fund Management Subcommittee below it. Members of these Committees and Subcommittees include the CEO, CIO, CFO and CAO. However, regarding the Due Diligence Subcommittee, a Compliance Office General Manager is also included to enhance compliance when conducting due diligence for the targeted investment asset.

The Board of Directors is responsible for the targeted investment assets and policies. The Investment Committee formulates management plans, while the Investment Subcommittee is in charge of decisions on issues regarding the acquisition and disposition of individual assets. The Fund Management Subcommittee is responsible for issues regarding the management of individual assets.

Procedures for decision-making by the Investment Subcommittee entails following secure procedures that require two steps: a policy decision concerning acquisition or disposition and a final decision on acquisition or disposition. In addition, in regard to the acquisition of an individual asset, a Due Diligence Subcommittee meeting will be held after the acquisition policy is decided to enhance the screening of the details of due diligence. Furthermore, the Board of Directors is given final decision-making power on the acquisition and disposition of individual assets greater than a certain value.

Meanwhile, decisions and legal procedures by each committee are screened to confirm that they do not violate laws, regulations, JPR's Articles of Incorporation, internal rules, etc. at the Compliance Subcommittee just before Committee meetings are held. The Compliance Office General Manager reports on the presence or absence of violations of laws or rules before the screening at each Committee and, in addition, instructs each manager to decide at or report to TRIM's Board of Directors or JPR's Board of Directors in compliance with the rules, etc.

Directors of Tokyo Realty Investment Management, Inc.

President and Chief Executive Officer (CEO)

Satoshi Okubo

- Jun. 2010 Appointed as President and CEO, Tokyo Realty Investment Management, Inc. (currently held position)
- Mar. 2010 Appointed as Advisor, Tokyo Tatemono Co., Ltd.
- Mar. 2010 Appointed as Auditor (part time), Tokyo Tatemono Real Estate Sales Co., Ltd. (currently held position)
- Oct. 2005 Appointed as Director and Head of Kansai Branch Office
- Mar. 2005 Appointed as Director and Head of Osaka Branch Office
- Oct. 1998 Appointed as General Manager, Residential Management Dept.
- Jan. 1996 Appointed as Group Leader, Second Leasing Group, Second Building Leasing Dept.
- Apr. 1995 Appointed as Manager, Management Planning Office, Corporate Planning Division
- Apr. 1994 Appointed as Manager, Corporate Planning Division and Manager, International Planning Office, Corporate Planning Division
- Apr. 1992 Appointed as Manager, Corporate Communications Office and Manager, Corporate Planning Division
- Apr. 1977 Joined Tokyo Tatemono Co., Ltd.

Director and Chief Administrative Officer (CAO)

Kazuo Kitami

- Mar. 2012 Transferred to Tokyo Realty Investment Management, Inc. as Director and Chief Administrative Officer (currently held position)
- Oct. 2004 Appointed as Director and Chief Administrative Officer, Tokyo Realty Investment Management, Inc. (currently held position)
- Oct. 2004 Dispatched to Tokyo Realty Investment Management, Inc.
- Jan. 2004 Appointed as member of the council in charge of Affiliated Companies Dept. Meiji Yasuda Life Insurance Company
- Apr. 2003 Appointed as Manager, Loan Management of the Management and Administration Division
- Aug. 2000 Appointed as Manager, Loan General Affairs of the Management and Administration Division
- Apr. 1997 Appointed as Manager, Credit Assessment Dept. 2 of the Management and Administration Division
- Apr. 1995 Appointed as Manager of Real Estate Development Dept. of the Real Estate Division
- Sep. 1989 Appointed as Manager of Real Estate Development Dept. of the Real Estate Division
- Apr. 1975 Joined Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company) and assigned to Training Institute of the Education Division

Director and Chief Investment Officer

Kazuki Sugise

- Mar. 2011 Appointed as Director and Chief Investment Officer (currently held position)
- Jul. 2007 Appointed as General Manager, Investment Management Division(responsible for the Investment Group and Research Group), Tokyo Realty Investment Management, Inc.
- Jul. 2007 Dispatched to Tokyo Realty Investment Management, Inc.
- Apr. 2005 Appointed as Group Leader, Urban Development Department
- Jun. 2004 Appointed as Team Leader, Urban Development Department
- Apr. 2002 Appointed as Manager, Urban Development Department and Manager, Retail Project Development Office
- Apr. 1988 Joined Tokyo Tatemono Co., Ltd.

Director and Chief Financial Officer (CFO)

Satoshi Eida

- Jun. 2011 Appointed as Auditor of Tokyo Real Estate Management Co., Ltd. (currently held position)
- Mar. 2011 Appointed as Director of Shinjuku Square Tower Management Co., Ltd. (Note)
- Mar. 2011 Appointed as President and Chief Executive Officer of Shinjuku Center Building Management Co., Ltd.
- Mar. 2011 Appointed as General Manager, Business Planning Department, Commercial Properties Division (currently held position)
- Jan. 2009 Appointed as General Manager, Compliance Department
- Apr. 2008 Appointed as Group Leader, Corporate Administration Group, Corporate Planning Department
- Apr. 2005 Appointed as Group Leader, Management Planning Group, Corporate Planning Department
- Oct. 2002 Appointed as Group Leader, Sapporo Branch and Deputy General Manager, Sapporo Branch
- Sep. 2002 Appointed as Deputy General Manager, Sapporo Branch
- Apr. 2000 Appointed as Manager, Sapporo Branch
- Apr. 1986 Joined Tokyo Tatemono Co., Ltd.

(Note) Shinjuku Square Tower Management Co., Ltd. was merged into Tokyo Tatemono Co. Ltd. as of December 1, 2011.

Director and Compliance Officer

Shigeyuki Sugawara

- Jun. 2010 Appointed as Director and Compliance Officer, Tokyo Realty Investment Management, Inc.
- Apr. 2008 Appointed as Compliance Officer, Tokyo Realty Investment Management, Inc.
- Jul. 2005 Appointed as Corporate Planning/Administration Division Manager (responsible for Planning Group/Compliance Group)
- Oct. 2004 Appointed as Corporate Planning/Administration Division Manager (responsible for Compliance Group)
- Oct. 2002 Joined Tokyo Realty Investment Management, Inc.
- Jan. 2001 Dispatched to Tokyo Realty Investment Management, Inc.
- Apr. 1999 Appointed as Manager, Real Estate Section, Real Estate Division, Asahi Jitsugyo Co., Ltd. (seconded from Asahi Mutual Life Insurance Company)
- Apr. 1998 Appointed as Deputy Manager, Real Estate Business Office, Real Estate Division
- Apr. 1985 Joined Asahi Mutual Life Insurance Company

Overview of Asset Management

(1) Operational Performance of JPR

		Unit	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - Dec. 31, 2010)	19th Fiscal Period (Jan. 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - Dec. 31, 2011)
Operating Performance	Operating Revenue		11,493	12,314	11,870	11,529	11,772
	Rent revenue - real estate	Million yen	11,493	11,855	11,870	11,529	11,772
	Gain on sale of real estate		—	459	—	—	—
	Operating Expenses		5,665	5,830	5,983	5,926	6,009
	Expenses related to rent business	Million yen	5,010	5,144	5,361	5,296	5,357
	Operating Income	Million yen	5,827	6,484	5,886	5,603	5,763
	Ordinary Income	Million yen	4,333	4,964	4,039	4,075	4,201
Net Income	Million yen	4,332	4,963	4,039	4,010	4,200	
Assets, etc.	Total Assets	Million yen	332,380	358,339	360,904	360,004	360,699
	(% Change)	%	(+1.0)	(+7.8)	(+0.7)	(-0.2)	(+0.2)
	Interest-bearing Debt	Million yen	150,872	161,262	163,904	162,763	163,005
	Total Unitholders' Equity	Million yen	161,058	176,303	175,502	175,452	175,640
	(% Change)	%	(+1.3)	(+9.5)	(-0.5)	(-0.0)	(+0.1)
Cash Distribution per Unit, etc.	Unitholders' Capital	Million yen	156,725	171,339	171,339	171,339	171,339
	Total Cash Distributions	Million yen	4,333	4,840	4,061	4,011	4,201
	Dividend payment ratio	%	100.0	97.5	100.5	100.0	100.0
	Number of Units Outstanding	Units	625,000	715,000	715,000	715,000	715,000
	Total Unitholders' Equity per Unit	Yen	257,693	246,578	245,458	245,387	245,651
	Cash Distribution per Unit		6,933	6,770	5,680	5,611	5,876
	Distribution amount	Yen	6,933	6,770	5,680	5,611	5,876
Financial Indices	Exceeding profit distribution amount		—	—	—	—	—
	Recurring Profits on Total Assets (Note 1)	%	1.3	1.4	1.1	1.1	1.2
	Annualized (Note 10)		2.6	2.9	2.2	2.3	2.3
	Net Income/NAV (Note 2-1)	%	2.7	2.9	2.3	2.3	2.4
	Annualized (Note 10)		5.4	5.9	4.6	4.6	4.7
	Total unitholders' equity at beginning of period (Note 2-2)	Million yen	159,057	161,058	176,303	175,502	175,452
	Unitholders' Equity Ratio at End of Period (Note 3)	%	48.5	49.2	48.6	48.7	48.7
	(Year-on-year increase/decrease)		(+0.1)	(+0.7)	(-0.6)	(+0.1)	(-0.0)
	Interest-Bearing Debt to Total Assets at End of Period (Note 4)	%	45.4	45.0	45.4	45.2	45.2
	DSCR (Note 5)	—	5.4	5.4	4.9	5.1	5.3
	Net income before interest and amortization	Million yen	7,604	7,841	7,511	7,438	7,427
	Interest paid (Note 6)		1,420	1,439	1,542	1,451	1,402
	NOI from Leasing (Note 7)	Million yen	8,332	8,607	8,438	8,144	8,239
Annualized NOI yield (Notes 9 and 10)	%	5.3	5.2	4.9	4.8	4.7	
NCF from Leasing (Note 8)	Million yen	7,657	8,383	7,980	7,597	7,628	
Annualized NCF yield (Notes 9 and 10)	%	4.9	5.0	4.6	4.5	4.4	
Reference Information	Properties Owned (Note 11)		53	55	56	56	57
	Number of tenants		476	460	479	493	501
	Total Leasable Floor Space (Note 12)	m ²	400,751.87	410,326.04	420,544.51	421,371.51	423,311.93
	Occupancy Rate	%	96.4	95.5	93.5	94.7	95.6

(Note 1) Ordinary income / (total assets at beginning of period + total assets at end of period) / 2
(Notes 2-1 and 2-2) Net income / (total unitholders' equity at beginning of period + total unitholders' equity at end of period) / 2
(Note 3) Total unitholders' equity at end of period / total assets at end of period x 100
(Note 4) Interest-bearing debt / total assets at end of period x 100
(Note 5) Net income before interest and amortization (excluding gain or loss on sale of real estate, and extraordinary loss) / interest paid
(Note 6) Interest paid in this table includes interest on corporate bonds
(Note 7) (Real estate rental revenues - real estate rental expenses) + depreciation
(Note 8) NOI from leasing - capital expenditures
(Note 9) Annualized NOI from leasing / purchase price of property (16th fiscal period: ¥310.61 billion, 17th fiscal period: ¥335.98 billion, 18th fiscal period: ¥341.58 billion, 19th fiscal period: ¥341.58 billion and 20th fiscal period: ¥344.98 billion)
Annualized NCF from leasing / purchase price of property
(Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 16th fiscal period: 184 days, 17th fiscal period: 181 days, 18th fiscal period: 184 days, 19th fiscal period: 181 days and 20th fiscal period: 184 days.
(Note 11) Shin-Kojimachi Bldg., Fukuoka Bldg., Shinjuku Square Tower, BYGS Shinjuku Bldg., Shinjuku Sanhome East Bldg., Tachikawa Business Center Bldg. and JPR Umeda Loft Bldg. were acquired at multiple times but are calculated as one property.
(Note 12) Total leasable floor space in this table indicates the contracted area.
(Note 13) Any ratios indicated on financial indices are rounded to the first decimal point (except for the dividend payment ratio, which is rounded off to the first decimal point).

(2) 20th Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Investment Trusts and Investment Corporations Law (hereafter, the Investment Trusts Law), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. JPR made its fourth additional public offering in February 2010, bringing the number of investment units issued and outstanding to 715,000 units. JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management Inc., through which JPR aims to maximize unitholder value by efficiently managing the portfolio of office buildings and retail properties.

2) Management Environment

During the 20th fiscal period, the Japanese economy was on its way out of the impact of the Great East Japan Earthquake, achieving advances in the recovery of disrupted supply chains through progress in the restoration of production facilities, managing to overcome the power shortage issues last summer. For the moment, however, a variety of issues have surfaced, including the European sovereign debt crisis, concerns about the accompanying slowdown in the world economy and foreign exchange problems, and the outlook remains to be seen.

As for the circumstances surrounding investment corporations, the investment unit prices continued to remain low, given the prolonged stagnance in the real estate market as well as the global trend of taking "Risk Off."

The Office Building Leasing Market

Despite initial concerns for the office market worsening due to the impact of the earthquake disaster, new demand recorded a net increase and the vacancy rate in the 23 wards of Tokyo remained almost flat. However, given the sense of uncertainty for the outlook of the economy and other factors, it is hard for the supply and demand situation of office spaces to make an abrupt upturn in the short term, and the office building leasing market will probably continue to remain at the bottom for some time.

Furthermore, after the earthquake, tenants are placing more importance on the seismic resistant performance and energy-saving performance in selecting office buildings, and tenant's preference is becoming increasingly polarized in a weak market condition, with considerations given to such evaluations.

The Retail Property Leasing Market

Although the retail property leasing market is generally in a difficult situation, consumer confidence has been slowly recovering from the worsened status immediately after the earthquake. Some urban retail properties in good locations, such as Ginza and Shinjuku, are presumably almost bottoming out as a result of significant rent adjustments already taken following the financial crisis.

The For-Sale Real Estate Market

The "wait-and-see" attitude prevailed in the for-sale real estate market for a certain period after the earthquake, but the market has been gradually recovering from then onward, with some large-scale deals successfully closed.

As fund procurement conditions provided by financial institutions remain stable, sellers have not lowered their price targets. On the other hand, buyers appear to have difficulty in raising the price levels they can afford since the outlook of the domestic economy and the real estate market remains to be somewhat weak.

As for investment corporations, their fund procurement options are limited by the investment unit prices that have recently remained low. This may impose limitations on property acquisitions by investment corporations.

3) Portfolio Management Status

New Property Acquisitions

JPR investigates possible investments mainly in office buildings in Tokyo CBDs and retail properties with the primary aim of stabilizing portfolio earnings while paying attention to balancing diversification of the portfolio, both in terms of location and asset class.

During the 20th fiscal period, JPR acquired Ginza Sanwa Building (acquisition price: 3.4 billion yen), resulting in the balance of assets under management now totaling 57 properties, or 344.9 billion yen on an acquisition price basis, as of the end of December 2011. The total leasable floor space is now 423,311m² and the number of tenants is 501.

Operational Management of Portfolio

Throughout Japan, tenant demand was mainly focused on integration of offices and relocation for consolidation with an aim to reduce costs. This caused the leasing market to remain tough, and JPR conducted management under a policy that places the highest priority on maintaining and improving occupancy rates.

Based on this policy, JPR kept close cooperation with property management companies, centering on Tokyo Tatemono Co., Ltd., and brokers to offer candidate tenants strategic leasing terms that reflect the market conditions and to respond to demand from existing tenants for expanded floor spaces within the buildings. With the accumulated effects of these endeavors, the period-end occupancy rate was successfully increased by 0.9 points to 95.6% from the 94.7% at the end of the previous fiscal period.

In terms of property management, based on JPR's brand concept A/3S (Amenity/Service, Safety and Save Energy), JPR continued to proactively implement renovations in an aim to create spaces where the workers feel satisfaction. As an endeavor to implement energy-saving measures, JPR conducted such construction as replacement of LED lamps in the common areas and leasable areas of JPR Ueno East Building and replacement of lighting equipment and LED lamps in the leasable areas of Kanematsu Building Annex, which are expected to be effective in saving energy. Furthermore, in response to the request by the government to reduce power consumption due to the impact of the Great East Japan Earthquake, JPR implemented significant power saving, while paying attention to tenant satisfaction, not only at its large buildings that are subject to use restrictions pursuant to the Electricity Business Act (Act No. 170 of 1964, as amended thereafter) but also at other buildings to which the law is not applicable, from the viewpoint of social importance. JPR is also proactively engaged in environmental friendliness, as exemplified by the fact that JPR was ranked third among listed companies in Asia in the international survey on environmental responses of real estate business operators conducted by GRESB*, which comprises representative European pension funds and other entities.

*GRESB stands for the Global Real Estate Sustainability Benchmark.

Fund Procurement

During the 20th fiscal period, JPR continued to maintain its stable financial base through such measures as conducting refinances to long-term fixed interest funds, with an eye on avoiding future interest rate fluctuation risks and remaining attentive to the diversification of repayment and redemption maturity dates.

As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 111.50 billion yen, with unsecured corporate bonds of 51.5 billion yen. With regard to JPR's overall interest-bearing debt, the average interest rate as of the end of the fiscal period (Note 1) was 1.7%, the interest-bearing debt ratio (Note 2) was 48.8% and the LTV (ratio of interest-bearing debt to total assets) at the end of the period (Note 3) was 45.2%.

Of these, the non-current portion of long-term interest-bearing debt that is hedged against risk of interest rate fluctuations now comprises 76.1% of all interest-bearing debt, and the average maturity (Note 4) is 3.8 years. The current portion of long-term interest-bearing debt is 26.61 billion yen.

The following represents the issuer ratings for JPR as of the end of this fiscal period.

Details of Corporate Credit Ratings as of December 31, 2011

Credit Rating Agency	Corporate Credit Rating
Rating and Investment Information, Inc.	AA- (Stable)
Moody's Japan K.K.	A2 (Negative)
Standard & Poor's Ratings Japan K.K.	Long-term: A (Stable) Short-term: A-1

(Note 1) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 20th fiscal period based on the balance of each debt.

(Note 2) Interest-bearing debt ratio (%): interest-bearing debt/(interest-bearing debt + unitholders' capital) x 100 (unitholders' capital: 171.33 billion yen)

(Note 3) LTV at end of period (%): interest-bearing debt/total assets at end of period x 100 (total assets at the end of the 20th fiscal period: 360.69 billion yen)

(Note 4) Average maturity of long-term interest-bearing debt is arrived at by calculating a weighted average of maturities from the end of the 20th fiscal period to the repayment deadlines for long-term interest-bearing debt with repayment periods of more than one year, based on the balance of each debt.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. in and prior to the 19th fiscal period.

Date	Event	Number of Units Outstanding		Unitholders' Capital (million yen)		Remarks
		Variation	Balance	Variation	Balance	
September 14, 2001	Established by private placement	240	240	120	120	(Note 1)
November 16, 2001	Additional private placement	62,000	62,240	31,000	31,120	(Note 2)
January 22, 2002	Split of investment units	93,360	155,600	-	31,120	(Note 3)
June 14, 2002	Initial public offering	134,000	289,600	25,862	56,982	(Note 4)
July 15, 2003	Additional public offering	134,400	424,000	30,758	87,740	(Note 5)
August 9, 2003	Third-party allotment	6,000	430,000	1,373	89,113	(Note 6)
February 1, 2005	Additional public offering	95,000	525,000	25,001	114,115	(Note 7)
March 1, 2005	Third-party allotment	5,000	530,000	1,315	115,431	(Note 8)
February 6, 2007	Additional public offering	90,000	620,000	39,120	154,552	(Note 9)
March 7, 2007	Third-party allotment	5,000	625,000	2,173	156,725	(Note 10)
February 8, 2010	Additional public offering	82,000	707,000	13,315	170,040	(Note 11)
March 12, 2010	Third-party allotment	8,000	715,000	1,299	171,339	(Note 12)

(Note 1) JPR was formed by the investment of three companies —Tokyo Tatemono Co., Ltd. (100 units), Taisei Corporation (100 units), and Tokyo Realty Investment Management, Inc. (40 units)— at 500,000 yen per unit.

(Note 2) An additional offering was made via private placement at 500,000 yen per unit. JPR then acquired 13 beneficiary interests in real estate trust and started management.

(Note 3) A single investment unit was split into 2.5 units.

(Note 4) New investment units were issued through a public offering at 200,000 yen per unit (underwriting price of 193,000 yen per unit) to repay short-term debt, finance the acquisition of new specific assets, etc.

(Note 5) New investment units were issued through a public offering at 237,160 yen per unit (underwriting price of 228,859 yen per unit) to repay short-term debt, acquire new specific assets, etc.

(Note 6) New investment units were issued through a third-party allotment at 228,859 yen per unit to repay short-term debt, acquire new specific assets, etc.

(Note 7) New investment units were issued through a public offering at 272,440 yen per unit (underwriting price of 263,177 yen per unit) to repay short-term debt, acquire new specific assets, etc.

(Note 8) New investment units were issued through a third-party allotment at 263,177 yen per unit to repay short-term debt, acquire new specific assets, etc.

(Note 9) New investment units were issued through a public offering at 449,820 yen per unit (underwriting price of 434,673 yen per unit) to repay debt, acquire new specific assets, etc.

(Note 10) New investment units were issued through a third-party allotment at 434,673 yen per unit to repay debt, acquire new specific assets, etc.

(Note 11) New investment units were issued through a public offering at 168,101 yen per unit (underwriting price of 162,382 yen per unit) to repay short-term debt, redeem investment corporation bonds, acquire new specific assets, etc.

(Note 12) New investment units were issued through a third-party allotment at 162,382 yen per unit to repay short-term debt, redeem investment corporation bonds, acquire specific assets, etc.

(4) Cash Distributions

With regard to the cash distributions for the 20th fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 19th fiscal period. This was conducted with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden on unitholders incurred by accrual of income taxes, etc. As a result, the cash distribution per unit came to 5,876 yen.

(Thousands of yen unless otherwise indicated)

Date	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - Dec. 31, 2010)	19th Fiscal Period (Jan. 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - Dec. 31, 2011)
Unappropriated Retained Earnings at End of Period	4,333,229	4,963,970	4,088,758	4,038,287	4,226,806
Internal Reserves	104	123,420	27,558	26,422	25,466
Total Cash Distributions (cash distribution per unit)	4,333,125 (6,933 yen)	4,840,550 (6,770 yen)	4,061,200 (5,680 yen)	4,011,865 (5,611 yen)	4,201,340 (5,876 yen)
Total Cash Distributions from Net Income (cash distribution from net income per unit)	4,333,125 (6,933 yen)	4,840,550 (6,770 yen)	4,061,200 (5,680 yen)	4,011,865 (5,611 yen)	4,201,340 (5,876 yen)
Repayment of Paid-in Capital (repayment of paid-in capital per unit)	- (- yen)	- (- yen)	- (- yen)	- (- yen)	- (- yen)

(5) Future Management Policy and Vital Issues

For the moment, there is a large pile of major issues including the outcome of the European sovereign debt problem, concerns about the slowdown in the world economy and the foreign exchange trends. In addition, it seems inevitable that power shortage due to the impact of the nuclear power plant accident will be prolonged and extended to wider areas. On the other hand, there are also bright signs observed, with expectations growing for expanded domestic demand in association with demand from post-earthquake constructions becoming full-fledged.

According to the economic outlook for fiscal 2012 by the government, the real GDP growth for the fiscal year is expected to be around 2.2%. If this economic outlook is assumed, it is anticipated that new demand will arise to meet a large volume of supply and the office building leasing market will remain stable.

In the for-sale real estate market, it is anticipated that transactions will take place more often primarily by players with additional capacity to procure funds, if concerns for further worsening of the real estate market diminish.

Based on these conditions, JPR will proceed with management that exercises caution regarding the following matters as we strive to maximize unitholder value.

1) Acquisition of New Properties

JPR will investigate investment targets from a wide selection of available properties, centering on Tokyo and office buildings. JPR believes that the for-sale market is getting out of the almost-bottom status and on track to recovery, continuing to present a good opportunity for property acquisitions for some time. JPR will work to invest in strictly selected properties, making stringent evaluations of their location, size and specifications (including the seismic resistant performance and energy-saving performance) and taking into account how tolerant they are against market downturns and how much potential they have for revenue growth upon market recovery. JPR will strive to acquire properties under reasonable terms by negotiating prices based on detailed market studies and property investigations in considering properties.

JPR will continue to make investment decisions after a proactive collection of information through such sources as sponsors of the asset management company, accurately grasping market trends and carefully researching investment value, including the future potential of candidate properties. Moreover, JPR will continue to investigate asset replacement.

2) Management of Portfolio

Given the continuation of the severe leasing environment, JPR will work to maintain and raise the occupancy rate of its portfolio by conducting measures to reinforce leases, centering on strategic upgrading constructions with an aim to invite new tenants and enhance satisfaction of existing tenants and on further strengthening coordination with tenant brokers. For properties that have particularly stagnant occupancy rates, JPR will focus on conducting leasing activities by more closely cooperating with property management companies, centering on Tokyo Tatemono.

Moreover, under the concept of “Save energy,” which is part of JPR’s brand strategy, JPR will systematically implement “renovations of air conditioning systems aiming to create buildings with high environmental performance” and other measures, in promoting endeavors to meet the energy-saving obligations (efforts to save energy by at least 1% on average per year) based on the revised Act on the Rational Use of Energy (Act No. 49 of 1979, as amended thereafter) (hereinafter, the “Revised Energy Conservation Act”), the Ordinance on Environmental Preservation to Secure the Health and Safety of Citizens of the Tokyo Metropolitan Area (Ordinance No. 215 of 2000, as amended thereafter) of the Tokyo Metropolitan Government and other laws and regulations. JPR has been investigating measures that should help reduce energy consumption, such as replacing lighting equipment with LED lamps, for buildings subject to the Revised Energy Conservation Act. JPR estimates that the measures will make it possible to fulfill the energy savings obligations for the coming five years without having to make significant changes to the existing medium- to long-term repair and maintenance plans.

On top of these, against the backdrop of the moves by Tokyo Electric Power Company and other electricity companies to significantly raise power rates, JPR will take necessary measures to save power consumption at not only large buildings but also other buildings in its portfolio, while continuously paying attention to tenant satisfaction.

(6) Fund Procurement

JPR’s fundamental policy for fund procurement calls for an efficient combination of long-term steady fund procurement and short-term fund procurement that emphasizes dynamism. In line with this policy, JPR will procure funds through unsecured and unguaranteed bank borrowings as well as the issuance of corporate bonds. JPR will continue to focus on the diversification of fund procurement means and consistently strive to diversify maturities.

(7) Information Disclosure

JPR has positioned the proactive voluntary disclosure of information as one of its key management policies and will voluntarily disclose information believed to be essential to investment decisions concerning JPR, along with the timely disclosure of items to the Tokyo Stock Exchange. JPR is proactively employing its website (http://www.jpr-reit.co.jp/jpr_e) as well as its specified website for retail investors (<http://www.jpr-reit.co.jp/kojin/index.html> (Japanese only)) as a vital means for implementing voluntary disclosure and, JPR has promptly disclosed performance information and has run videos on its primary properties using this site. We are committed to further enriching our information disclosure activities.

(8) Important Facts Arising after the Settlement

There are no material subsequent events for this fiscal period.

Overview of the Investment Corporation

(1) Unitholders' Capital

	16th Fiscal Period as of December 31, 2009	17th Fiscal Period as of June 30, 2010	18th Fiscal Period as of December 31, 2010	19th Fiscal Period as of June 30, 2011	20th Fiscal Period as of December 31, 2011
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	625,000	715,000	715,000	715,000	715,000
Unitholders' capital (millions of yen)	156,725	171,339	171,339	171,339	171,339
Total number of unitholders	14,751	15,197	14,977	14,576	14,513

(2) Primary Investors

The following table shows the 10 largest investors according to the percentage of their owned investment units to the total number of units outstanding as of the end of the 20th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd.	Chuo Ward, Tokyo	129,119	18.05
The Nomura Trust and Banking Co., Ltd.	Chiyoda Ward, Tokyo	53,652	7.50
Trust & Custody Services Bank, Ltd.	Chuo Ward, Tokyo	42,043	5.88
Tokyo Tatemono Co., Ltd.	Chuo Ward, Tokyo	29,300	4.09
Northern Trust Company (AVFC) Account Shingapore Clients (Standing proxy: Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	London, UK (Chuo Ward, Tokyo)	27,258	3.81
Kawasaki Gakuen	Kurashiki City, Okayama	25,000	3.49
Meiji Yasuda Life Insurance Company	Chiyoda Ward, Tokyo	24,000	3.35
The Master Trust Bank of Japan, Ltd.	Minato Ward, Tokyo	23,000	3.21
The Senshu Ikeda Bank, Ltd.	Kita Ward, Osaka City, Osaka	13,630	1.90
Nomura Bank (Luxemburg) S. A. (Standing proxy: Sumitomo Mitsui Banking Corporation)	Luxemburg (Chiyoda Ward, Tokyo)	13,096	1.83
	Total	380,098	53.16

(Note) Percentage of total units outstanding are rounded to the second decimal point.

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 20th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 20th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,400	—
Supervising Officers (Note 1)	Sosuke Yasuda	Adviser, Gyosei Audit Corporation Group representative partner, GYOSEI Certified Public Tax & Accountants' Co. Outside Auditor, Nomura Research Institute, Ltd. (part-time) Outside Auditor, MS&AD Insurance Group Holdings (part-time)	4,200	—
	Masato Denawa	Partner Attorney, Spring Partners		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	15,900	—

(Note 1) Supervising officers may be directors of corporations other than those indicated above, but have no conflict of interest with JPR at those and the above positions.

(Note 2) The independent auditor fees include fees regarding auditing of JPR's English financial statements and fee regarding preparation of comfort letters for issuance of investment corporation bonds.

B. Policy on Dismissing and Deciding Not to Reappoint the Independent Auditor

The dismissal of independent auditors shall be considered in accordance with the designations of the Investment Trust Law. The decision to not reappoint the auditor shall be studied at JPR's Board of Directors Meetings following comprehensive consideration of circumstances including audit quality, audit fee and other various conditions.

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 20th fiscal period are as follows.

Outsourcing Category	Name
Asset management company	Tokyo Realty Investment Management, Inc.
Asset custodian	Mizuho Trust & Banking Co., Ltd.
Administrative agent (administration, etc. concerning unitholders' list, etc.)	Mizuho Trust & Banking Co., Ltd.
Administrative agent (administration concerning corporate bonds)	Mizuho Trust & Banking Co., Ltd. Mizuho Corporate Bank, Ltd. Merrill Lynch Japan Securities Co., Ltd. Mizuho Securities Co., Ltd. Shinkin Securities Co., Ltd. Nomura Securities Co., Ltd.

Status of JPR's Assets under Management

(1) JPR's Asset Structure

Asset Type	Area	19th Fiscal Period (as of June 30, 2011)		20th Fiscal Period (as of December 31, 2011)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Tokyo CBDs	76,720,219	21.3	80,395,006	22.3
	Greater Tokyo	64,924,515	18.0	64,450,594	17.9
	Other Cities	11,029,829	3.1	10,958,808	3.0
Real estate in trust	Tokyo CBDs	88,354,212	24.5	88,142,132	24.4
	Greater Tokyo	44,825,226	12.5	44,487,473	12.3
	Other Cities	44,682,002	12.4	44,446,607	12.3
Deposits and other assets		29,468,864 (—)	8.2 (—)	27,818,485 (—)	7.7 (—)
Total assets	—	360,004,870 (330,536,005)	100.0 (91.8)	360,699,107 (332,880,621)	100.0 (92.3)

(Note 1) Total assets owned are based on the amounts appropriated on the balance sheet as of the settlement date (book values after depreciation for real estate and real estate in trust).

(Note 2) Figures in parenthesis are portions that practically fall on real estate owned in the object assets.

(2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 20th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Olinas Tower	30,312,442	23,987.40	23,652.51	98.6	9.3	Office
Shinjuku Center Bldg.	21,620,848	8,861.34	7,753.89	87.5	4.1	Office
BYGS Shinjuku Bldg.	15,702,753	15,237.87	14,826.53	97.3	4.5	Office
JPR Sendagaya Bldg.	15,321,160	6,177.74	5,553.22	89.9	2.3	Office
Kanematsu Bldg.	14,939,477	7,994.02	7,592.34	95.0	3.1	Office
Kawasaki Dice Bldg.	14,626,249	13,066.69	12,825.79	98.2	3.4	Retail
JPR Umeda Loft Bldg.	12,588,589	18,586.97	18,586.97	100.0	3.6	Retail
JPR Shibuya Tower Records Bldg.	11,673,302	8,076.85	8,076.85	100.0	3.2	Retail
MS Shibaura Bldg.	10,951,786	14,470.72	13,490.04	93.2	4.1	Office
Shinjuku Square Tower	9,133,833	11,150.78	11,047.40	99.1	2.1	Office
Total	156,870,445	127,610.38	123,405.54	96.7	39.7	

(Note 1) Rate of monthly contracted rent at end of period is the rate arrived at by dividing the monthly contracted rent at end of period for each property by the total rents for all properties.

(Note 2) The tenants of Shinjuku Center Bldg. and Kawasaki Dice Bldg. have sublet space to a sub-lessee and a lease agreement has been executed where the rent paid by the tenant fluctuates in accordance with the lease conditions of the sub-lessee. Therefore, the leasable floor space, leased floor space and occupancy rate entered for this building are the figures concerning the sub-lessee of the tenant.

(Note 3) Each sectional owner of Shinjuku Square Tower leases its portions to Tokyo Tatemono Co., Ltd. collectively, and the firm subleases them to sub-lessees. The figure includes the portion additionally acquired in 14th fiscal period.

Accordingly, the leasable floor space of the building is calculated by multiplying the total contracted areas of offices, shops and warehouses which the company rents and can sublease to sub-lessees by 40.31465%, the rent allocation ratio of JPR. The subleased areas used to calculate the occupancy rate are the subleased areas to sub-lessees multiplied by the rent allocation ratio. Each figure has been rounded to the second decimal point.

(3) Acquired Properties

The overview of the real estate and beneficiary interest in real estate in which JPR invests are as follows.

Location Category	Asset Class	Property Name	Location	Asset Type	Book Value (as of December 31, 2011) (thousands of yen)	Appraisal Value (as of December 31, 2011) (thousands of yen)	
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	14,939,477	10,200,000	
		Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Beneficiary Interest	2,485,245	2,060,000	
		JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	1,993,463	2,260,000	
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	Chiyoda Ward, Tokyo	Beneficiary Interest	1,628,294 562,328 202,892	3,030,000	
		JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	3,502,609	3,470,000	
		MS Shibaura Bldg.	Minato Ward, Tokyo	Beneficiary Interest	10,951,786	13,400,000	
		Gotanda First Bldg.	Shinagawa Ward, Tokyo	Beneficiary Interest	2,701,723	2,850,000	
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	Chuo Ward, Tokyo	Beneficiary Interest Real Estate	1,780,404 1,145,235	3,180,000	
		JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	5,316,493	4,760,000	
		Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	Beneficiary Interest	3,175,133	4,280,000	
		Shinjuku Square Tower (additional acquisition in 14th fiscal period)	Shinjuku Ward, Tokyo	Beneficiary Interest Real Estate	8,955,346 178,487	7,796,000	
		BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Real Estate	15,702,753	13,700,000	
		Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Real Estate	631,338	819,000	
		Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Real Estate	21,620,848	13,300,000	
		Minami Azabu Building	Minato Ward, Tokyo	Real Estate	3,872,123	2,730,000	
		Shinagawa Canal Building	Minato Ward, Tokyo	Real Estate	1,835,834	1,790,000	
		Rokubancho Building	Chiyoda Ward, Tokyo	Real Estate	2,919,548	3,090,000	
		JPR Harajuku Building	Shibuya Ward, Tokyo	Beneficiary Interest	8,745,340	7,250,000	
		Tokyo Tatemono Kyobashi Bldg.	Chuo Ward, Tokyo	Real Estate	5,271,120	5,210,000	
	JPR Nihonbashi-horidome Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	5,174,472	5,740,000		
	JPR Sendagaya Bldg.	Shibuya Ward, Tokyo	Real Estate	15,321,160	10,200,000		
	GINZA Sanwa Bldg.	Chuo Ward, Tokyo	Real Estate	3,550,430	3,430,000		
	Retail	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Beneficiary Interest	11,673,302	12,600,000	
		JPR Daikanyama	Shibuya Ward, Tokyo	Real Estate	2,205,748	1,280,000	
		JPR Jingumae 432	Shibuya Ward, Tokyo	Beneficiary Interest	4,353,817	3,750,000	
		Shinjuku Sanchome East Bldg.	Shinjuku Ward, Tokyo	Real Estate	2,750,458	2,330,000	
		Yurakucho Ekimae Building (Yurakucho Itocia)	Chiyoda Ward, Tokyo	Real Estate	3,389,918	2,620,000	
	Greater Tokyo	Office	Arca East	Sumida Ward, Tokyo	Beneficiary Interest	4,719,853	5,890,000
			JPR Chiba Bldg.	Chiba City, Chiba	Beneficiary Interest	2,436,422	1,550,000
JPR Yokohama Nihon Odori Bldg.			Yokohama City, Kanagawa	Beneficiary Interest	2,695,987	2,460,000	
Shinyokohama 2nd Center Bldg.			Yokohama City, Kanagawa	Real Estate	857,887	815,000	
Kawaguchi Center Bldg.			Kawaguchi City, Saitama	Beneficiary Interest	7,197,943	8,020,000	
JPR Ueno East Bldg.			Taito Ward, Tokyo	Real Estate	3,143,943	4,620,000	
Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)			Tachikawa City, Tokyo	Beneficiary Interest Real Estate	791,529 2,215,540	2,880,000	
Rise Arena Bldg.			Toshima Ward, Tokyo	Real Estate	5,613,025	5,890,000	
Yume-ooka Office Tower			Yokohama City, Kanagawa	Real Estate	6,084,968	5,560,000	
Olinas Tower			Sumida Ward, Tokyo	Real Estate	30,312,442	32,300,000	
Tokyo Tatemono Yokohama Building			Yokohama City, Kanagawa	Real Estate	7,019,334	6,990,000	
Retail		Tanashi ASTA	Nishitokyo City, Tokyo	Beneficiary Interest	7,880,732	12,300,000	
		Cupo-la Main Bldg.	Kawaguchi City, Saitama	Real Estate	1,923,415	2,480,000	
		JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Real Estate	7,280,037	5,280,000	
		Musashirawa Shopping Square	Saitama City, Saitama	Beneficiary Interest	4,138,754	3,920,000	
		Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	Beneficiary Interest	14,626,249	14,664,000	
		Niigata Ekinan Center Bldg.	Niigata City, Niigata	Beneficiary Interest	1,671,735	2,090,000	
		Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Beneficiary Interest	4,198,873	3,210,000	
		JPR Hakata Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	3,246,665	2,890,000	
Other Cities	Office	JPR Naha Bldg.	Naha City, Okinawa	Beneficiary Interest	1,447,198	1,460,000	
		Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Beneficiary Interest	2,413,837	3,320,000	
		Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Beneficiary Interest	1,330,939	1,670,000	
		Tenjin 121 Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	2,349,740	2,070,000	
		JPR Dojima Bldg.	Osaka City, Osaka	Beneficiary Interest	2,064,592	2,180,000	
		JPR Hakata-chuo Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	1,800,182	1,640,000	
		JPR Nagoya Fushimi Building	Nagoya City, Aichi	Real Estate	4,241,857	2,660,000	
	Retail	JPR Umeda Loft Bldg.	Osaka City, Osaka	Beneficiary Interest	12,588,589	13,500,000	
		Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Beneficiary Interest	5,301,798	4,270,000	
		Housing Design Center Kobe	Kobe City, Hyogo	Real Estate	6,716,951	6,460,000	
		JPR Chayamachi Bldg.	Osaka City, Osaka	Beneficiary Interest	6,032,453	4,540,000	
Total					332,880,621	314,704,000	

(Note) The calculated values at end of period are either appraisal values or survey values by real estate appraisers, based on the Cabinet Office Order on "Regulations on calculations of investment corporations."

History of rental business for each of JPR's real estate and beneficiary interest in real estate investments

Location Category	Asset Class	Property Name	19th Fiscal Period (from Jan. 1, 2011 to June 30, 2011)				20th Fiscal Period (from July 1, 2011 to Dec. 31, 2011)			
			Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total	Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total
Tokyo CBDs	Office	Kanematsu Bldg.	7	90.0	313,381	2.7	8	95.0	360,986	3.1
		Kanematsu Bldg. Annex	1	100.0	86,544	0.8	1	100.0	85,485	0.7
		JPR Ningyo-cho Bldg.	3	59.6	70,366	0.6	2	45.9	72,595	0.6
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period)	10	100.0	73,455	0.6	9	95.7	77,318	0.7
		(additional acquisition in 6th fiscal period)		67.4	20,495	0.2		67.4	20,275	0.2
				100.0	12,312	0.1		0.0	12,180	0.1
		JPR Crest Takebashi Bldg.	8	94.9	130,972	1.1	8	94.9	126,701	1.1
		MS Shibaura Bldg.	8	100.0	513,295	4.5	7	93.2	518,125	4.4
		Gotanda First Bldg.	2	100.0	131,459	1.1	2	100.0	135,793	1.2
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	1	100.0	87,356	0.8	1	100.0	87,356	0.7
				100.0	38,973	0.3		100.0	33,983	0.3
		JPR Ichigaya Bldg.	9	100.0	153,058	1.3	9	100.0	170,841	1.5
		Oval Court Ohsaki Mark West	3	100.0	187,748	1.6	3	100.0	187,256	1.6
		Shinjuku Square Tower (additional acquisition in 14th fiscal period)	21	83.7	218,130	1.9	23	99.1	190,741	1.6
				83.7	3,351	0.0		99.1	2,930	0.0
		BYGS Shinjuku Bldg.	21	85.1	538,412	4.7	24	97.3	506,640	4.3
		Across Shinkawa Bldg. Annex	3	80.1	43,105	0.4	4	100.0	33,390	0.3
		Shinjuku Center Bldg.	24	90.0	457,860	4.0	22	87.5	470,795	4.0
	Minami Azabu Building	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	Shinagawa Canal Building	4	100.0	67,363	0.6	4	100.0	68,100	0.6	
	Rokubancho Building	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	JPR Harajuku Building	7	88.5	243,048	2.1	7	88.5	223,144	1.9	
	Tokyo Tatemono Kyobashi Bldg.	2	100.0	(Note 2)	(Note 2)	2	100.0	(Note 2)	(Note 2)	
	JPR Nihonbashi-horidome Bldg.	7	100.0	178,874	1.6	7	100.0	198,390	1.7	
	JPR Sendagaya Bldg.	5	94.1	127,304	1.1	5	89.9	268,841	2.3	
	Ginza Sanwa Bldg.	—	—	—	—	8	98.4	74,325	0.6	
Retail	JPR Shibuya Tower Records Bldg.	1	100.0	345,576	3.0	1	100.0	345,576	2.9	
	JPR Daikanyama	4	100.0	41,297	0.4	4	100.0	38,849	0.3	
	JPR Jingumae 432	5	89.8	62,498	0.5	5	89.8	69,145	0.6	
	Shinjuku Sanchome East Bldg.	1	100.0	74,499	0.6	1	100.0	74,498	0.6	
	Yurakucho Ekimae Building (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
Greater Tokyo	Office	Arca East	6	100.0	258,569	2.2	4	85.3	229,779	2.0
		JPR Chiba Bldg.	30	84.6	114,724	1.0	31	85.4	120,799	1.0
		JPR Yokohama Nihon Odori Bldg.	13	97.2	126,344	1.1	13	100.0	128,669	1.1
		Shinyokohama 2nd Center Bldg.	12	85.5	50,639	0.4	13	85.5	50,141	0.4
		Kawaguchi Center Bldg.	37	82.1	404,174	3.5	36	83.2	379,973	3.2
		JPR Ueno East Bldg.	5	71.8	168,553	1.5	6	83.6	141,978	1.2
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)	17	100.0	60,543	0.5	17	100.0	61,346	0.5
				96.1	88,599	0.8		100.0	91,725	0.8
		Rise Arena Bldg.	1	100.0	239,567	2.1	1	100.0	240,186	2.0
		Yume-ooka Office Tower	34	88.4	315,801	2.7	33	87.9	322,526	2.7
	Olinas Tower	12	98.6	1,153,362	10.0	12	98.6	1,120,647	9.5	
	Tokyo Tatemono Yokohama Building	13	100.0	304,889	2.6	13	100.0	308,348	2.6	
	Retail	Tanashi ASTA	1	100.0	596,400	5.2	1	100.0	596,400	5.1
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Musashiurawa Shopping Square	3	100.0	129,061	1.1	3	100.0	129,061	1.1
		Kawasaki Dice Bldg.	19	98.2	472,271	4.1	19	98.2	470,553	4.0
Other Cities	Office	Niigata Ekinan Center Bldg.	8	99.3	132,562	1.1	8	100.0	133,210	1.1
		Tokyo Tatemono Honmachi Bldg.	10	78.0	52,737	0.5	10	78.0	107,667	0.9
		JPR Hakata Bldg.	28	98.9	150,528	1.3	25	91.3	149,576	1.3
		JPR Naha Bldg.	16	87.0	91,347	0.8	18	93.8	94,548	0.8
		Sompo Japan Sendai Bldg.	12	100.0	183,486	1.6	12	99.9	194,779	1.7
		Sompo Japan Wakayama Bldg.	16	96.8	120,168	1.0	14	88.4	118,875	1.0
		Tenjin 121 Bldg.	12	79.4	91,660	0.8	13	91.4	90,219	0.8
		JPR Dojima Bldg.	8	89.0	107,630	0.9	9	100.0	120,625	1.0
		JPR Hakata-chuo Bldg.	5	100.0	78,615	0.7	5	100.0	71,922	0.6
		JPR Nagoya Fushimi Bldg.	3	66.6	65,472	0.6	3	89.7	90,761	0.8
	Retail	JPR Umeda Loft Bldg.	1	100.0	402,411	3.5	1	100.0	402,411	3.4
		Benetton Shinsaibashi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
	Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
	JPR Chayamachi Bldg.	7	100.0	145,268	1.3	7	100.0	139,701	1.2	
	Total	493	94.7	11,529,624	100.0	501	95.6	11,772,766	100.0	

(Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower, Shinjuku Center Bldg., Rise Arena Bldg., and Kawasaki Dice Bldg. when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural. The tenants of Shinjuku Square Tower, Shinjuku Center Building, Rise Arena Bldg., and Kawasaki Dice Bldg. have sublet space to sublessees and lease agreements have been executed where the rent paid by the tenants fluctuates in accordance with the lease conditions of the sublessees and thus the numbers of sublessees have been entered as the numbers of tenants.

(Note 2) The tenant to whom the entire portion owned by JPR is leased has not agreed to our disclosing rents and other information. Therefore, JPR does not disclose them as it falls under cases in which disclosure is impossible due to inevitable reasons.

(4) Status of Other Properties

Beneficiary interests with real estate as major entrusted properties have been entered under (3) Acquired Properties on P39.

There is no incorporation of main specific assets which are main investment targets of JPR other than listed on P39 as of the end of 20th period.

Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

The following are major items of capital expenditures for currently planned renovations, etc. for JPR-owned real estate and entrusted real estate regarding beneficiary interests in real estate. Further, the planned construction expenses include portions that are classified as expenses in accounting.

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 20th Fiscal Period	Amount Already Paid
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	3rd phase of replacement of air conditioning units	Jan. 2012~ Jun. 2012	184	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	2nd phase of renewal of passenger elevators	Sep. 2010~ Mar. 2012	93	16	42
Minami Azabu Bldg.	Mianto Ward, Tokyo	Replacement of air conditioning units	May 2012~ Jun. 2012	83	—	—
Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	Replacement of air conditioning units	Apr. 2012~ Jun. 2012	66	—	—
Ginza Sanwa Bldg.	Chuo Ward, Tokyo	2nd phase of replacement of air conditioning units	Mar. 2012~ Jun. 2012	46	—	—
Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Renewal of integrated control boards	Mar. 2012~ Mar. 2012	30	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	2nd phase of replacement of toilets	Aug. 2011~ Jan. 2012	23	—	—

(2) Capital Expenditures during the 20th Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 20th period.

Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas and installation of office automation floors for leased offices with the aim of attracting new tenants. In addition, aside from these constructions, JPR conducted construction of 343 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	2nd phase of replacement of 4th, 7th - 10th and 12th floor air conditioning units	Jul. 2011~ Dec. 2011	142
JPR Harajuku Bldg.	Shibuya Ward, Tokyo	Replacement of 4th and 6th - 9th floor air conditioning units	Apr. 2011~ Dec. 2011	69
JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Replacement of 6th - 8th floor air conditioning units	Aug. 2011~ Sep. 2011	45
Ginza Sanwa Bldg.	Chuo Ward, Tokyo	1st phase of replacement of air conditioning units	Oct. 2011~ Dec. 2011	35
Housing Design Center Kobe	Kobe City, Hyogo	Renewal of central monitoring boards	Sep. 2011~ Dec. 2011	34
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	1st phase of renewal of rising pipes in toilets	Mar. 2011~ Jul. 2011	23
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	2nd phase of replacement of fireproof materials in passenger elevator shafts	Oct. 2011~ Nov. 2011	22
Other Properties		Repair of common areas, installation of office automation floors and air conditioners		237
Total				611

(Note) Expenditures for repair and maintenance included 8 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

(3) Amounts Reserved for Long-Term Repairs and Maintenance Plans

JPR has deposited the following amounts from the redundant cash flow (including one accompanying internal reserve of profits) such as depreciation in order to conduct large-scale repairs and maintenance work, based on long-term repairs and maintenance plans for individual properties.

(Millions of yen)

Operation Period	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - Dec. 31, 2010)	19th Fiscal Period (Jan. 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - Dec. 31, 2011)
Balance of deposits at beginning of current period	783	731	857	737	767
Deposits during the period	391	238	121	404	389
Amounts used from deposits during the period	443	112	241	374	410
Deposits carried forward to the next period	731	857	737	767	746

Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	19th Fiscal Period (Jan. 1, 2011- June 30, 2011)	20th Fiscal Period (July 1, 2011- Dec. 31, 2011)
(a) Asset Management Fees (Note)	415,874	421,613
Fixed compensation	75,000	75,000
Incentive-based compensation 1	213,692	216,723
Incentive-based compensation 2	127,182	129,890
(b) Administrative Service and Custodian Fees	71,074	74,659
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	49,300	43,737
(e) Other Expenses	87,138	105,346
Total	629,988	651,956

(Note) Aside from the amounts of the asset management fees entered above, a total 8,500 thousand yen for the 20th fiscal period has been paid for asset management of the acquired properties and has been included in the book value of each property.

(2) Status of Borrowings

As of December 31, 2011 JPR has the following borrowings.

Category	Lender	Drawdown Date	Balance as of July 1, 2011 (millions of yen)	Balance as of Dec. 31, 2011 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Borrowings	Resona Bank, Limited (Note 10)	Jul. 2, 2010	4,000	—	0.859	Jul. 4, 2011	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		Jul. 4, 2011	—	2,000	0.758	Jul. 4, 2012			
	Mizuho Corporate Bank, Ltd.	Jul. 2, 2010	1,000	—	0.859	Jul. 4, 2011			
		Dec. 27, 2010	1,000	—	0.859	Jul. 4, 2011			
	Mitsubishi UFJ Trust and Banking Corporation (Note 10)	Dec. 27, 2010	3,000	—	0.859	Jul. 4, 2011			
		Jul. 4, 2011	—	2,000	0.758	Jul. 4, 2012			
	Mizuho Trust & Banking Co., Ltd.	Dec. 27, 2010	1,000	—	0.859	Jul. 4, 2011			
	Jul. 4, 2011	—	1,000	0.758	Jul. 4, 2012				
	Aozora Bank, Ltd. (Note 10)	Aug. 26, 2011	—	2,000	0.750	Aug. 26, 2012			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Aug. 29, 2011	—	2,000	0.751	Jul. 4, 2012			
Sumitomo Mitsui Banking Corporation	Aug. 29, 2011	—	1,400	0.751	Jul. 4, 2012				
Total			10,000	12,400					

(2) Status of Borrowings (Continued)

Category	Lender	Drawdown Date	Balance as of July 1, 2011 (millions of yen)	Balance as of Dec. 31, 2011 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Current Portion of Long-term Borrowings	Development Bank of Japan Inc.	Mar. 31, 2009	50	50	1.740	(Note 4)	(Note 4)	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		Jun. 26, 2009	200	200	3.190	(Note 5)	(Note 5)		
	Mizuho Corporate Bank, Ltd.	Jun. 26, 2009	200	200	2.449	(Note 6)	(Note 6)		
	MBank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 26, 2009	166	166	2.390	(Note 7)	(Note 7)		
	Sumitomo Mitsui Banking Corporation	Jun. 29, 2009	100	100	2.440	(Note 8)	(Note 8)		
	Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	Nov. 24, 2005	—	5,000	1.453	Nov. 27, 2012			
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2006	6,000	—	1.734	Aug. 29, 2011			
		Jun. 26, 2009	1,000	1,000	2.156	Jun. 27, 2012			
	The Hachijuni Bank, Ltd.	Dec. 26, 2006	1,000	1,000	1.642	Apr. 11, 2012			
	Sompo Japan Insurance Inc.	Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012	Principal lump sum repayment on maturity		
		Jun. 26, 2009	2,000	2,000	2.156	Jun. 27, 2012			
	The Chugoku Bank, Ltd.	Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Bank of Fukuoka, Ltd.	Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Iyo Bank, Ltd.	Apr. 11, 2007	1,000	1,000	1.676	Apr. 11, 2012			
	Aozora Bank, Ltd.	Aug. 26, 2008	3,400	—	1.593	Aug. 26, 2011			
	Jun. 27, 2009	—	900	2.076	Jul. 3, 2012				
	Total		21,116	17,616					
Long-Term Borrowings	Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	Nov. 24, 2005	5,000	—	1.453	Nov. 27, 2012		(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		Mar. 26, 2008	2,000	2,000	1.725	Mar. 26, 2015			
	Taiyo Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013	Principal lump sum repayment on maturity		
		Jun. 4, 2008	1,000	1,000	2.035	Jun. 4, 2013			
		Sep. 24, 2010	1,000	1,000	1.275	Sep. 24, 2015			
	Daido Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013	Principal lump sum repayment on maturity		
		Feb. 5, 2008	1,000	1,000	1.666	Feb. 5, 2015			
	Sumitomo Life Insurance Company	Dec. 27, 2006	2,000	2,000	1.858	Dec. 27, 2013	Principal lump sum repayment on maturity		
		Jun. 4, 2008	2,000	2,000	2.257	Jun. 4, 2015			
	Development Bank of Japan Inc.	Mar. 31, 2009	845	820	1.740	(Note 4)	(Note 4)		
		Jun. 26, 2009	3,400	3,300	3.190	(Note 5)	(Note 5)		
		Jun. 26, 2009	5,400	5,300	2.449	(Note 6)	(Note 6)		
	Mizuho Corporate Bank, Ltd.	May 28, 2010	3,000	3,000	1.279	Nov. 27, 2013	Principal lump sum repayment on maturity		
		Feb. 4, 2011	5,000	5,000	1.414	Feb. 4, 2016			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 26, 2009	4,502	4,419	2.390	(Note 7)	(Note 7)		
		May 28, 2010	3,000	3,000	1.279	Nov. 27, 2013	Principal lump sum repayment on maturity		
		Mar. 25, 2011	5,000	5,000	1.198	Mar. 25, 2016			
	Sumitomo Mitsui Banking Corporation	Jun. 29, 2009	2,700	2,650	2.440	(Note 8)	(Note 8)		
		Jul. 8, 2010	3,000	3,000	1.190	Jun. 27, 2013	Principal lump sum repayment on maturity		
		Jul. 3, 2009	900	—	2.076	Jul. 3, 2012			
	Aozora Bank, Ltd.	Mar. 30, 2010	1,000	1,000	1.322	Sep. 30, 2013			
	American Family Life Assurance Company of Columbus	Sep. 7, 2009	5,000	5,000	3.440	Sep. 6, 2019			
	ORIX Bank Corporation (Note 11)	Feb. 4, 2010	1,000	1,000	1.376	Feb. 4, 2013	Principal lump sum repayment on maturity		
		May 28, 2010	2,000	2,000	1.281	Nov. 27, 2013			
	The Shinkumi Federation Bank	Feb. 4, 2010	3,000	3,000	1.376	Feb. 4, 2013	Principal lump sum repayment on maturity		
	Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2010	3,000	3,000	1.376	Feb. 4, 2013			
	Shinsei Bank, Ltd.	Sep. 24, 2010	2,000	2,000	1.070	Sep. 24, 2013	Principal lump sum repayment on maturity		
	Sep. 24, 2010	1,000	1,000	1.070	Sep. 24, 2013				
The Bank of Fukuoka, Ltd.	Jul. 7, 2011	—	2,000	1.170	Jul. 7, 2016				
The Chugoku Bank, Ltd.	Sep. 24, 2010	1,000	1,000	1.070	Sep. 24, 2013	Principal lump sum repayment on maturity			
The Hachijuni Bank, Ltd.	Sep. 24, 2010	1,000	1,000	1.070	Sep. 24, 2013				
The Nishi-Nippon City Bank, Ltd.	May 27, 2011	3,000	3,000	1.149	May 27, 2016				
Meiji Yasuda Life Insurance Company	Jun. 21, 2011	4,000	4,000	1.800	(Note 9)	(Note 9)			
Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2011	—	5,000	1.184	Aug. 29, 2017	Principal lump sum repayment on maturity			
	Aug. 29, 2011	—	1,000	0.924	Aug. 31, 2015				
Meiji Yasuda Life Insurance Company (Note 12)	Mar. 28, 2003	4,400	—	1.750	Mar. 28, 2013				
	Total		84,147	81,489					

(Note 1) The average interest rates are weighted-average figures during the period and are rounded to the third decimal point. Furthermore, fees related to loan arrangement paid to the above lenders are not included.
 (Note 2) Short-term borrowings are floating-rate borrowings. Long-term borrowings are fixed-rate borrowings.
 (Note 3) Funds are mainly used for purchasing real estate or real estate beneficiary interest in trust (including accompanying expenses), repaying borrowings and amortization of corporate bonds.
 (Note 4) The borrowings are subject to repayment of 25 million yen on Jun. 27, 2009 and hereafter every 6 months. In addition, repayment of 820 million yen will be made on the maturity date, Jun. 27, 2013.
 (Note 5) The borrowings are subject to repayment of 100 million yen on Dec. 27, 2009 and hereafter every 6 months. In addition, repayment of 2,100 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 6) The borrowings are subject to repayment of 100 million yen on Dec. 25, 2009 and hereafter every 6 months. In addition, repayment of 5,100 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 7) The borrowings are subject to repayment of 83 million yen on Dec. 27, 2009 and hereafter every 6 months. In addition, repayment of 4,253 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 8) The borrowings are subject to repayment of 30 million yen on Dec. 25, 2009 and hereafter every 6 months. In addition, repayment of 2,530 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 9) Concerning the 4,000 million yen in long-term loans payable borrowed from Meiji Yasuda Life Insurance Company on Jun. 21, 2011, JPR agreed with the lender on February 10, 2012 to change the repayment method from lump sum repayment on maturity date, June 21, 2018, to repayment of 66 million yen on the 27th day of every sixth month, starting on June 27, 2012 and repayment of 3,208 million yen on June 21, 2018.
 (Note 10) Of the 4,000 million in short-term loans payable borrowed from Resona Bank, Limited on July 4, 2011, JPR repaid 2,000 million yen prior to the repayment date on November 4, 2011. Of the 3,000 million yen in short-term loans payable borrowed from Mitsubishi UFJ Trust and Banking Corporation on July 4, 2011, JPR repaid 1,000 million yen prior to the repayment date on November 4, 2011. Of the 3,400 million yen in short-term loans payable borrowed from Aozora Bank, Ltd. on August 26, 2011, JPR repaid 1,400 million yen prior to the repayment date on November 4, 2011.
 (Note 11) ORIX Trust and Banking Corporation was renamed to ORIX Bank Corporation on October 1, 2011.
 (Note 12) JPR repaid on July 8, 2011, ahead of the maturity date, 4.4 billion yen long-term borrowings from Meiji Yasuda Life Insurance Company undertaken on Mar. 28, 2003.

(3) Corporate Bonds

Details of corporate bonds outstanding as of December 31, 2011 are as follows.

Name	Issue Date	Balance as of July 1, 2011 (millions of yen)	Balance as of Dec. 31, 2011 (millions of yen)	Coupon Rate (per annual)	Maturity Date	Redemption	Use	Remarks
Third Series of Corporate Bonds	Feb. 12, 2004	5,000	5,000	2.32	Feb. 12, 2014	Bullet payment	Purchase of properties and repayment of borrowings	(Note 1)
Fifth Series of Corporate Bonds	Nov. 4, 2004	5,000	—	1.44	Nov. 4, 2011			(Note 2)
Sixth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	2.00	Nov. 4, 2014			
Seventh Series of Corporate Bonds	Dec. 14, 2006	4,500	4,500	2.90	Dec. 14, 2026		Repayment of borrowings	(Note 3)
Eighth Series of Corporate Bonds	Jul. 23, 2007	9,000	9,000	1.85	Jul. 23, 2012			
Ninth Series of Corporate Bonds	Jul. 23, 2007	6,000	6,000	2.10	Jul. 23, 2014			
Eleventh Series of Corporate Bonds	Mar. 12, 2010	6,000	6,000	1.68	Mar. 12, 2015			
Twelfth Series of Corporate Bonds	May 21, 2010	7,000	7,000	1.27	May 21, 2015		Purchase of properties	
Thirteenth Series of Corporate Bonds	Oct. 25, 2011	—	7,000	0.95	Oct. 25, 2016		Redemption of corporate bonds and repayment of borrowings	
Fourteenth Series of Corporate Bonds	Oct. 25, 2011	—	2,000	1.34	Oct. 25, 2018			
Total		47,500	51,500					

(Note 1) These are equipped with a same rank rider limited among corporate bonds, and with limitations on private placement among small number of investors and on resale among qualified institutional investors.

(Note 2) These are equipped with a same rank rider limited among corporate bonds and limitations on resale among qualified institutional investors.

(Note 3) These are equipped with a same rank rider limited among certain corporate bonds.

Acquisitions and Sales during the 20th Fiscal Period

(1) Acquisitions and Sale of Real Estate and Asset-Backed Securities

There were no acquisitions or sales of real estate and asset-backed securities.

Type of Assets	Real Estate Name	Acquisition		Sale					
		Acquired Date	Acquisition Price (thousands of yen) (Note)	Sale Date	Sale Price (A) (thousands of yen) (Note)	Book Value (B) (thousands of yen)	Difference (C) (thousands of yen)	Sale Expense (D) (thousands of yen)	Sale Profit and Loss (C)-(D) (thousands of yen)
Real Estate	Ginza Sanwa Bldg.	August 29, 2011	3,400,000	—	—	—	—	—	—
	Total		3,400,000	—	—	—	—	—	—

(Note 1) Values of "acquisition price" or "sale price" are amounts (transaction price indicated in the transaction contract) excluding expenses (such as real estate transaction brokerage fees) required for acquisition or sale of the relevant real estate.

(2) Acquisition and Sale of Other Assets

There were no acquisitions or sales of other assets.

(3) Survey on Values of Specified Assets, etc.

Acquisition or Sale	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Survey Value of Specified Assets (Note 2) (thousands of yen)
Acquisition	Ginza Sanwa Bldg.	August 29, 2011	3,400,000	3,420,000

(Note 1) Values of "acquisition price or sale price" are amounts (transaction price indicated in the transaction contract) excluding expenses (such as real estate transaction brokerage fees) required for acquisition or sale of the relevant real estate.

(Note 2) Surveys on the value of the specified assets indicated above were conducted by Ernst & Young ShinNihon LLC at times of property acquisition or sale based on the Report No. 23, "surveys on values of specified assets, etc. of investment trusts and investment corporations," issued by the Industry Audit Committee of the Japanese Institute of Certified Public Accountants. Furthermore, aside from the value surveys shown above, JPR has received survey reports on the location, address and other items needed for identifying the relevant real estate, etc.

(4) Transactions with Interested Parties and Major Shareholders

A. Transaction Status

No transaction of specified assets or other deals with interested parties were conducted during the 20th fiscal period.

B. Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties		Ratio to Total Amount (B/A) (% of total)
		Paid Party	Paid Amount (B)	
Property Brokerage Fees	50,000	Tokyo Tatemono Real Estate Sales Co., Ltd.	50,000	100.0
Management Fees (Note 2)	232,897	Tokyo Tatemono Co., Ltd.	198,606	85.3
		Yasuda Real Estate Co., Ltd.	7,458	3.2
		Yuraku Real Estate Co., Ltd.	3,361	1.4
Outsourcing Fees	511,969	Tokyo Tatemono Co., Ltd.	410,603	80.2
		Yasuda Real Estate Co., Ltd.	22,575	4.4
Tenant Brokerage Fees, etc.	15,438	Tokyo Tatemono Co., Ltd.	6,235	40.4
		Yasuda Real Estate Co., Ltd.	3,015	19.5
Advertising Cost of the Company	13,616	E-State Online Co., Ltd.	7,937	58.3

(Note 1) Interested parties and major shareholders refers to the interested parties of the asset management company who has concluded an asset management agreement with JPR and is regulated as designated in Article 123 of the Enforcement Order of the Investment Trusts and Investment Corporations Law and article 26-27 of the regulation on management reports in regard to investment trusts and investment corporations of The Investment Trusts Association, and the major shareholders of the asset management company regulated defined in Article 29-4-2 of the Financial Instruments and Exchange Law.

(Note 2) The management fees indicated in the above table include construction management fees (total of 14,107 thousand yen for JPR) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties during the 20th fiscal period.

Tokyo Tatemono Co., Ltd.	326,097 thousand yen
Tokyo Tatemono Tecno-build Co., Ltd.	111,000 thousand yen
Tokyo Real Estate Management Co., Ltd.	29,800 thousand yen
Shinjuku Square Tower Management Co., Ltd.	88,561 thousand yen
Yasuda Real Estate Co., Ltd.	16,403 thousand yen
Taisei Corporation	49,010 thousand yen
Yuraku Real Estate Co., Ltd.	349 thousand yen

(5) Transactions with the Asset Management Company regarding Concurrent Work Conducted by the Asset Management Company

Tokyo Realty Investment Management, Inc., the asset management company of JPR, does not concurrently conduct the class 1 financial instruments transaction business, class 2 financial instruments transaction business, land and building transaction business, or real estate syndication business, and has no such transactions with JPR.

Overview of Accounting

(1) Assets, Liabilities, Principal, and Profits and Loss

Please refer to the Balance Sheets, Statements of Income and Retained Earnings, Statements of Unitholders' Equity and Notes to Financial Statements as well as Distribution Information.

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate

No change has been made.

Overview of Investment Trust Beneficiary Certificates of JPR

(1) Acquisition

Tokyo Realty Investment Management, Inc., the asset management company of JPR, acquired 40 units of JPR on September 14, 2001, and an additional 60 units on January 22, 2002 as a result of an investment unit split (2.5 units for one existing unit).

(2) Units Held

The number of investment units held by Tokyo Realty Investment Management, Inc. has remained at 100 units through December 31, 2011 with the total investment unchanged at 20 million yen. The amount of units held is immaterial versus the total units outstanding of JPR.

Other

(1) Notice

General Meeting of Unitholders

The eighth General Meeting of Unitholders of JPR was held on September 6, 2011.

Items approved at the General Meeting of Unitholders are summarized below.

Agenda	Summary
Partial amendments to the Articles of Incorporation	<p>Amendments were made to the following items of the Articles of Incorporation.</p> <ul style="list-style-type: none"> ■ Corrections and such were made to the necessary terminology in accordance with the revisions to the Ordinance for Enforcement of the Special Taxation Measures Law designating the requirement concerning the offering of investment units to be made mainly in the domestic market. ■ A provision was added that specifies rules in the Articles of Incorporation concerning the period during which a resolution on the appointment of substitute officers remains effective. ■ Corrections were made to the necessary terminology in accordance with the revisions to the Special Taxation Measures Law designating requirements concerning reduction of the registration and license tax on the registration of the transfer of real estate ownership. ■ Corrections and such were made in order to change the method to calculate the amount of incentive-based compensation 2, which is a part of the asset management fees JPR pays to the asset management company.
Appointment of one Executive Officer	Hirohito Kaneko was appointed as Executive Officer.
Appointment of one Substitute Executive Officer	Satoshi Okubo was appointed as Substitute Executive Officer.
Appointment of two Supervising Officers	Sosuke Yasuda and Masato Denawa were appointed as Supervising Officers.
Appointment of one Substitute Supervising Officer	Masaaki Sugiyama was appointed as Substitute Supervising Officer.

Board of Directors of JPR

Major issues related to the execution and modification, etc. of major agreements approved at JPR's Board of Directors meeting include the following:

Date of Board of Directors Meeting	Approved Item	Overview
September 26, 2011	Execution of the Memorandum Concerning Amendments to the Asset Management Agreement	Reviews were made to necessary articles in accordance with the amendments made to the Articles of Incorporation of JPR as well as to relevant laws and regulations.
October 11, 2011	Assignment of administrative services associated with the issuance of the 13th Series and 14th Series of Unsecured Bonds (Note)	Administrative services concerning issuance of JPR's corporate bonds were assigned to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd. and Merrill Lynch Japan Securities Co., Ltd., on the condition that the issuance terms of the 13th Series of Unsecured Bonds are decided by the Executive Officer. In addition, administrative services concerning issuance of JPR's corporate bonds were assigned to Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Mizuho Corporate Bank, Ltd., on the condition that the issuance terms of the 14th Series of Unsecured Bonds are decided by the Executive Officer.

(Note) A comprehensive resolution was made at the Board of Directors Meeting held on April 27, 2011 concerning the issuance of investment corporation bonds of JPR. Based on the resolution, JPR issued the 13th Series and the 14th Series of Unsecured Bonds on October 21, 2011.

(2) Other

Unless otherwise stated, figures indicated in this Business Report are rounded off for values and rounded for ratios to the nearest figure. Therefore, the aggregation of each individual item may not add up to the total from hereon.

Balance Sheets

(As of June 30, 2011 and December 31, 2011)

(Thousands of yen)

	End of 19th Fiscal Period (information only) (as of June 30, 2011)	End of 20th Fiscal Period (as of December 31, 2011)	% Change
Assets			
Current assets			
Cash and deposits	¥ 14,619,039	¥ 13,647,529	
Cash and deposits in trust	13,832,244	13,132,684	
Operating accounts receivable	209,621	168,364	
Prepaid expenses	151,521	218,622	
Deferred tax assets	11	—	
Other	5,354	4,594	
Total current assets	28,817,793	27,171,795	(5.7%)
Noncurrent assets			
Property, plant and equipment			
Buildings	50,219,520	50,640,038	
Accumulated depreciation	(5,973,016)	(6,749,650)	
Buildings, net	44,246,504	43,890,388	
Buildings in trust	75,159,186	75,389,949	
Accumulated depreciation	(18,417,887)	(19,394,293)	
Buildings in trust, net	56,741,299	55,995,656	
Structures	33,292	40,334	
Accumulated depreciation	(5,650)	(6,726)	
Structures, net	27,642	33,608	
Structures in trust	108,762	109,241	
Accumulated depreciation	(37,564)	(41,402)	
Structures in trust, net	71,198	67,839	
Machinery and equipment	561,538	572,397	
Accumulated depreciation	(226,351)	(244,149)	
Machinery and equipment, net	335,187	328,248	
Machinery and equipment in trust	1,394,406	1,407,495	
Accumulated depreciation	(881,173)	(921,208)	
Machinery and equipment in trust, net	513,232	486,287	
Tools, furniture and fixtures	37,236	37,912	
Accumulated depreciation	(17,246)	(19,653)	
Tools, furniture and fixtures, net	19,989	18,259	
Tools, furniture and fixtures in trust	104,414	104,732	
Accumulated depreciation	(65,123)	(71,072)	
Tools, furniture and fixtures in trust, net	39,290	33,660	
Land	103,206,385	106,648,291	
Land in trust	120,491,113	120,491,113	
Construction in progress	44,138	90,914	
Construction in progress in trust	3,605	—	
Total property, plant and equipment	325,739,586	328,084,267	0.7%
Intangible assets			
Leasehold right	4,794,109	4,794,109	
Other	8,405	7,146	
Total intangible assets	4,802,514	4,801,255	(0.0%)
Investments and other assets			
Lease and guarantee deposits	49,520	49,520	
Long-term prepaid expenses	465,803	422,583	
Total investments and other assets	515,323	472,103	(8.4%)
Total noncurrent assets	331,057,425	333,357,626	0.7%
Deferred assets			
Investment corporation bond issuance costs	129,651	169,685	
Total deferred assets	129,651	169,685	30.9%
Total assets	¥ 360,004,870	¥ 360,699,107	0.2%

(Note) See accompanying Notes to Financial Statements.

(Thousands of yen)

	End of 19th Fiscal Period (information only) (as of June 30, 2011)	End of 20th Fiscal Period (as of December 31, 2011)	% Change
Liabilities			
Current liabilities			
Operating accounts payable	¥ 1,509,373	¥ 1,445,952	
Short-term loans payable	10,000,000	12,400,000	
Current portion of long-term loans payable	21,116,000	17,616,000	
Current portion of investment corporation bonds	5,000,000	9,000,000	
Accounts payable-other	499,538	523,418	
Accrued expenses	327,241	337,468	
Income taxes payable	605	605	
Accrued consumption taxes	189,967	126,906	
Advances received	1,599,028	1,759,735	
Provision for loss on disaster	3,093	—	
Other	35,000	—	
Total current liabilities	40,279,847	43,210,085	7.3%
Noncurrent liabilities			
Investment corporation bonds	42,500,000	42,500,000	
Long-term loans payable	84,147,000	81,489,000	
Tenant leasehold and security deposits	7,342,133	7,711,990	
Tenant leasehold and security deposits in trust	10,283,837	10,147,460	
Total noncurrent liabilities	144,272,970	141,848,450	(1.7%)
Total liabilities	184,552,817	185,058,535	0.3%
Net assets			
Unitholders' equity			
Unitholders' capital	171,339,818	171,339,818	
Surplus			
Voluntary deposits			
Deposits for advanced depreciation	73,946	73,946	
Total voluntary deposits	73,946	73,946	
Unappropriated retained earnings (undisposed losses)	4,038,287	4,226,806	
Total surplus	4,112,234	4,300,752	4.6%
Total unitholders' equity	175,452,052	175,640,571	0.1%
Total net assets	175,452,052	175,640,571	0.1%
Total liabilities and net assets	¥ 360,004,870	¥ 360,699,107	0.2%

(Note) See accompanying Notes to Financial Statements.

Statements of Income and Retained Earnings

(For the six-month periods end June 30, 2011 and December 31, 2011)

(Thousands of yen)

	19th Fiscal Period (information only) (January 1, 2011 – June 30, 2011)	20th Fiscal Period (July 1, 2011 – December 31, 2011)	% Change
Operating revenue			
Rent revenue-real estate	¥ 11,529,624	¥ 11,772,766	
Total operating revenue	11,529,624	11,772,766	2.1%
Operating expenses			
Expenses related to rent business	5,296,139	5,357,207	
Asset management fee	415,874	421,613	
Administrative service and asset custody fees	71,074	74,659	
Directors' compensations	6,600	6,600	
Trust fees	49,300	43,737	
Other operating expenses	87,138	105,346	
Total operating expenses	5,926,127	6,009,163	1.4%
Operating income	5,603,496	5,763,602	2.9%
Non-operating income			
Interest income	3,998	2,790	
Income on settlement of management association accounts	42,132	5,486	
Other	5,847	2,514	
Total non-operating income	51,979	10,791	(79.2%)
Non-operating expenses			
Interest expenses	981,853	944,718	
Borrowing expenses	105,648	147,084	
Interest expenses on investment corporation bonds	469,446	457,769	
Amortization of investment corporation bond issuance costs	20,911	20,139	
Other	2,148	3,681	
Total non-operating expenses	1,580,007	1,573,392	(0.4%)
Ordinary income	4,075,468	4,201,000	3.1%
Extraordinary losses			
Loss on disaster	64,122	—	
Total extraordinary losses	64,122	—	—
Income before income taxes	4,011,345	4,201,000	4.7%
Income taxes-current	605	605	
Income taxes-deferred	11	11	
Total income taxes	616	616	0.0%
Net income	4,010,728	4,200,383	4.7%
Retained earnings brought forward	27,558	26,422	(4.1%)
Unappropriated retained earnings (undisposed losses)	¥ 4,038,287	¥ 4,226,806	4.7%

(Note) See accompanying Notes to Financial Statements.

Statements of Unitholders' Equity

(For the six-month periods end June 30, 2011 and December 31, 2011)

(Thousands of yen)

	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	¥ 171,339,818	¥ 171,339,818
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	171,339,818	171,339,818
Surplus		
Voluntary deposits		
Balance at the beginning of current period	73,946	73,946
Change of items during the period		
Total change of items during the period	—	—
Balance at the end of current period	73,946	73,946
Unappropriated retained earnings (undisposed losses)		
Balance at the beginning of current period	4,088,758	4,038,287
Changes of items during the period		
Dividends from surplus	(4,061,200)	(4,011,865)
Net income	4,010,728	4,200,383
Total changes of items during the period	(50,471)	188,518
Balance at the end of current period	4,038,287	4,226,806
Total surplus		
Balance at the beginning of current period	4,162,705	4,112,234
Changes of items during the period		
Total changes of items during the period	(50,471)	188,518
Balance at the end of current period	4,112,234	4,300,752
Total unitholders' equity		
Balance at the beginning of current period	175,502,523	175,452,052
Changes of items during the period		
Total changes of items during the period	(50,471)	188,518
Balance at the end of current period	175,452,052	175,640,571
Total net assets		
Balance at the beginning of current period	175,502,523	175,452,052
Changes of items during the period		
Total changes of items during the period	(50,471)	188,518
Balance at the end of current period	¥ 175,452,052	¥ 175,640,571

(Note) See accompanying Notes to Financial Statements.

Notes to Financial Statements

Basis of Presenting Financial Statements

Japan Prime Realty Investment Corporation (JPR) maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), including provisions set forth in the Investment Trust Law, the Company Law and the related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are basically a translation of the financial statements of JPR, which were prepared in accordance with Japanese GAAP. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. Certain information in the business report and supplementary schedule has been omitted. In addition, the notes to financial statements include information which might not be required under Japanese GAAP but is presented herein as additional information.

JPR's accounting period ends at the end of June and December. JPR's 20th accounting period began on July 1, 2011 and ended on December 31, 2011.

Significant Accounting Policies

1. Depreciation Method for Property and Equipment

(1) Property and Equipment (including entrusted properties)
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:

Buildings	3 - 65 years
Structures.....	10 - 35 years
Machinery and equipment.....	3 - 17 years
Tools, furniture and fixtures	3 - 20 years

Assets with acquisition prices of 100,000 yen or more but less than 200,000 yen are depreciated in three years based on the Corporation Tax Law.

(2) Intangible Assets
Intangible assets are amortized utilizing the straight-line method.

(3) Long-term Prepaid Expenses
Long-term prepaid expenses are amortized utilizing the straight-line method.

2. Accounting for Deferred Assets

Investment Corporation Bond Issuance Costs
Investment corporation bond issuance costs are amortized utilizing the straight-line method over the redemption periods.

3. Standards for Recording Revenues and Expenses

Accounting Treatment of Taxes on Properties and Equipment
In connection with property taxes, city planning taxes and depreciated asset taxes, JPR adopts the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interest with real estate as entrusted property. During the 20th fiscal period, the amount equivalent to the property taxes included as an acquisition cost of real estate totaled 11,832 thousand yen.

4. Other Significant Items Fundamental to Preparing the Financial Statements

(1) Accounting Policies on Trust Beneficiary Interests in Real Estate as Property in Trust

Regarding trust beneficiary interests in real estate, all asset and liability accounts of entrusted properties as well as all revenue and expense accounts generated by the property in trust are recorded in relevant accounts on the balance sheets and statements of income.

Furthermore, the following material accounts are separately stated in the balance sheet for properties in trust recorded in relevant accounts.

- a. Cash and deposits in trust
- b. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust and construction in progress in trust
- c. Tenant leasehold and security deposits in trust

(2) Accounting for Consumption Taxes

National and local consumption taxes are accounted with the consumption taxes excluded.

Additional information

Application of the Accounting Standards for Accounting Changes and Error Corrections

The Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24 issued on December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24 issued on December 4, 2009) are applied, starting with accounting changes and corrections of past errors to be conducted after the beginning of the 20th fiscal period.

Notes to Balance Sheets

1. Assets Pledged as Collateral and Secured Liabilities

(Thousands of yen)

	End of 19th Fiscal Period (information only) (as of June 30, 2011)	End of 20th Fiscal Period (as of December 31, 2011)
Assets pledged as collateral are as follows:		
Cash and deposits in trust	¥ 595,995	¥ —
Buildings (net)	130,114	128,245
Buildings in trust (net)	2,097,116	—
Structures in trust (net)	3,532	—
Machinery and equipment (net)	4,280	4,109
Machinery and equipment in trust (net)	6,544	—
Tools, furniture and fixtures in trust (net)	1,498	—
Land	399,183	399,183
Land in trust	4,920,350	—
Other (intangible assets)	140	—
Total	¥ 8,158,754	¥ 531,538
Secured liabilities are as follows:	End of 19th Fiscal Period (information only) (as of June 30, 2011)	End of 20th Fiscal Period (as of December 31, 2011)
Long-term loans payable	¥ 4,400,000	¥ —
Tenant leasehold and security deposits	15,536	15,536
Total	¥ 4,415,536	¥ 15,536

2. Balance of Unused Commitment Line

JPR has executed a commitment line agreement with its principal banks to minimize refinancing risks and enhance financial stability.

	End of 19th Fiscal Period (information only) (as of June 30, 2011)	End of 20th Fiscal Period (as of December 31, 2011)
Credit limit	¥ 16,000,000	¥ 28,000,000
Outstanding debt at end of period	—	—
Unused commitment line at end of period	¥ 16,000,000	¥ 28,000,000

3. Minimum Total Unitholders' Equity Designated in Article 67-4 in the Investment Trust Law

	End of 19th Fiscal Period (information only) (as of June 30, 2011)	End of 20th Fiscal Period (as of December 31, 2011)
	¥ 50,000	¥ 50,000

Notes to Statements of Income and Retained Earnings

1. Breakdown of Rent Revenue-Real Estate and Expenses Related to Rent Business

	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
(Thousands of yen)		
A. Rent Revenue-Real Estate		
Rent revenue		
Rents	¥ 8,780,799	¥ 8,929,627
Common charges	1,773,110	1,791,571
Parking revenues	209,532	211,756
Advertising expenses	22,128	22,265
Antenna use fees	10,547	10,768
Other	29,318	30,607
Subtotal	10,825,436	10,996,596
Other rental revenues		
Incidental income	604,478	680,935
Time-based parking revenues	10,053	8,812
Cancellation charges	27,483	42,920
Income equivalent to expenses for restoration to as is condition	39,330	35,900
Other miscellaneous income	22,841	7,600
Subtotal	704,187	776,169
Total rent revenue-real estate	¥ 11,529,624	¥ 11,772,766
B. Expenses Related to Rent Business		
Outsourcing expenses	¥ 520,250	¥ 510,719
Utilities expenses	625,439	711,022
Property and other taxes	1,068,605	1,061,353
Casualty insurance	28,743	28,499
Repairs and maintenance	257,907	335,943
Property management fees	214,171	218,790
Management association accounts	555,064	554,490
Depreciation	1,911,469	1,824,245
Other	114,487	112,143
Total expenses related to rent business	¥ 5,296,139	¥ 5,357,207
C. Profits (A-B)	¥ 6,233,485	¥ 6,415,559

Notes to Statements of Changes in Unitholders' Equity

	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
Total number of authorized units	5,000,000 units	5,000,000 units
The number of units outstanding	715,000 units	715,000 units

Tax Effect Accounting

1. Breakdown of Main Causes for Deferred Tax Assets (Deferred tax assets)

(Thousands of yen)

	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
Lump-sum depreciated assets not deductible for tax purposes	¥ 11	—
Total deferred tax assets	11	—
Net deferred tax assets	¥ 11	—

2. Breakdown of Main Items that caused Differences between the Effective Statutory Tax Rate and the Effective Tax Rate after Applying Tax Effect Accounting

	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
Effective statutory tax rate (Adjustment)	39.33%	39.33%
Deductible cash distributions	(39.33%)	(39.33%)
Other	0.02%	0.01%
Effective tax rate after applying tax effect accounting	0.02%	0.01%

Property and Equipment Leased to JPR

19th Fiscal Period (information only) (January 1, 2011 – June 30, 2011)	20th Fiscal Period (July 1, 2011 – December 31, 2011)
No property and equipment leased to JPR	No property and equipment leased to JPR

Financial Instruments

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

In an aim to proactively expand asset size and maintain stable cash distributions to unitholders, JPR adopts the asset management policy of paying heed to efficiently combining the procurement of long-term funds that are stable and the procurement of short-term funds that emphasize flexibility.

There may be cases where JPR will engage in derivative transactions, but such will be limited to management for interest rate fluctuation risk and other hedging purposes. Please note that JPR is not engaged in derivative transactions at present.

(2) Description of Financial Instruments and Associated Risks, and Risk Management Structure

Tokyo Realty Investment Management, Inc. (TRIM), the asset management company of JPR, strives for risk management by complying with the JPR Asset Management Guidelines and other rules and regulations. The following outlines the description of individual financial instruments and the associated risks, and the risk management.

Deposits are exposed to risks of failure of the financial institutions holding the deposits and other credit risks, but risks are managed through such measures as setting a minimum credit rating for the financial institutions holding the deposits.

Loans payable and investment corporation bonds are exposed to liquidity risks at the time of repayment/redemption, but liquidity risks are managed through such measures as procuring funds from the capital market by increasing capital, executing a commitment line agreement with the main lending financial institutions, and also having statements of cash receipts and disbursements prepared by the financial division.

(3) Supplementary Explanation on Matters Concerning Estimated Fair Value, etc. of Financial Instruments

The estimated fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when there is no market price. Certain assumptions, etc. are adopted in calculating those values and there may be cases where the values will vary when different assumptions, etc. are adopted.

2. Matters Concerning Estimated Fair Value, etc. of Financial Instruments

The following are the carrying values and estimated fair values as of June 30, 2011 and December 31, 2011, and the difference between these amounts. Please note that the following tables do not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

End of 19th Fiscal Period (information only) (as of June 30, 2011)			
	Carrying Value	Estimated Fair Value	Difference
	(Note 1)	(Note 1)	
1) Cash and deposits	¥ 14,619,039	¥ 14,619,039	¥ —
2) Cash and deposits in trust	13,832,244	13,832,244	—
3) Short-term loans payable	(10,000,000)	(10,000,000)	—
4) Current portion of long-term loans payable	(21,116,000)	(21,239,811)	123,811
5) Current portion of investment corporation bonds	(5,000,000)	(5,025,636)	25,636
6) Investment corporation bonds	(42,500,000)	(43,178,775)	678,775
7) Long-term loans payable	¥(84,147,000)	¥(86,029,097)	¥1,882,097

End of 20th Fiscal Period (as of December 31, 2011)			
	Carrying Value	Estimated Fair Value	Difference
	(Note 1)	(Note 1)	
1) Cash and deposits	¥ 13,647,529	¥ 13,647,529	¥ —
2) Cash and deposits in trust	13,132,684	13,132,684	—
3) Short-term loans payable	(12,400,000)	(12,400,000)	—
4) Current portion of long-term loans payable	(17,616,000)	(17,708,796)	92,796
5) Current portion of investment corporation bonds	(9,000,000)	(9,055,800)	55,800
6) Investment corporation bonds	(42,500,000)	(43,131,115)	631,115
7) Long-term loans payable	¥ (81,489,000)	¥ (83,544,955)	¥2,055,955

(Note 1) Those stated under liabilities are shown in parentheses.

(Note 2) Method of calculation of estimated fair value of financial instruments

(1) Cash and deposits, and (2) Cash and deposits in trust

As these are settled within a short period of time, the estimated fair value is approximately the same as the book value and is thus stated at that book value.

(3) Short-term loans payable

As these are settled within a short period of time and also have floating interest rates, the estimated fair value is approximately the same as the book value and is thus stated at that book value.

(4) Current portion of long-term loans payable, and (7) Long-term loans payable

The estimated fair value of these are based on the method of calculating by discounting the sum total amount of principal and interest by the rate assumed as being applicable in the event of a new drawdown corresponding to the remaining loan term.

(5) Current portion of investment corporation bonds, and (6) Investment corporation bonds

Of the estimated fair value of these, those with market price are calculated based on market price and those with no market price are calculated according to (4) and (7) above.

(Note 3) Financial instruments for which discerning of estimated fair value is recognized to be extremely difficult

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust that are deposited by lessees of lease rental properties are not subject to disclosure of estimated fair value because reasonable estimation of cash flows is recognized to be extremely difficult since there is no market price and also since it is difficult to calculate the actual deposit period from when lessees move in to when they move out. The following is the carrying value of tenant leasehold and security deposits and the carrying value of tenant leasehold and security deposits in trust.

End of 19th Fiscal Period (information only) (as of June 30, 2011)

(Thousands of yen)

Carrying Value

Tenant leasehold and security deposits	¥7,342,133
Tenant leasehold and security deposits in trust	¥10,283,837

End of 20th Fiscal Period (as of December 31, 2011)

(Thousands of yen)

Carrying Value

Tenant leasehold and security deposits	¥7,711,990
Tenant leasehold and security deposits in trust	¥10,147,460

End of 19th Fiscal Period (information only) (as of June 30, 2011)

(Thousands of yen)

Due in One Year or Less

Cash and deposits	¥14,619,039
Cash and deposits in trust	¥13,832,244

End of 20th Fiscal Period (as of December 31, 2011)

(Thousands of yen)

Due in One Year or Less

Cash and deposits	¥13,647,529
Cash and deposits in trust	¥13,132,684

(Note 4) Amount of redemption of monetary claims scheduled to be due after the settlement of accounts.

End of 19th Fiscal Period (information only) (as of June 30, 2011)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years
Short-term loans payable	¥10,000,000	—	—
Investment corporation bonds	¥5,000,000	¥9,000,000	¥5,000,000
Long-term loans payable	¥21,116,000	¥22,811,000	¥30,336,000

(Thousands of yen)

	Due after Three Year through Four Years	Due after Four Year through Five Years	Due after Five Years
Short-term loans payable	—	—	—
Investment corporation bonds	¥24,000,000	—	¥4,500,000
Long-term loans payable	¥5,200,000	¥14,200,000	¥11,600,000

End of 20th Fiscal Period (as of December 31, 2011)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years
Short-term loans payable	¥12,400,000	—	—
Investment corporation bonds	¥9,000,000	—	¥16,000,000
Long-term loans payable	¥17,616,000	¥30,486,000	¥12,103,000

(Thousands of yen)

	Due after Three Year through Four Years	Due after Four Year through Five Years	Due after Five Years
Short-term loans payable	—	—	—
Investment corporation bonds	¥13,000,000	¥7,000,000	¥6,500,000
Long-term loans payable	¥7,200,000	¥15,200,000	¥16,500,000

(Note 5) Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the settlement of accounts.

Investment and Rental Properties

JPR owns urban office buildings and retail facilities for leasing in Tokyo and other regions. The following is the carrying value, amount of increase (decrease) during current period and estimated fair value of these investment and rental properties.

End of 19th Fiscal Period (information only) (as of June 30, 2011)

Carrying Value			Estimated Fair Value at End of Current Period
As of January 1, 2011	Amount of Increase (Decrease) During Current Period	As of June 30, 2011	
¥331,804,767	¥(1,268,761)	¥330,536,005	¥313,274,000

(Note 1) The carrying value is the cost of acquisition less accumulated depreciation.

(Note 2) Of the amount of increase (decrease) during current period for investment and rental properties, the amount of decrease is primarily attributable to the recording of depreciation (1,911,469 thousand yen).

(Note 3) The estimated fair value at end of current period is the appraisal value or survey value as appraised by an outside real estate appraiser.

The income (loss) in the 19th fiscal period for investment and rental properties are as presented in the "Notes to Statements of Income and Retained Earnings."

End of 20th Fiscal Period (as of December 31, 2011)

Carrying Value			Estimated Fair Value at End of Current Period
As of July 1, 2011	Amount of Increase (Decrease) During Current Period	As of December 31, 2011	
¥330,536,005	¥2,344,615	¥332,880,621	¥314,704,000

(Note 1) The carrying value is the cost of acquisition less accumulated depreciation.

(Note 2) Of the amount of increase (decrease) during current period for investment and rental properties, the amount of increase is primarily attributable to acquisition of Ginza Sanwa Bldg. (3,550,430 thousand yen).

(Note 3) The estimated fair value at end of current period is the appraisal value or survey value as appraised by an outside real estate appraiser.

The income (loss) in the 20th fiscal period for investment and rental properties are as presented in the "Notes to Statements of Income and Retained Earnings."

Transactions with Interested Parties

End of 19th Fiscal Period (information only) (as of June 30, 2011)

(Thousands of yen)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Short-term loans payable	¥ 1,000,000
				—	—	Long-term loans payable	¥ 3,000,000
				Interest expenses	¥ 24,722	Accrued expenses	¥ 1,728

(Note) Transaction terms are determined based on prevailing market conditions.

End of 20th Fiscal Period (as of December 31, 2011)

(Thousands of yen)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Repayment of short-term loans payable	¥ 1,000,000	—	—
				Short-term loans payable	¥ 1,000,000	Short-term loans payable	¥ 1,000,000
				—	—	Long-term loans payable	¥ 3,000,000
				Interest expenses	¥ 24,642	Accrued expenses	¥ 1,635

(Note) Transaction terms are determined based on prevailing market conditions.

Per Unit Information

	(Yen)	
	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
Total net assets per unit	¥245,387	¥245,651
Net income per unit	¥5,609	¥5,874

Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during the current fiscal period.

Diluted net income per unit has not been presented since no warrants and convertible bonds are outstanding.

(Note) Net income per unit was calculated based on the following data:

	(Thousands of yen)	
	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
Net income	¥4,010,728	¥4,200,383
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥4,010,728	¥4,200,383
Average number of units	715,000 units	715,000 units

Distribution Information

	(Yen)	
	19th Fiscal Period (information only) (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
1. Unappropriated retained earnings	¥4,038,287,297	¥4,226,806,051
2. Distributions	4,011,865,000	4,201,340,000
(distribution per unit)	(5,611)	(5,876)
3. Retained earnings brought forward	¥ 26,422,297	¥ 25,466,051

In accordance with the distribution policy stipulated in Article 30-2 of the Articles of Incorporation, JPR will be able to distribute only to the extent of the profits and needs to distribute in excess of 90% of JPR's distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law. Based on this policy, JPR decided on a total distribution of 4,201,340,000 yen for the 20th fiscal period (4,011,865,000 yen for the 19th fiscal period). This is the maximum value arrived at when the number of units outstanding (715,000 units) is multiplied by an integer, within the limit of retained earnings for the respective fiscal period and within the limit of not placing a burden of additional income taxes on our unitholders. Furthermore, JPR does not make cash distributions in excess of the profit as stipulated in Article 30-4 of the Articles of Incorporation.

Report of Independent Auditors



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Report of Independent Auditors

The Board of Directors
Japan Prime Realty Investment Corporation

Pursuant to Article 130 of the Investment Trust Law, we have audited the accompanying balance sheet of Japan Prime Realty Investment Corporation as of December 31, 2011, and the related statement of income and retained earnings, statement of unitholders' equity, notes to the financial statements and distribution information for the six-month period then ended, all expressed in yen.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating internal control as management determines is necessary to enable to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation at December 31, 2011, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan as described in "Basis of Presenting Financial Statements" of notes to the financial statements.

Ernst & Young ShinNihon LLC

February 21, 2012

Statements of Cash Flows (Information Only)

(For the six-month periods ended June 30, 2011 and December 31, 2011)

(Thousands of yen)

Date	19th Fiscal Period (January 1, 2011 - June 30, 2011)	20th Fiscal Period (July 1, 2011 - December 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	¥ 4,011,345	¥ 4,201,000
Depreciation and amortization	1,912,497	1,825,438
Amortization of investment corporation bond issuance costs	20,911	20,139
Increase (decrease) in provision for loss on disaster	3,093	(3,093)
Interest income	(3,998)	(2,790)
Interest expenses	1,451,299	1,402,487
Decrease (increase) in operating accounts receivable	(33,467)	41,257
Decrease (increase) in prepaid expenses	37,990	(67,100)
Increase (decrease) in operating accounts payable	102,120	(50,384)
Increase (decrease) in accounts payable-other	(27,962)	32,839
Increase (decrease) in accrued consumption taxes	32,452	(63,061)
Increase (decrease) in advances received	100,103	160,706
Other, net	(29,080)	(16,097)
Subtotal	7,577,304	7,481,343
Interest income received	3,998	2,790
Interest expenses paid	(1,456,087)	(1,392,260)
Income taxes (paid) refund	515	241
Net cash provided by (used in) operating activities	6,125,730	6,092,114
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(224,162)	(3,933,256)
Purchase of property, plant and equipment in trust	(160,979)	(250,208)
Purchase of intangible assets	(5,000)	—
Repayments of tenant leasehold and security deposits	(208,068)	(40,115)
Proceeds from tenant leasehold and security deposits	128,448	410,015
Repayments of tenant leasehold and security deposits in trust	(225,754)	(321,835)
Proceeds from tenant leasehold and security deposits in trust	197,310	201,244
Net cash provided by (used in) investing activities	(498,206)	(3,934,156)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	—	16,800,000
Decrease in short-term loans payable	—	(14,400,000)
Proceeds from long-term loans payable	17,000,000	8,000,000
Repayment of long-term loans payable	(15,141,000)	(14,158,000)
Proceeds from issuance of investment corporation bonds	—	8,939,826
Redemption of investment corporation bonds	(3,000,000)	(5,000,000)
Dividends paid	(4,059,636)	(4,010,855)
Net cash provided by (used in) financing activities	(5,200,636)	(3,829,028)
Net changes in cash and cash equivalents	426,887	(1,671,070)
Cash and cash equivalents at beginning of period	28,024,396	28,451,284
Cash and cash equivalents at end of period	¥ 28,451,284	¥ 26,780,213

Significant Accounting Policies (Information only)

Scope of funds (cash and cash equivalents) in the Statements of Cash Flows

Funds (cash and cash equivalents) in the Statements of Cash Flows include the following:

- (1) Cash on hand and cash in trust
- (2) Deposits placed with bank and deposits in trust that can be withdrawn at any time
- (3) Short-term investments that are readily convertible to cash, have insignificant risk of price fluctuation and original maturities of three months or less from the acquisition date.

Notes to Statements of Cash Flows (Information only)

(Thousands of yen)

Breakdown of cash and cash equivalents	19th Fiscal Period	20th Fiscal Period
	(January 1, 2011 - June 30, 2011)	(July 1, 2011 - December 31, 2011)
	As of June 30, 2011	As of December 31, 2011
Cash and deposits	¥14,619,039	¥13,647,529
Cash and deposits in trust	13,832,244	13,132,684
Cash and cash equivalents	¥28,451,284	¥26,780,213

JPR Investment Policies

A. INVESTMENT POLICIES

① Basic Policies

JPR's basic investment strategy centers on investment in urban commercial real estate. The Company will invest primarily in real estate, which comprises superior urban office buildings and retail properties found in thriving commercial areas, the land on which they are located, as well as in asset-backed securities that have such real estate as their primary investments. In light of the returns and risks of these investments, the Company will invest not only in Tokyo but will attempt to diversify into other cities so as to maximize portfolio return.

The Company will diversify investments in terms of both tenants and properties, taking into account the amount of investment per property, and will thereby seek to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 63 under "③ Investment Stance."

Note: For the definitions of "real estate" and "asset-backed securities that have real estate as their primary investments," please refer to the next section under "② Types of Investment Assets"

② Types of Investment Assets

I) "Real estate" refers to the following:

- i) Real estate
- ii) Real estate leasing rights
- iii) Surface rights
- iv) Beneficiary interests in the following trusts (including comprehensive trusts in which cash associated with real estate is also entrusted, but excluding the marketable securities defined in the Enforcement Order of the Law Concerning Investment Trusts and Investment Corporations prior to the revisions pursuant to the Law to Partially Revise the Securities Exchange Law, enforced on September 30, 2007, and to Article 3 of the Cabinet Order (2007 Cabinet Order No. 233) Concerning Preparations of Related Cabinet Orders Accompanying the Enforcement of the Law Concerning Preparations of Related Laws Accompanying the Enforcement of the Law to Partially Revise the Securities Exchange Law (hereinafter referred to as "former marketable securities."))
 - a) Real estate
 - b) Surface rights and land leaseholds
- v) Beneficiary certificates in monetary trusts (limited to trusts for which the primary purpose is investment in the assets listed in i) to iii) above; excludes equivalents to former marketable securities)
- vi) Equity investment based on a contract that specifies that one party will provide funding to be invested in "the assets identified in i) to v) above and the other party will invest these funds in said assets, with the profits and losses from these investments distributed to investors ("Tokumei Kumiiai equity" in Japanese, referred to as "TK equity" hereinafter)

II) "Asset-backed securities that have real estate as their primary investments" refer to investment in securities with over half of their investment backed by real estate, detailed as follows:

- i) Preferred securities as defined the Law Concerning Asset Liquidation (Law No. 105 of 1998, including all subsequent amendments; referred to as the "Asset Liquidation Law" hereinafter)
- ii) Beneficiary certificates in investment trusts as defined under the Investment Trust Law
- iii) Investment securities as defined under the Investment Trust Law
- iv) Beneficiary certificates in special-purpose trusts as defined under the Asset Liquidation Law (excludes beneficiary certificates in trusts listed in I) iv) and v) above)

III) The Company may invest in the following designated assets in order to efficiently utilize surplus funds remaining after the investments listed in I) and II) above:

- i) Former marketable securities (as far as stock certificates are concerned, however, this is limited to those recognized to be necessary or useful in terms of the basic policies for asset management)
- ii) Monetary claims (as defined in the former Enforcement Order of the Law Concerning Investment Trusts and Investment Corporations and include bank deposits, large-scale time deposits and transferable deposits (excluding former marketable securities) and call loans)
- iii) Rights resulting from financial futures transactions (as defined in the former Enforcement Order of the Investment Trust Law)
- iv) Rights resulting from financial derivatives transactions (as defined in the former Enforcement Order of the Investment Trust Law)
- v) Beneficiary interests in monetary trusts for the purpose of investments in those described in i) to iv) above.

IV) In addition to the specified assets identified in I) through III) above, the Company may invest in the following assets when considered appropriate or of benefit to the Company in accordance with its basic investment management policy:

- i) Trademarks, exclusive licenses and ordinary use rights based on the Trademark Law (Law No. 127 of 1959, including all subsequent amendments)
- ii) Rights to use the source of hot springs as set forth in the Hot Spring Law (Law No. 125 of 1948, including all subsequent amendments) and facilities related to such hot springs
- iii) Other assets related to the real estate, which are considered appropriate to acquire together with the subject real estate

V) The Company may invest in assets other than the assets under management when considered appropriate and in line with the organizational operation of trademarks, etc., relating to the Company's name.

③ Investment Stance

Portfolio Management Standards

The table below indicates the general targets of the investment ratio by asset type, region, use, etc. that should serve as the standards for portfolio management.

Type of Investment Asset		Target Ratios
Real Estate Asset	By Asset Class	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	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
		Rental revenues from any individual tenant (total rental revenue when the tenant occupies multiple compartments and/or properties) will, in principle, be limited to less than 10% of total rental revenues
Asset-Backed Securities, etc.		The total after-investment value of asset-backed securities shall, in principle, be limited to less than 10% of the net worth of the Company

- i) **Period of ownership**
The Company will, in principle, hold assets for the medium- and long-term (one to five years and over five years, respectively) and will not acquire assets for the purpose of short-term trading (less than one year).
- ii) **Use**
JPR's investment targets primarily comprise excellent office buildings (urban commercial facilities) and retail properties found in thriving commercial areas. (The targets cover other assets including building leaseholds of the office buildings and retail properties, the leaseholds and surface rights of the land on which they are located, and marketable securities and trust beneficiary interests backed by such real estate.)

JPR will determine the allocation ratio of these assets in the portfolio based on full considerations of the economic situations, real estate market trends and other factors for respective occasions. 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.
- iii) **Region**
JPR shall work to realize a diversification of the portfolio, not limited to Tokyo but investing in regional cities, primarily in consideration of the earthquake risks and risks associated with individual market conditions and in order to generate more cash flow.

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. However, JPR does not set a target allocation ratio within any region.

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	

iv) Tenants

Rental revenues from any individual tenant (total rental revenue when the tenant occupies multiple compartments and/or properties) will, in principle, be limited to less than 10% of total rental revenues. ("Rental revenues" includes common charges, parking revenues and storage revenues, but does not include additional usage fees such as after-hours air-conditioning charges.) This ratio may be exceeded, however, if there is any potential for tenant changes or if warranted by general considerations of leasing conditions and other factors.

v) Asset-backed securities, etc. primarily investing in real estate

The total after-investment value of asset-backed securities shall, in principle, be limited to less than 10% of the total unitholders' equity of the Company. Investment in asset-backed securities assumes that there will be an opportunity to obtain the relevant property, etc., at the end of the asset-backed security period.

vi) Investment policies for development projects

The Company will, in principle, acquire only real estate that generates or is expected to generate stable rental revenues or similar revenues at the time of acquisition.

i) Development investments

The Company will not engage in development investments (projects in which the Company itself develops land and builds buildings). However, the Company may place orders by concluding contract agreements for the construction of a building. However, the Company shall not do so in situations where it is not appropriate to place orders by concluding contract agreements for the construction of a building (including, but not limited to, the following cases).

- When tenants need to vacate the premises for a certain period of time due to large-scale repairs, renovations, etc., and it causes cash flow to fluctuate to the extent that the entire portfolio of the Company is severely impacted.
- When the acquisition of vacant land and investment to construct a new building severely impacts the entire portfolio of the Company. Moreover, the measure of impact on the entire portfolio of the Company shall be determined by giving consideration to the various risks with regard to real estate development (risks regarding development licenses/permission, interest rate fluctuations during development, occurrence of great natural disasters, etc.) and the period of time required until cash flow arises, among others.

ii) Rebuilding projects

The Company may conduct rebuilding projects for properties that it has already acquired, provided that sufficient potential to secure tenants after rebuilding is determined and the projects are confirmed as non-development investments.

iii) Properties under development

The Company may conclude sale and purchase agreements for buildings under construction by third parties prior to their completion if sufficient potential to secure tenants after construction is determined and if completion/delivery risk has been minimized.

vii) Equipment and fixtures investment policies

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 implementing equipment and fixtures investments, such investments will in principle be made within the scope of the depreciation expense of the portfolio as a whole. In addition, 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.

viii) Insurance policies

a) Criteria for selecting underwriting insurance companies:

The Company will select fair underwriting insurance companies through independent brokers.

In principle, the underwriting insurance company for insurance finance shall have a long-term rating of A3 or better from Moody's Japan K.K. (referred to as "Moody's" hereinafter) or A- or better from Standard & Poor's Ratings Japan K.K.

b) Earthquake insurance coverage criteria:

The decision to cover earthquake insurance will be made in light of comparisons between the potential impact of the disaster and property insurance premiums based on the PML for the entire portfolio. Earthquake insurance may be purchased individually for properties that have high PML.

Note: "PML" refers to the probable maximum loss in the event of an earthquake. PML may be calculated for individual properties or for the portfolio as a whole. While there is no strict definition of PML (valuation methods will differ depending on the institution conducting the survey), it is generally found by calculating the probable damage from the largest foreseeable earthquake during the expected period of use (50 years is the useful lifetime ordinarily assigned to buildings; the largest foreseeable earthquake is a major earthquake of a size seen once every 475 years, having a 10% probability of occurring during any 50 year span). The figure represents the ratio of projected expenses for restoration of damage to the price of reacquisition.

ix) Sales policy

a) The Company will select real estate, asset-backed securities that have real estate as their primary investments, and other investments in its holdings to be sold based on overall considerations of the current status of the asset to be sold, projections of its future profitability and changes in asset value, and the asset allocation of the portfolio as a whole.

b) The Company will determine asset values each fiscal term and the Investment Committee will study whether to sell or hold any property that has declined more than 20% in terms of appraised value compared with book value at the end of each fiscal term. In addition, the Company may also consider the sale of other properties as it sees fit, as warranted by market conditions and other factors. The following are the main considerations in determining sales:

- Market forecast
- Development forecast for the surrounding area
- Profitability forecast
- Estimated amount of future investments
- Forecast changes in valuation
- Considerations of the portfolio as a whole (diversification by geographical location, tenant and asset class, etc.; impact on dividends, etc.)

x) Value-up properties

Value-up properties refer to those properties that exhibit the potential for an increase in profitability and asset value, and have an immediate income stream on acquisition, along with any of the following characteristics:

1. An occupancy rate of less than 80% at the time of acquisition
2. Significant investment return following effective renovation work

In principle, value-up properties occupy a maximum 15% of the total property portfolio (based on acquisition price). The additional acquisition of value-up properties is also subject to a total portfolio occupancy rate in excess of 90%.

Utilizing the know-how of its asset management company, the Company implements the following key strategies in the management of value-up properties:

1. Reinforce leasing activities with the aim of improving the occupancy rate
2. Carry out effective renovations to enhance market competitiveness
3. Implement cost controls by increasing efficiencies in management structure

Value-up properties will be reclassified as core properties, as defined below, when the Investment Committee judges that the properties have realized enhanced values. The Company will consider the sale of value-up properties as one method to realize asset value appreciation.

xi) Core properties

Core properties refer to office buildings other than value-up properties. Core properties are positioned as those properties that contribute to the profit stability of the overall portfolio.

④ Investment Standards

When investing in individual real estate properties, asset-backed securities that have real estate as their primary investments, or other investments, the Company will, prior to making the investment, perform a general evaluation that considers the current status, future profitability, risk, location, building and facilities maintenance and management, deterioration and obsolescence, earthquake resistance, rights, contracts with current tenants, environment, topography, as well as other factors.

After acquisition of real estate, asset-backed securities that have real estate as their primary investments or other investments, the Company will make ongoing and effective investments in facilities and equipment so as to maintain and improve the value and competitiveness of the asset, and will seek to stabilize and expand profitability by increasing revenues and reducing costs.

The major specific investment criteria of the Company are as follows:

i) Geographical location

Real estate to be invested in will be located in the following areas:

- a) Major urban areas: CBDs in Tokyo, Yokohama, Kawasaki, Chiba, Saitama, Nagoya, Osaka, Kyoto and Kobe
- b) Other government-designated cities: CBDs in Sapporo, Sendai, Hiroshima, Fukuoka, Kitakyushu and others
- c) Other core cities such as prefectural capitals with populations of 300,000 or more

When investing in retail properties, the Company will identify and determine an appropriate business area for the property; analyze the business area from a variety of perspectives, including population, demographic trends, number of households and average income; appropriately measure the latent buying power and growth potential of the business area; and determine the suitability of the tenants and their businesses to the business area. The Company will also study and analyze competitiveness from a variety of perspectives, including current market competition, plans for the opening of competitive stores in the vicinity, and future room for development.

ii) Size

a) Office buildings

In principle, the Company will invest in office buildings with total floor space of at least 3,300 square meters and floor space of approximately 330 square meters for each standard floor above the second story level.

b) Retail properties

In principle, the Company will invest in retail properties of an appropriate size in light of the future growth potential of their areas, as determined by local characteristics, business area scale and the standard property size for similar businesses.

iii) Facilities and equipment

a) Office buildings

The Company will evaluate specifications on a case-by-case basis, after giving general consideration to local characteristics or potential for post-acquisition property modifications, etc. and fully confirming the specifications including the shape and dividability of lease floors, ceiling height, floor fittings, power capacity and air-conditioning systems.

b) Retail properties

The Company will decide on retail properties individually, comparing them against standard qualifications and judging from overall factors, including the local characteristics of the property's area, versatility as a retail property, potential for conversion to other uses, visitor access, etc.

iv) Earthquake resistance

The Company will, in principle, invest only in buildings that meet new earthquake-resistance standards (specified under the Buildings Standards Law) or for which earthquake-resistance reinforcement work has been completed (including properties for which earthquake-resistance reinforcement work has not been done, but can be completed after acquisition).

v) Tenants

a) Office buildings

In principle, no single tenant will occupy more than 50% of a property (parent companies and their subsidiaries are considered as a single tenant). If a tenant occupies more than 50%, the Company can acquire the property after an evaluation of the tenant's creditworthiness, suitability and substitution potential.

b) Retail properties

Although JPR establishes no limitation on the floor occupancy rate of a single tenant, the Company will make a general evaluation of the tenant's creditworthiness, profitability of individual shops, replacability and other factors in selecting tenants. The Company will conduct vigorous property examinations with an aim to pick up properties with strong capability to attract tenants, while analyzing the subject trade zones and the competitive situations. After the acquisition, the Company will continue monitoring of tenants.

vi) Rights

a) Co-ownership

- The Company will, in principle, seek a co-ownership ratio above 50% in order to assure sufficient latitude in property management (leasing, improvements, etc.), but may acquire properties with an ownership ratio below 50% on a case-by-case basis after considering the nature and creditworthiness of other owners and the characteristics of the property.
- The Company shall, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for preferential purchasing rights or options among the other owners will be executed and whether restrictions will be placed on the transfer of rights, and if so, the nature of these restrictions.
- The Company will attempt to assure the stability of revenues by fully confirming the nature and creditworthiness of other owners and, where possible, providing for appropriate procedures. (This may include, but is not limited to, signing contracts prohibiting the division of joint equity and reaching agreements on the registration of rights and the mutual use of land).

b) Unit ownership

- The Company will, in principle, reserve for itself at least 75% of the voting rights in meetings attended by unit owners in order to assure sufficient latitude in improvements. However, it may make individual decisions based on a general evaluation of the nature and creditworthiness of other unit owners.
- The Company shall, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for preferential purchasing rights or options among the other owners will be executed, and whether restrictions will be placed on the transfer of rights, and if so, the nature of these restrictions.
- The Company will attempt to ensure the stability of revenues by confirming the operations of the management union (reserves, liability ratios, insurance, etc.) and will take such individual measures as are required. (This may include, but is not limited to, increasing accumulated amounts within the Company itself, or providing for insurance on the joint areas and registration of land rights separately from the management union.)

c) Leaseholds

- The Company will, in principle, invest in leaseholds as specified in the old Leasehold Law (Law No. 49 of 1921, including all subsequent amendments) and the Land and Building Leasing Law (Law No. 90 of 1991, including all subsequent amendments).
- The Company will carefully study the nature of the proprietary right holder of land 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 in concerning profitability.

d) Land with leaseholds

- The Company will, in principle, invest in land with leaseholds as specified in the Leasehold Law and the Land and Building Leasing Law.
- The Company will carefully study the nature of the leasehold right holder and will make its decision after fully investigating the impact on the profitability given by 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.

e) Collateral rights and usufructuary rights

- The Company will confirm the existence of mortgages or other collateral rights on the proposed property at the time of purchase, and the possibility of extinguishing such rights on closing.
- The Company will make its decision after confirming the existence of usufructuary rights (for example, surface rights or easements) set forth by third parties and the impact that such rights will have on profitability.

vii) Investment amount

a) Minimum investment per property

The minimum investment per property (only the purchasing price, exclusive of taxes, acquisition costs, etc.) will, in principle, be more than 1 billion yen. A property can be acquired for a lesser amount under the following circumstances:

- When acquiring part of a property valued in total at over 1 billion yen
- When acquiring a property with an appraisal value of more than 1 billion yen, but acquired after negotiation for a lesser amount
- In cases where several properties are being acquired together as a package and the concerned property is a subordinate asset

b) Maximum investment per property

The ceiling on the investment amount per property will be one-third of the total investment in real estate, asset-backed securities and other investments already held. Generally, however, properties that exceed this ratio can be acquired in cases where this is deemed advisable. The "total investment in real estate, asset-backed securities and other investments already held" refers to the total appraised value of investments up to the previous period, plus the price of investments purchased in the current period (exclusive of taxes, acquisition costs, etc.), plus the amount to be invested in the new property (exclusive of taxes, acquisition costs, etc.).

c) Restrictions on acquisition price

The acquisition price when investing in real estate, asset-backed securities or other assets shall be, in principle, no more than appraised value of the respective assets. However, provided that the property acquisition does not cause the NOI yield of the entire portfolio to fall below JPR's criterion for the current period, the acquisition price can exceed the above-mentioned upper limit, or the appraisal value, in the following cases:

- 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

- 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

viii) Selection guidelines concerning real estate acquisition ownership type

The Company acquires real estate under direct ownership or on an entrusted basis, acquiring beneficiary interests to the property. The decision as to which form of ownership the Company will take is determined after considering the requirements of the existing owner, the cost of transferring rights and a number of other factors.

ix) Policy on forward commitments

When engaging in forward commitments (a contract to purchase at a future date, with settlement and property delivery to occur on a date one month or later from the contract date, and other similar contracts; hereinafter the same), careful and sufficient considerations shall be made, including whether the amount of penalty for contract termination required in the event of failure to fulfill forward commitments is financially excessive or not, taking into consideration price volatility risk and other factors. In addition, the property's real estate appraisal value and business revenue and expense projection trends, etc. shall be monitored on a regular basis during the period from conclusion of contract to settlement.

B. FINANCIAL POLICIES

① Fund Management Policies

I) Leasehold and security deposits

- For real estate trust beneficiary interests

In principle, all leasehold and security deposits by tenants will be reserved within the trust account, but the Company shall be able to reduce the reserve amount if warranted by accumulated historical data, the establishment of commitment lines and other provisions.

- For real estate, real estate leaseholds and surface rights

In principle, leasehold and security deposits by tenants will be deposited in full to a commercial bank savings account or time deposit account. However, the Company shall be able to reduce 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.

II) Cash and bank deposits in the trust account (for real estate in trust)

All cash will be deposited in ordinary savings accounts or time deposit accounts at banks with short-term debt ratings of at least P-2 from Moody's.

III) Cash and bank deposits in the Company accounts

The provisions of II) above will apply to cash and bank deposits in the Company accounts. However, this will not include savings accounts established for use in the execution of loans by financial institutions or the payment of interest on loans.

Surplus funds will, in principle, be paid out in the following order of priority; any balances will be administered as described above:

- Reinvestment (refers to a use in purchasing properties or capital expenditures)
- Cash distribution to investors (however, no cash distributions will be made to investors in excess of profits as long as the current tax treatment requires investors to calculate capital gains/losses each time such investors receive cash distribution exceeding earnings. However, if the board of the Company decides that cash distribution exceeding earnings is required, the cash distribution exceeding earnings is allowed.
- Partial repayment of borrowings (however, this will be given the highest priority when the repayment maturity date of the loan agreement arrives, regardless of the priorities listed above)

IV) Derivatives

The Company will use financial futures, options and other derivatives only for the purpose of hedging interest rate fluctuation risks and other risks generated by the liabilities of the Company.

② Issuance of Additional Investment Units

The Company may issue additional investment units in a progressive manner for the purpose of assuring stable, long-term asset growth as warranted by an accurate assessment of the market and upon consideration of the dilution effects to existing units (reduction in equity of existing units from the issuing of new units; reduction in the per-unit net asset value or cash distribution of existing units).

③ Borrowings and Issuance of Corporate Bonds

I) Basic policies

The Company will seek to actively expand the size of assets and maintain stable cash distributions to investors by achieving an effective combination of stable long-term fund-raising and flexible short-term fund-raising.

II) Loan to value (LTV)

Loan to value (LTV) refers to a ratio calculated as shown below and will be used as a measurement of the ratio of liabilities to total assets of the Company.

$LTV = (\text{Borrowings} + \text{Corporate bonds}) / \text{Total assets}$

The Company will, in principle, maintain LTV at levels of no higher than 55%, but may temporarily exceed this level due to the acquisition of properties or changes in appraised values.

Note 1: Short-term corporate bonds are included in the corporate bonds.

Note 2: For purposes of this calculation, total assets refers to the amount shown in the assets column of the period-end balance sheet for the most recent period prior to the calculation of LTV, and is found by adjusting the period-end book value of specified assets held by the Company (specified by Article 2, Paragraph 1 of the Law Concerning Investment Trusts and Investment Corporations (No. 198 of 1951, including all subsequent amendments)) for the difference between the period-end book value of the specified assets and its appraised value.

C. PROPERTY-RELATED BUSINESS ADMINISTRATION POLICIES

Property-related business refers to property management, general tenant agency, lease manager/construction manager services and property transfers. This business is necessary and effective for the achievement of growth for the Company. The Company will administer this business in accordance with the following policies.

① *Asset Manager and Property Manager*

The growth of the Company requires integrated management by the Asset Manager (AM) and expert management by the Property Manager (PM), with the PM overseeing the facilities management, leasing management and construction management of individual properties.

In order to achieve more integrated management, the AM may seek the advice of third-parties regarding leasing management and construction plans for real estate invested in. The Company initially selected Tokyo Tatemono Co., Ltd. as the party to provide this advice (the Lease Manager/Construction Manager). The AM will select PMs with high degrees of management expertise, seek to concentrate the PMs for each geographical area, rigorously seek to homogenize management across the portfolio and work to maximize unitholder profits.

The AM will compare the capabilities and merits of a number of companies in its selection of property managers.

Existing PMs and candidates include: Tokyo Tatemono, a company that supports the AM in its leasing management activities and refurbishment plans; PMs that operate under existing contracts of properties acquired by the Company and possess established knowledge of tenants and locations; and other PMs. Final selection is also based on a variety of factors such as management expertise and efforts to integrate PMs in line with property proximity.

② *Commissioned General Tenant Agents*

The Company will provide information related to general tenant agency services to its general tenant agents through the property manager. Furthermore, the Company will conclude contracts to commission general tenant agency services with Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd. and Taisei Corporation (Commissioned General Tenant Agents) and will commission general tenant agency services to them.

③ *Property Transfer Agents*

The Company will conclude a contract to commission property transfer services with Tokyo Tatemono. Tokyo Tatemono will be commissioned to provide property transfer services, as needed, in order to ensure the smooth execution of property purchases and sales. This will not be limited to the real estate, real estate leasing rights and surface rights, but will include real estate in trust as well. Services will include confirmation of leasing status, confirmation of building and facility maintenance and management, confirmation and establishment of rights, preparation and confirmation of delivery and other ancillary work.

D. OTHER INVESTMENT POLICIES

① The Company will administer its assets in such a way that the ratio of the total price of designated real estate (real estate, real estate leasing rights, surface rights, or real estate in trusts for which real estate ownership, land leaseholds, or surface rights are the entrusted assets) to the total price of designated assets owned by the Company is 75% or more.

② The Company may modify the above ratios at any time as warranted by factors such as funding trends, market trends, general economic conditions, real estate market trends and the Company may modify the above ratios at any time as warranted by such factors as funding trends, market trends, general economic conditions, real estate market trends and modifications to laws and regulations.

③ Lending of assets in the portfolio

I) The Company may lend (for such purposes as parking space and the installation of billboards) real estate, real estate leasing rights and surface rights from among the assets listed on page 62 in "A. Investment Policies ② Types of Investment Assets" in order to more efficiently administer assets and achieve higher investment performance.

II) If the lending of real estate described in a) above results in the acceptance of leasehold and security deposits or other similar cash funds, the acceptance of these funds will follow the guidelines listed in "B. Financial Policies ① Fund Management Policies I) Leasehold and security deposits," on page 69.

III) The Company shall not lend assets other than real estate, real estate leasing rights and surface rights.

E. DISTRIBUTION POLICIES

The Company shall make cash distributions to unitholders or eligible registered pledgees listed or registered on the unitholders list at the end of each fiscal period, based on the following policies.

① Distributable Amount

Income available for distribution by the Company (the "distributable amount") equals the amount calculated by deducting the sum of unitholders' capital, retained earnings and evaluation/conversion adjustments from the net assets on the balance sheets.

② Determining Amount of Distribution

The Company determines the amount of distribution, which must exceed 90% of the Company's distributable income as stipulated in Article 67:15 of the Special Taxation Measures Law (Law No. 26 of 1957, including all subsequent amendments). However, the actual amount of distribution may not exceed the distributable amount, as defined above. In addition, the Company can reserve funds for long-term repair reserves, payment reserves, distribution reserves and similar reserves and allowances that are recognized to be necessary for maintenance of or increasing the value of assets.

③ Retained Earnings

Retained earnings not distributed from the distributable amount will be allocated based on the asset management policy of the Company.

④ Distribution of Cash Exceeding Earnings

In cases when the distribution is less than 90% of the distributable amount, or when the Company makes an appropriate decision based on the trend of the economic environment, the real estate market, the leasing market or other conditions, the Company may distribute cash exceeding earnings for the relevant period, as the sum of the distribution amount set in (2) above and the amount decided by the Company with the upper limit of the depreciation amount reported at the end of the fiscal period. In such a case, if the cash distribution does not meet the conditions of special tax treatments for the Company, the amount decided by the Company for the purpose of meeting the conditions may be distributed in cash.

As long as the current tax treatment requires investors to calculate capital gains/losses each time such investors receive cash distributions exceeding earnings, the Company will not conduct cash distribution exceeding earnings to investors.

However, if the board of the Company decides that cash distributions exceeding earnings is required to satisfy the "qualification test of distribution deductible," the distribution exceeding earnings is allowed following the above distribution policy.

⑤ Method of Distribution

Distributions are paid in cash based on the number of investment units held to unitholders who are listed on the final unitholders' list at the end of each fiscal period, or to eligible registered pledgees, within three months, in principle, from the end of each fiscal period.

⑥ Extinctive Prescription

The Company will be released from its payment obligation of distributions after a lapse of three years from the date of starting payment. No interest is payable in respect to unpaid distributions in arrears.

Investor Information

Address of Japan Prime Realty Investment Corporation (JPR)

4-16 Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan

Date of Establishment

September 14, 2001

Listing

Tokyo Stock Exchange (Securities Code: 8955)

Fiscal Period Ends

June 30 and December 31 of each year

General Meeting of Unitholders

More than once every two years

Cash Distribution Payment Eligibility

Unitholders of record as of June 30 and December 31 of each year

Transfer Agent

Mizuho Trust & Banking Co., Ltd./2-1 Yaesu 1-chome, Chuo-ku, Tokyo

Location of Records

Main Branch, Stock Transfer Agency Division
Mizuho Trust & Banking Co., Ltd./2-1 Yaesu 1-chome, Chuo-ku, Tokyo

Mailing Address

Stock Transfer Agency Division
Mizuho Trust & Banking Co., Ltd.
2-8-4 Izumi, Sugunami-ku, Tokyo 168-8507

Agents

Mizuho Trust & Banking Co., Ltd.
(All branches nationwide)
Mizuho Investors Securities Co., Ltd.
(Head office and all branches nationwide)

Web Site

http://www.jpr-reit.co.jp/jpr_e/index.html

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Annual Schedule (Provisional)



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