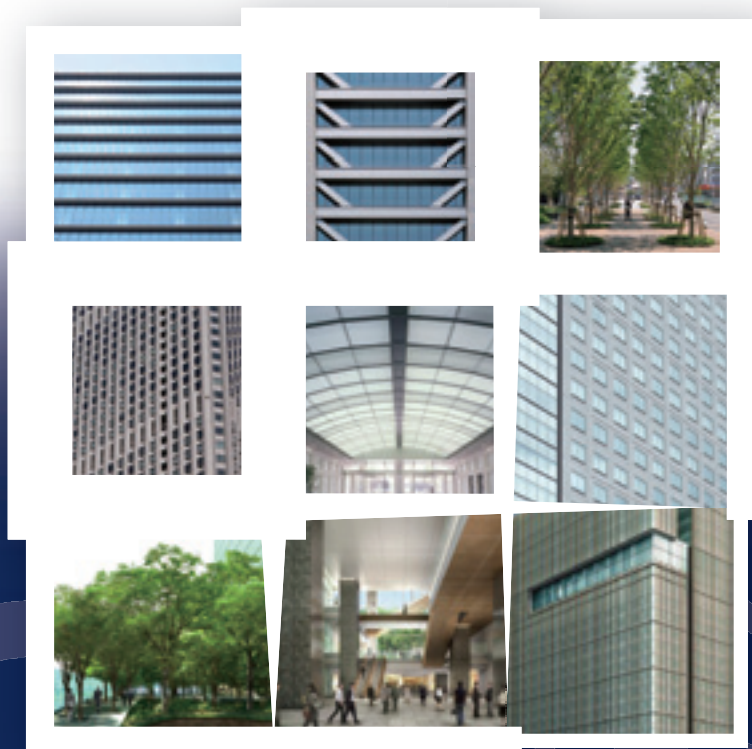


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J P R

Twenty-Second Fiscal Period Business Report

July 1, 2012 – December 31, 2012

Japan Prime Realty Investment Corporation

Message to Our Unitholders



We at Japan Prime Realty Investment Corporation (JPR) would like to express our sincere gratitude for the continued loyal patronage and support you have extended to us.

As we have settled the 22nd fiscal period (July 1, 2012 – December 31, 2012), 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 Yakuin Business Garden at an acquisition price of 10.9 billion yen, as part of our endeavors in strictly selective investment in office properties in the “other cities” category. Located in Fukuoka City, the property is a large, recently constructed building that boasts excellent location, and is expected to contribute to further enhancement of the quality of JPR’s portfolio. This new acquisition expanded the portfolio to 59 properties or 391.9 billion yen on an acquisition price basis as of the end of the 22nd fiscal period.

Second, in financing, JPR additionally issued new investment units from July through August 2012 to procure 20.7 billion yen, and issued unsecured investment corporation bonds totaling 7 billion yen in November of the same year. Moreover, given a relatively favorable fund procurement environment, we worked to reduce interest costs and promote a shift to long-term funding, realizing a more stable financial standing.

As for the financial results of the 22nd fiscal period, while rent revenue from existing properties decreased slightly, the acquisition of the new property as well as the full-period operation of the property acquired in the previous fiscal period contributed to overall earnings. This and other factors led JPR to post 12,963 million yen in operating revenue, 5,026 million yen in ordinary income and 5,025 million yen in net income.

As a result, the cash distribution per unit for the 22nd fiscal period came to 6,093 yen.

Going forward, 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. Through such 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

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Corporate Profile

Japan Prime Realty Investment Corporation (JPR) was incorporated on September 14, 2001 as a Japanese investment corporation (toshi hojin) under the Act on Investment Trusts and Investment Corporations (ITA) with the capacity to own and operate real estate and real estate-related assets. This type of investment corporation is commonly referred to as a J-REIT. Pursuant to the ITA, we are not permitted to have employees and we outsource basically all of our operations and activities to third parties, including Tokyo Realty Investment Management, Inc., the Asset Manager.

Our portfolio currently consists of office and retail properties in Japan, with an emphasis on office properties in the greater Tokyo area. As of the end of the 22nd fiscal period, we own 59 properties, consisting of 45 office properties and 14 retail properties. Forty-four of our properties are located in the greater Tokyo area, and our other properties are located in other cities in Japan. These 59 properties contain a total leasable area of approximately 450,943 m² as of December 31, 2012.

We intend to continue selectively acquiring office and retail properties in order to expand and increase the value of our portfolio and to achieve sustainable growth with stable cash distributions to our unitholders over the medium to long term. Our current investment strategy focuses primarily on office properties in the greater Tokyo area, although we also invest in retail properties in the greater Tokyo area and we diversify our investment portfolio geographically by investing in office and retail properties in major cities outside the greater Tokyo area.

Our units have been listed on the J-REIT section of the Tokyo Stock Exchange since June 14, 2002, following the initial public offering of our units. Our registered head office is located at 4-16 Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan. Our main telephone number is +81-3-3231-1051.



Our Corporate Strengths and Highlights

Our proven ten-year track record in achieving steady growth since our initial public offering.

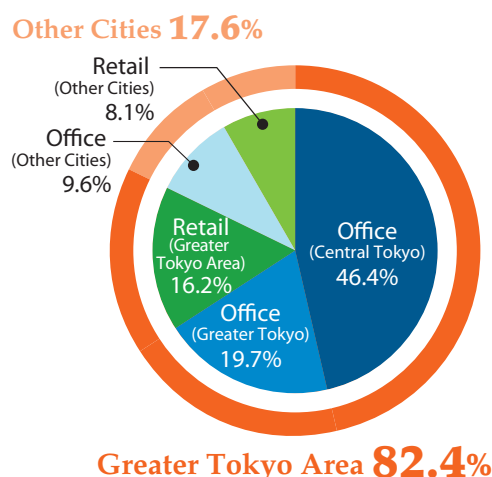
We have steadily increased the asset value of our portfolio to maintain stable distributions to our unitholders since our initial public offering in June 2002. We hold assets with an aggregate acquisition price of approximately ¥391,980 million, which is one of the largest holdings among J-REITs with a portfolio of office and retail properties.

Investments focused on office properties in the greater Tokyo area.

As of December 31, 2012, we own 59 properties in Japan. Based upon our internal classifications, 45 of our current properties are office properties and 14 are retail properties. Our portfolio is focused on office properties located in the greater Tokyo area, which we believe have medium- to long-term growth potential. Of the 59 properties, properties in the greater Tokyo area constitute 82.4% of our total portfolio, office properties constitute 75.7% of our total portfolio and office properties in the greater Tokyo area constitute 66.1% of our total portfolio, each on an acquisition price basis.

* The figures have been rounded to the first decimal place.

End of the 22nd Fiscal Period



Stable financial conditions.

We believe that we have prudent financial governance and effectively control our level of interest-bearing debt. Although under our Asset Manager's guidelines, we are required to keep our asset-based loan-to-value (LTV) ratio at or below 55%, we have set our target range of capitalization-based LTV as approximately 40% to 50%, although our capitalization-based LTV may diverge from the target range depending on the circumstances. In addition, we have diversified maturity dates, have obtained fixed rates for long-term loans and, to avoid refinancing risks, have established a commitment line in total of ¥28 billion.

Environmental policies that strengthen our brand.

We have adopted environmental policies which we believe are some of the best among the environmental policies of J-REITs and public companies in Asia, as reflected by certain third-party environmental assessments. Part of our brand strategy includes ensuring customer satisfaction through safety and energy-saving services and facilities. To this end, we have implemented energy conservation policies with an emphasis on cost and energy management, environmental property analysis, agreements with utility companies, and introduction of energy-efficient equipment and facilities.

Distribution per Unit

21st Fiscal Period (actual)

¥6,430

22nd Fiscal Period (actual)

¥6,093

23rd Fiscal Period (forecast)

¥5,800

Assets Held

¥380,984 million
(21st period end)



¥391,980 million
(22nd period end)

*Figures are total acquisition prices.

Occupancy Rate

Stable and High Occupancy

Average occupancy rate for the 1st through 22nd fiscal periods

95.6%

Occupancy rate for the 22nd fiscal period

94.4%

*Figures are period-average occupancy rates at end of month.

LTV (interest-bearing debt ratio to total assets)

Conservative operations with LTV at less than 50% **49.3%**
(21st period end)



44.9%
(22nd period end)

*LTV is based on total assets at end of period.

Credit Ratings Assigned to JPR

R&I

AA-
(Stable)

Standard & Poor's

(Long-term)

(Short-term)

A A-1
(Stable)

Moody's

A3
(Negative)*

*The rating outlook was changed from "negative" to "stable" on February 4, 2013.

Message from Our Asset Manager



I would like to extend my heartfelt gratitude to you, our unitholders, for the support you have given to Japan Prime Realty Investment Corporation (JPR). On behalf of Tokyo Realty Investment Management, Inc. (TRIM), the asset management company of JPR, I would like to give an overview of management results and future outlook of JPR.

Satoshi Okubo

President and Chief Executive Officer (CEO)
Tokyo Realty Investment Management, Inc.

■ Ten Years Since Listing

Growth to One of the Largest Holdings among J-REITs with a Combined Portfolio and Track Record of Stable Management over the Long Term

JPR was listed on the Real Estate Investment Trust (J-REIT) Section of the Tokyo Stock Exchange on June 14, 2002 as the fifth investment corporation in Japan, and celebrated its tenth anniversary in June 2012. Its asset size has grown steadily since listing, surpassing ¥390 billion as of December 31, 2012, which JPR boasts is one of the largest holdings among listed J-REITs with a combined portfolio of office and retail properties.

The occupancy rate of the portfolio has been stable, with the average since listing standing at 95.6%. This has enabled JPR to deliver dividends 22 times in total through the latest fiscal period, achieving a track record with an average distribution per unit of ¥6,181.

We at TRIM, to which JPR has assigned its asset management, seek to maximize unitholder value by stably operating this high-quality portfolio of assets.

■ Overview of Financial Results for the 22nd Period

Achieving Period-on-Period Increase in Revenues and Profits for Three Straight Periods

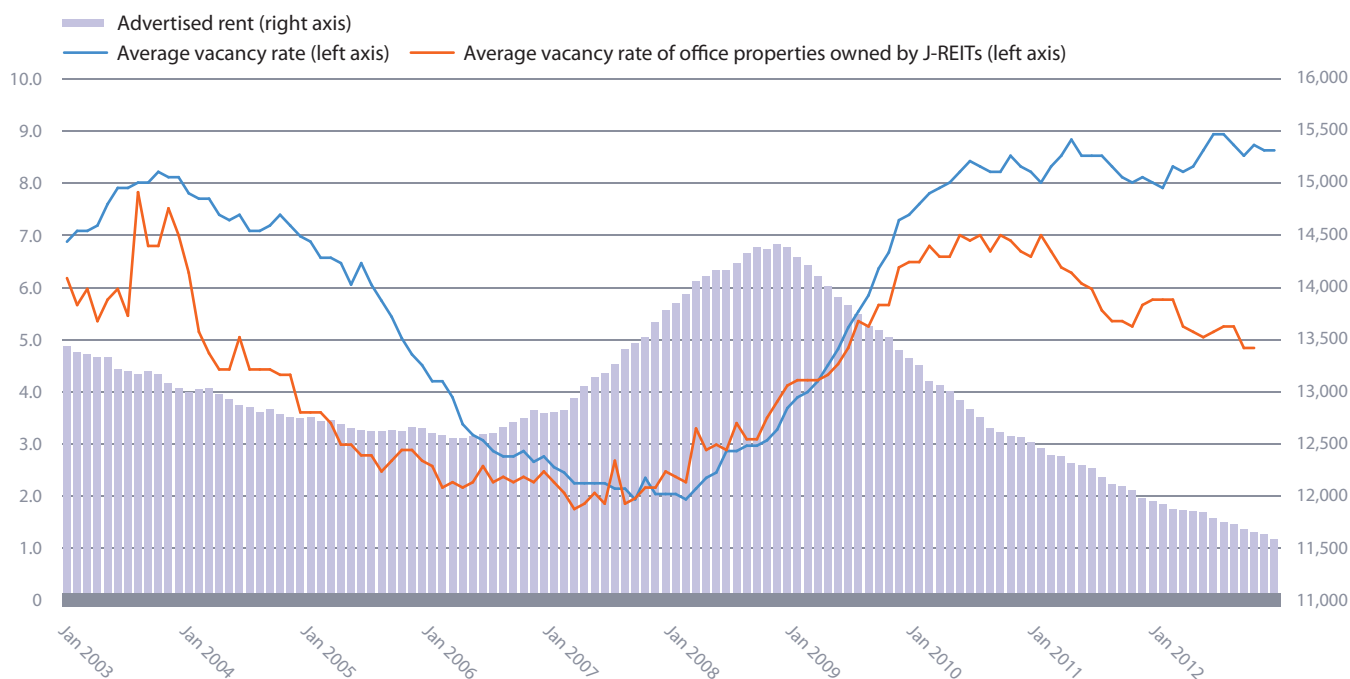
JPR achieved a period-on-period increase both in revenues and profits for the 22nd fiscal period ended December 2012, marking the third such fiscal period, thanks to contributions to earnings by the full-period of operation of Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name), which is located in Chiyoda Ward, Tokyo and acquired in March 2012, and Yakuin Business Garden located in Chuo Ward, Fukuoka City and acquired in August 2012. Meanwhile, distribution per unit was ¥6,093, partly impacted by the increase in the number of investment units as a result of the public offering conducted in July 2012.

■ Environment Surrounding Real Estate Business

Properties owned by J-REITs Anticipated to Rebound Ahead of Office Property Leasing Market Recovery

The investment unit price in the J-REIT market has rebounded significantly, thanks to such factors

Changes in Vacancy Rates and Rent Levels in 23 Wards of Tokyo



Note: The advertised rent and average vacancy rate in the 23 wards of Tokyo have been prepared by TRIM based on the Office Rent Data 2013 and the Office Market Survey Monthly Report published by Sanko Estate. The average vacancy rate of office properties owned by J-REITs has been prepared by TRIM based on the Statistics on Real Estate Investment Corporations published by The Investment Trust Association, Japan.

as the change of the Japanese government at the end of last year and the announcement of political measures by the new administration to get rid of deflation, and we actually sense that the industry has begun to feel positive.

In the J-REIT market, the fund procurement environment remains favorable, including borrowings from financial institutions, with IPOs and public offerings being conducted one after another since January 2013. Against the backdrop of this situation, willingness to invest in real estate is becoming stronger and the conditions for the activation of the transaction market are being met.

In the office property leasing market, the vacancy rate continues at a high level due to the lingering impact of the large volume of Tokyo office space supplied and the resulting “secondary vacancies,” among other factors. However, strong tenant demand for office integration and consolidation intentions have surfaced since the latter half of last

year, and the gap between supply and demand is gradually narrowing. Meanwhile, the rent levels are projected to remain on the lower side as it will take more time for the vacancy rate to decrease to a certain degree. Nevertheless, given the restrained supply of Tokyo office space in 2013 and after, and an upward reversal of rents observed for some large, blue-chip properties, we anticipate that rents may bottom out toward the end of the fiscal year ending this March. Moreover, we believe that J-REITs with excellent asset portfolios may expect improvement of the vacancy rate ahead of statistical data and an earlier upward reversal of the rent levels.

■ New Property Acquisitions Blue-chip Properties Acquired by Taking Advantage of Sponsor Support

JPR believes that the current situation presents a good opportunity for acquiring excellent properties, as the office property leasing market still requires

Message from Our Asset Manager



some more time to bottom out. JPR will continue to proactively investigate investment focused on office properties in Tokyo (Central Tokyo and Greater Tokyo) (hereafter, the Tokyo office properties), along with retail properties and office properties in regional cities, with an aim to improve the portfolio quality and stabilize earnings.

Over the past twelve months, JPR conducted investment totaling approximately ¥47 billion in two properties – Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name), situated in a prime location in central Tokyo, and Yakuin Business Garden located in Fukuoka where the market is expected to recover. These two properties have been acquired by taking advantage of the sponsor support, and otherwise may not have been available in the real estate transaction market.

Having sponsors' pipelines that enable acquisitions of such properties represents a strength of JPR in conducting external growth. Going forward, we will continue to promote property acquisitions that should contribute to the growth of the portfolio.

■ Overview of Operations

Securing Capacity for Internal Growth through Recovery of Occupancy Rate

The average occupancy rate of JPR's portfolio for the 22nd fiscal period was 94.4%, remaining flat from the previous fiscal period. At the closing of the 22nd fiscal period, we assumed that this would decrease to 93.7% because of occurrence of contract cancellations by large tenants. However, as activities to invite tenants proceeded better than initially assumed, primarily for the office properties in Tokyo CBDs, the occupancy rate eventually surpassed the assumption by 1.2 percentage points to reach 94.9%.

As the office property leasing market gradually heads for recovery, selection of properties by tenants is increasingly polarized, with tenants showing a tendency to favor properties that feature highly earthquake-resistant structures or facilities taking into account energy saving and business continuity plans. JPR recognizes that there is room remaining for its occupancy rate to increase beyond the current level. We will continue to ensure our responses to tenant needs and seek operations and management that should enhance customer satisfaction.

■ Status of Financial Operations

Reduction of Costs of Interest-Bearing Debts Based on Conservative Financial Standing

In July 2012, JPR conducted its fifth public offering of investment units. Demand from investors within and outside Japan successfully rose to about five times the offering volume despite an environment in which there were concerns regarding the European sovereign debt problem, and JPR succeeded in raising funds totaling ¥20.7 billion. The fund procurement helped JPR's ratio of interest-bearing debts (LTV on a total asset basis) to decrease from 49.3% to 44.9% (as of the end of the 22nd fiscal period) and aided in JPR regaining

its capacity for further debt financing to acquire properties.

Moreover, continuous endeavors have been made to reduce financial costs so as to make the most of the favorable lending environment. The average interest rate of JPR's long-term interest-bearing debts has decreased to 1.47%, down by approximately 0.4 percentage points from the level of two years ago.

JPR is resolved to continue its conservative financial operations built upon stably controlling LTV and other measures, as it conducts refinancing to long-term fixed interest debt as well as diversifying repayment dates of borrowings to address future interest rate rises and refinancing risks.

■ Future Outlook

Pursuing Stable Portfolio Management and Enhancement of Unitholder Value

The real estate business and the environment surrounding J-REITs are heading for recovery.

JPR will endeavor to continue stable portfolio management by increasing the occupancy rate and improving the balance of income and expenses through intensive cost management. JPR will also work to conduct strictly selective investment in the Tokyo office properties and other blue-chip

Promotion of JPR Brand Strategy

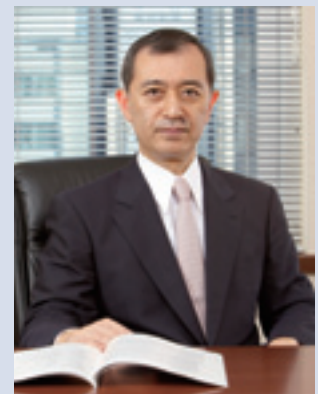
The "JPR Brand Strategy" is positioned as one of our internal strategies to increase the earnings ratios and asset values of JPR's strategies through improving tenant satisfaction. This brand strategy is based on the brand concept of "A/3S," which offers the ultimate in "Amenities" and optimal space by focusing on "Service," "Safety" and "Save Energy (environment)." JPR's office building brand strategy is built around the active promotion of these objectives.



properties. Through these and other measures, we aim to construct a portfolio that will lead to the steady growth of JPR into the future and enhancement of unitholder value.

Career Highlights

- Joined Tokyo Tatemono Co., Ltd. in 1977.
- Serving in the Second Building Leasing Department from 1996, engaged in overall management and administration.
- Appointed General Manager of Residential Management Department in 1998 and supervised development, sale and operational management.
- Appointed Director and Head of Kansai Branch Office in 2005 and supervised commercial properties, residential development and urban development businesses.
- Joined Tokyo Realty Investment Management, Inc. in June 2010, took office as President and CEO and has been supervising the company in that capacity to date.

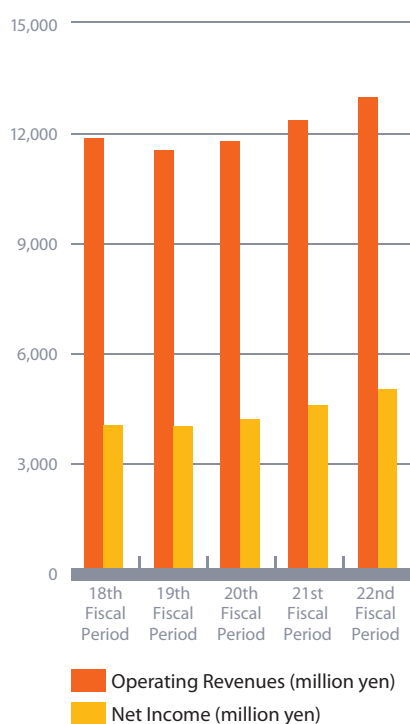


Account Highlights

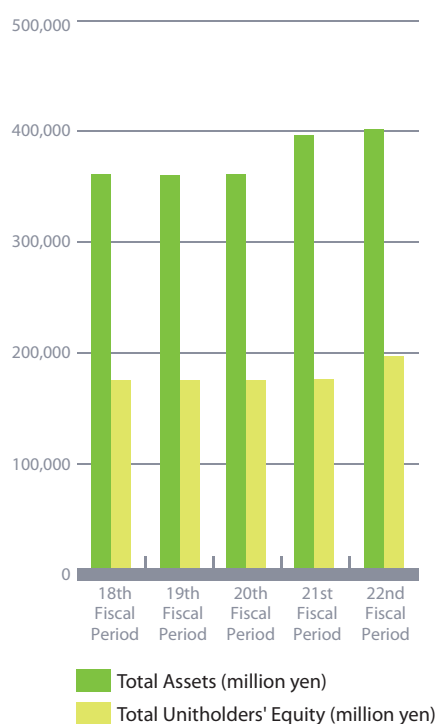
(All amounts in millions of yen unless otherwise stated)

	18th Fiscal Period ended December 2010	19th Fiscal Period ended June 2011	20th Fiscal Period ended December 2011	21st Fiscal Period ended June 2012	22nd Fiscal Period ended December 2012
Operating revenues	11,870	11,529	11,772	12,345	12,963
Ordinary income	4,039	4,075	4,201	4,597	5,026
Net income	4,039	4,010	4,200	4,596	5,025
Total cash distributions	4,061	4,011	4,201	4,597	5,026
Total assets	360,904	360,004	360,699	396,017	401,984
Total unitholders' equity	175,502	175,452	175,640	176,035	197,168
Equity ratio (%)	48.6	48.7	48.7	44.5	49.0
Unitholders' equity per unit (yen)	245,458	245,387	245,651	246,204	238,992
Cash distribution per unit (yen)	5,680	5,611	5,876	6,430	6,093

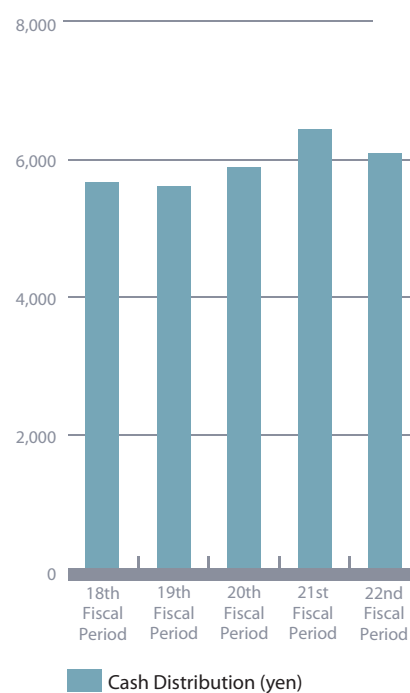
Operating Revenues and Net Income



Total Assets and Total Unitholders' Equity



Cash Distribution per Unit

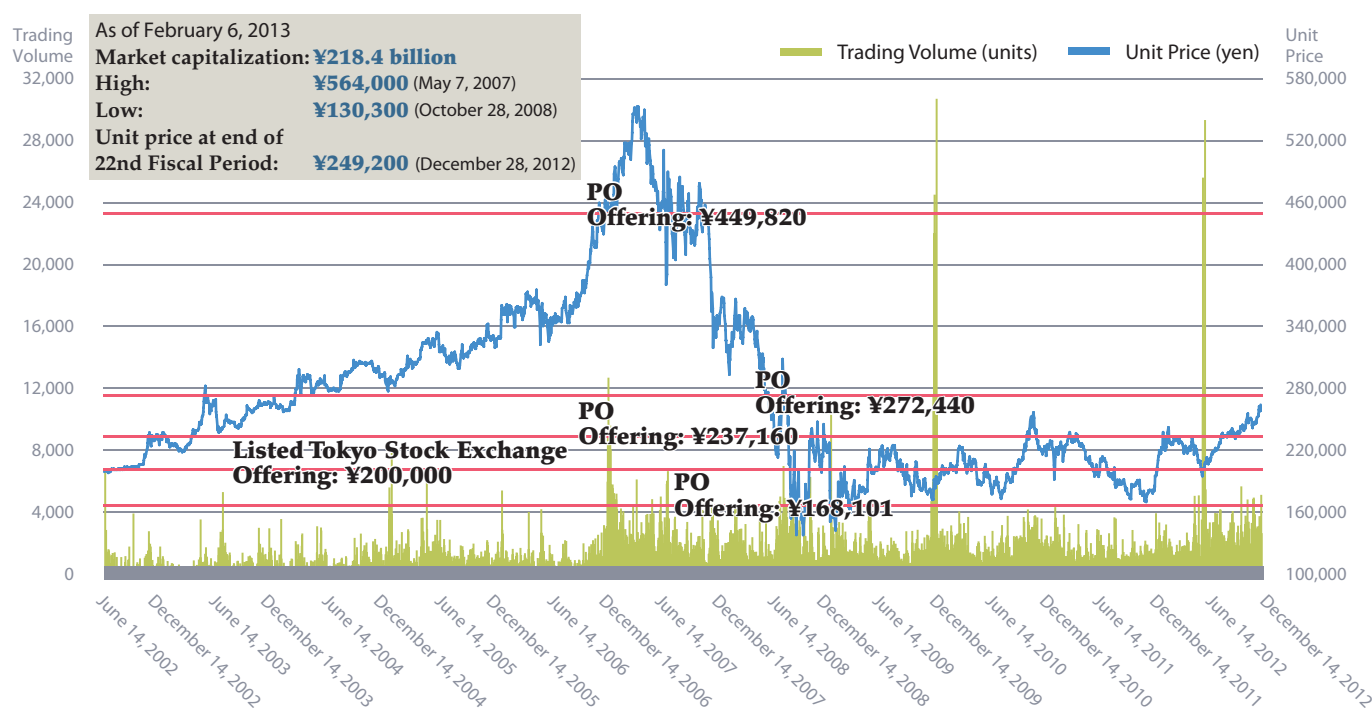


Investment Unit Status

Our units are listed on the Tokyo Stock Exchange. The following table indicates, for the periods indicated, the trading price and trading volume of our units on the Tokyo Stock Exchange and:

- the high and low levels of the Nikkei Stock Average, an index of 225 selected stocks listed on the First Section of the Tokyo Stock Exchange, published by Nikkei Inc.;
- the high and low levels of the TOPIX, which is a weighted index of the market value of all stocks traded on the First Section of the Tokyo Stock Exchange, published by the Tokyo Stock Exchange; and
- the high and low levels of the Tokyo Stock Exchange REIT Index, which is a capitalization-weighted index based on all J-REITs listed on the Tokyo Stock Exchange, published by the Tokyo Stock Exchange.

Historical Unit Price



Note: Unit prices are based on closing prices.

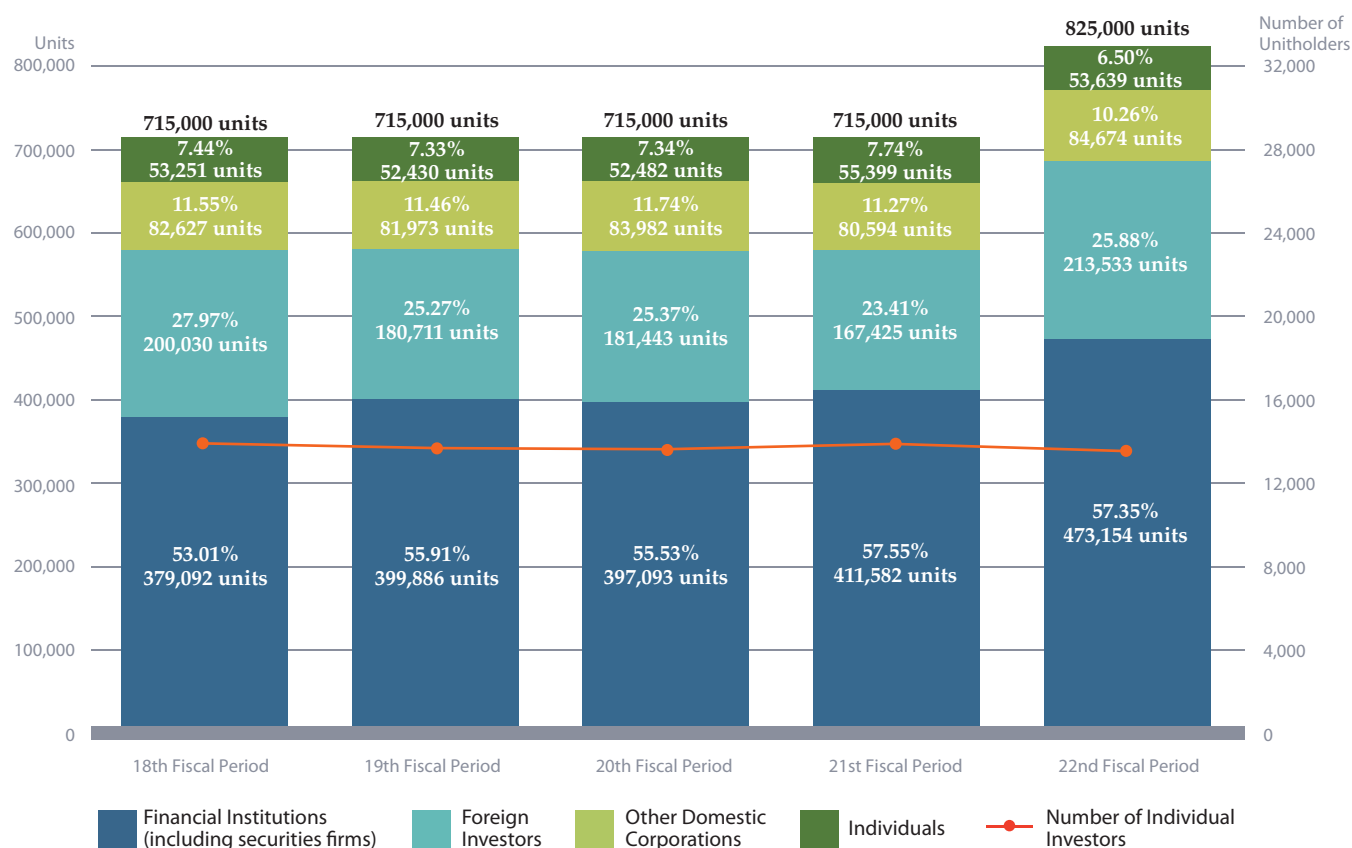
Market Price Information

	Tokyo Stock Exchange Price per Unit ⁽¹⁾		Average Daily Trading Volume of Units	Nikkei Stock Average		TOPIX		Tokyo Stock Exchange REIT Index	
	High	Low		High	Low	High	Low	High	Low
Calendar year 2010:									
First quarter	208,100	172,900	4,233	11,097.14	9,932.90	979.58	881.57	948.90	873.28
Second quarter	224,900	187,700	1,771	11,339.30	9,382.64	998.90	841.42	999.13	875.18
Third quarter	207,300	173,900	1,367	9,795.24	8,824.06	870.73	804.67	940.05	883.09
Fourth quarter	253,200	189,000	2,063	10,370.53	9,154.72	908.01	803.12	1,130.70	944.42
Calendar year 2011:									
First quarter	257,500	192,600	2,187	10,857.53	8,605.15	974.63	766.73	1,156.46	926.83
Second quarter	238,300	210,000	1,381	10,004.20	9,351.40	865.55	805.34	1,079.89	1,018.94
Third quarter	214,800	192,800	1,303	10,137.73	8,374.13	874.34	728.85	1,032.33	912.43
Fourth quarter	204,000	173,700	1,174	9,050.47	8,160.01	771.43	706.08	936.25	805.64
Calendar year 2012:									
First quarter	238,300	170,900	1,616	10,255.15	8,378.36	872.42	725.24	996.38	819.42
Second quarter	243,000	216,700	1,677	10,109.87	8,295.63	856.05	695.51	1,004.16	883.38
Third quarter	236,000	195,800	3,881	9,232.21	8,365.90	778.70	706.46	1,021.46	933.00
Fourth quarter	257,900	231,400	2,452	10,395.18	8,295.63	859.80	695.51	1,116.37	819.42

Source: Bloomberg. Note: (1) Based on the closing price.

Status of Unitholders

Breakdown of Unitholders at End of Period



Note: The composition ratio is rounded to two decimal places.

Principal Unitholders

The following table sets forth the number of units held by our principal unitholders and the percentage of our total outstanding units as of December 31, 2012:

Unitholder	Number of Units Held	Percentage of Outstanding Units (%)
Japan Trustee Services Bank, Ltd. (Trust Account)	174,026	21.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	46,855	5.7
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	42,955	5.2
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	40,156	4.9
Tokyo Tatemono Co., Ltd.	29,300	3.6
Northern Trust Company (AVFC), Account Singapore Clients (Standing Proxy: The Hongkong and Shanghai Banking Corporation Ltd., Tokyo Branch)	27,258	3.3
Kawasaki Gakuen	25,000	3.0
Meiji Yasuda Life Insurance Company	24,000	2.9
Nomura Bank (Luxembourg) S. A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	23,121	2.8
The Bank of New York Mellon as Agent BNYM AS EA Dutch Pension Omnibus 140016 (Standing Proxy: Mizuho Corporate Bank, Ltd.)	10,163	1.2
Total	442,834	53.7

Portfolio Topics

Property Acquired in the 22nd Fiscal Period

Yakuin Business Garden

C-20

(Office)

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

Location	Fukuoka City, Fukuoka
Type of Ownership	Ownership
Acquisition Date	August 8, 2012
Acquisition Price	¥10,996 million
Site Area	4,348.43 m ²
Total Floor Space	22,286.35 m ²
Structure/Floors	SRC/14F
Completed	January 2009



Aim of Property Acquisition

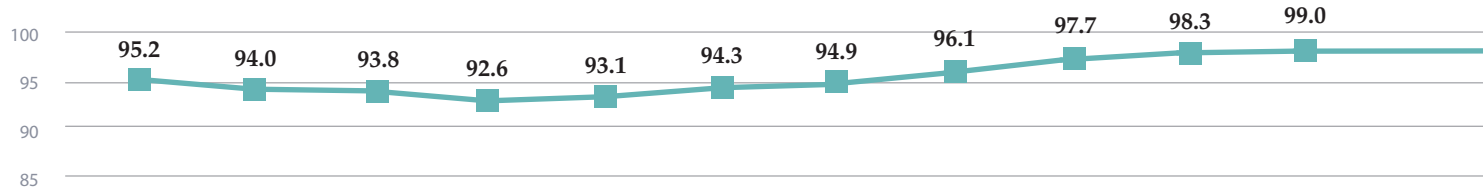
The Yakuin area where the property is located is near Kyushu's largest business center, Tenjin in Fukuoka City. The location is **excellent for transportation** as it connects to multiple train and bus routes. Also, the area hosts **an assemblage of major companies** such as the Kyushu Electric Power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

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

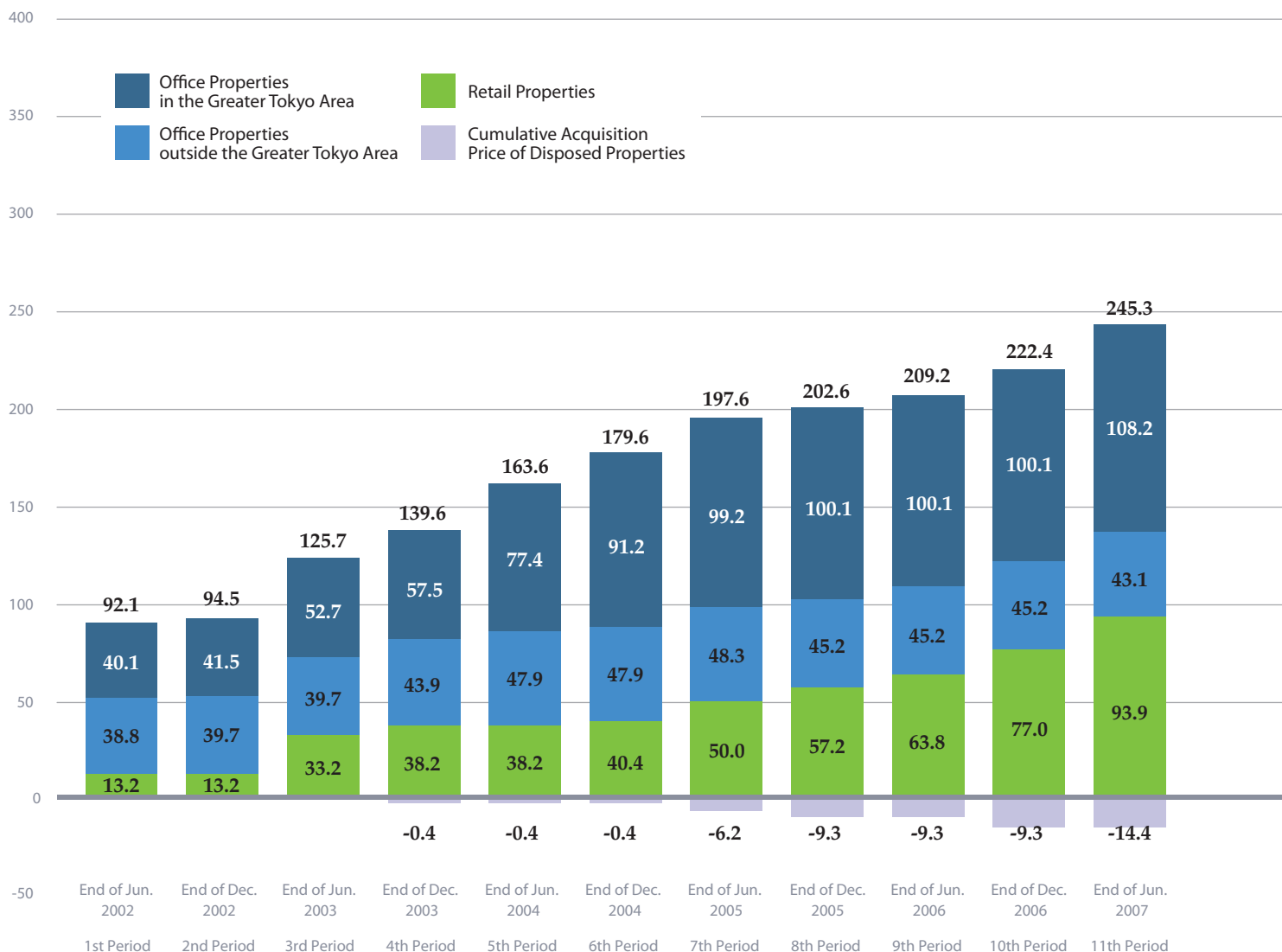
Portfolio Topics

Portfolio Growth and Change in Average Occupancy Rate

Occupancy Rate (%)



Total Acquisition Price (billion yen)

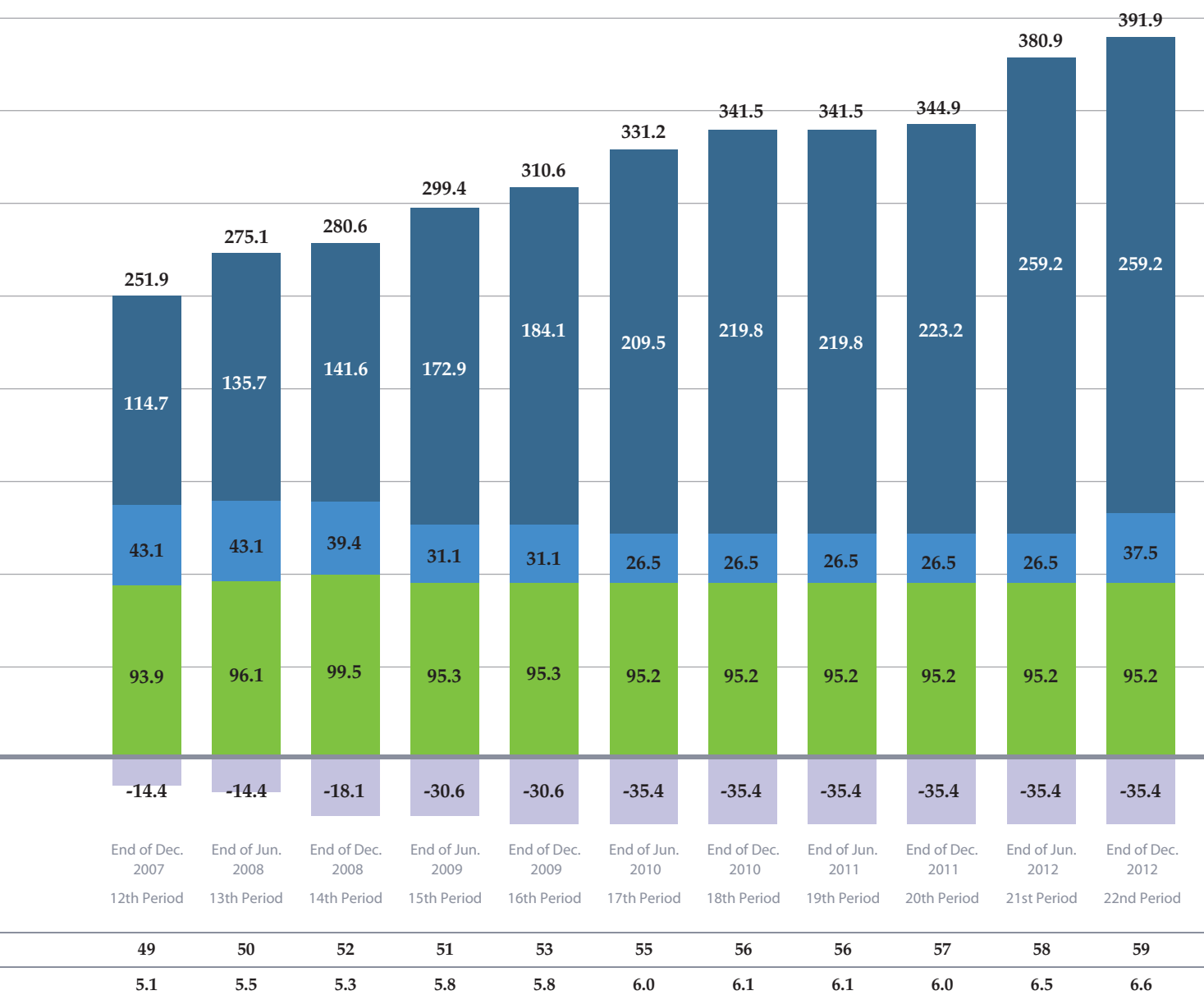
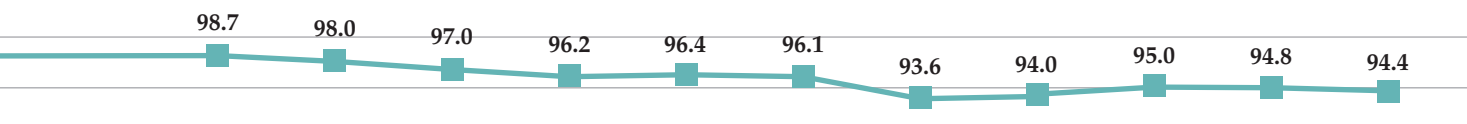


Number of properties

Number of properties	25	27	30	32	38	42	42	42	44	46	48
Acquisition price per property	3.6	3.5	4.1	4.3	4.3	4.2	4.7	4.8	4.7	4.8	5.1

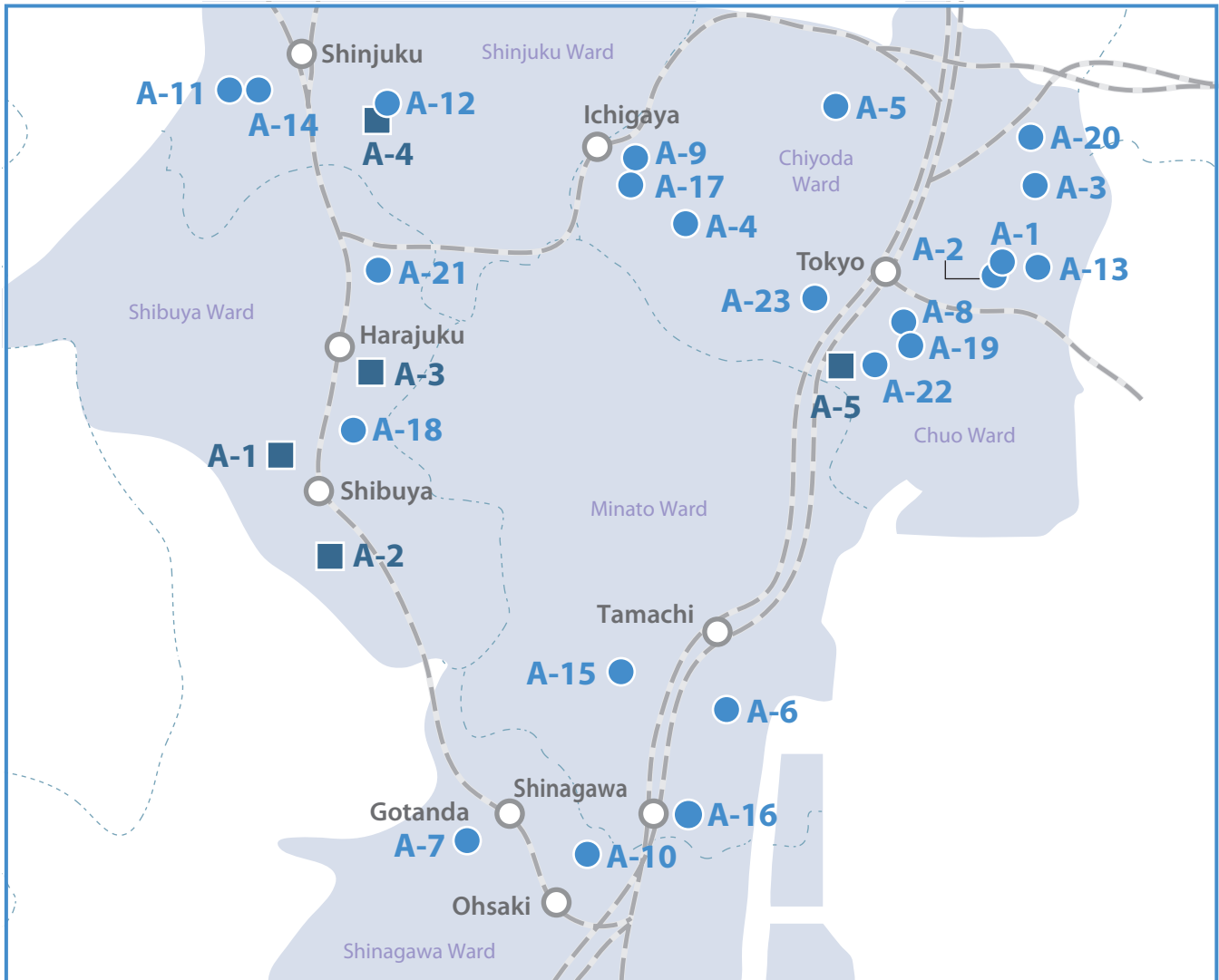
Notes:

- (1) "Asset size" represents the aggregate acquisition price of the properties in our portfolio as of the relevant date.
- (2) "Cumulative Acquisition Price of Disposed Properties" represents the cumulative acquisition prices (at the time of acquisition) of the properties sold up to the relevant date and includes the relevant amount in respect to the part of JPR Jingumae 432 which was sold on June 1, 2010.
- (3) We changed our investment policy in 2009 to shift our focus to office properties in the greater Tokyo area so that properties in the greater Tokyo area would generally constitute between 80% and 90% of the aggregate investment amount of our portfolio, and office properties would generally constitute between 70% and 90% of the aggregate investment amount of our portfolio (previously, the percentage of the properties in the greater Tokyo area was generally 60%, and the percentage of the office properties was generally 80% of the aggregate investment amount of our portfolio).
- (4) The occupancy rate as of each date above represents the average occupancy rate for the fiscal period ended on such date. The average of all such occupancy rates shown above is 95.6%.



Property Location (As of December 31, 2012)

A Central Tokyo



Office

- A-1 Kanematsu Bldg.
- A-2 Kanematsu Bldg. Annex
- A-3 JPR Ningyo-cho Bldg.
- A-4 Shin-Kojimachi Bldg.
- A-5 JPR Crest Takebashi Bldg.
- A-6 MS Shibaura Bldg.
- A-7 Gotanda First Bldg.
- A-8 Fukuoka Bldg.
- A-9 JPR Ichigaya Bldg.
- A-10 Oval Court Ohsaki Mark West
- A-11 Shinjuku Square Tower
- A-12 BYGS Shinjuku Bldg.

- A-13 Across Shinkawa Bldg. Annex
- A-14 Shinjuku Center Bldg.
- A-15 Minami Azabu Bldg.
- A-16 Shinagawa Canal Bldg.
- A-17 Rokubancho Bldg.
- A-18 JPR Harajuku Bldg.
- A-19 Tokyo Tatemono Kyobashi Bldg.
- A-20 JPR Nihonbashi-horidome Bldg.
- A-21 JPR Sendagaya Bldg.
- A-22 Ginza Sanwa Bldg.
- A-23 Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name)

Retail

- A-1 JPR Shibuya Tower Records Bldg.
- A-2 JPR Daikanyama
- A-3 JPR Jingumae 432
- A-4 Shinjuku Sanchome East Bldg.
- A-5 Yurakucho Ekimae Bldg. (Yurakucho Itocia)

A Central Tokyo

Chiyoda Ward
Chuo Ward
Minato Ward

Shinjuku Ward
Shinagawa Ward
Shibuya Ward

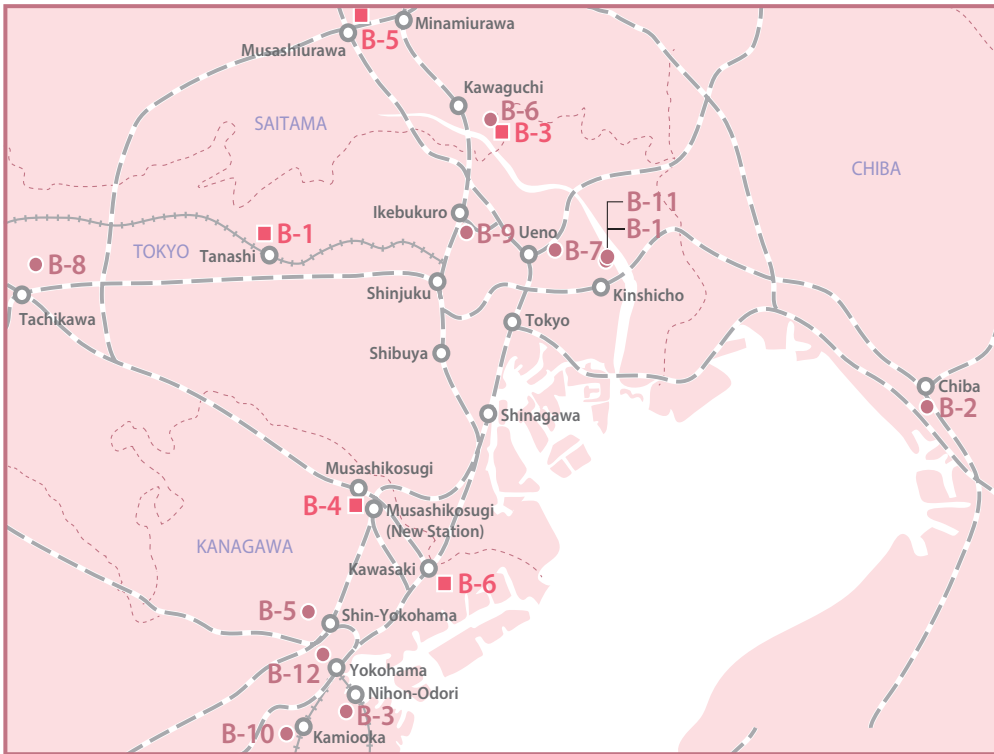
B Greater Tokyo

All other areas of Tokyo and
Chiba, Kanagawa and
Saitama Prefecture

C Other Cities

All other areas in Japan

B Greater Tokyo



Office

- B-1 Arca East
- B-2 JPR Chiba Bldg.
- B-3 JPR Yokohama Nihon Odori Bldg.
- B-5 Shinyokohama 2nd Center Bldg.
- B-6 Kawaguchi Center Bldg.
- B-7 JPR Ueno East Bldg.
- B-8 Tachikawa Business Center Bldg.
- B-9 Rise Arena Bldg.
- B-10 Yume-ooka Office Tower
- B-11 Olinas Tower
- B-12 Tokyo Tatemono Yokohama Bldg.

Retail

- B-1 Tanashi ASTA
- B-3 Cupo-la Main Bldg.
- B-4 JPR Musashikosugi Bldg.
- B-5 Musashiurawa Shopping Square
- B-6 Kawasaki Dice Bldg.

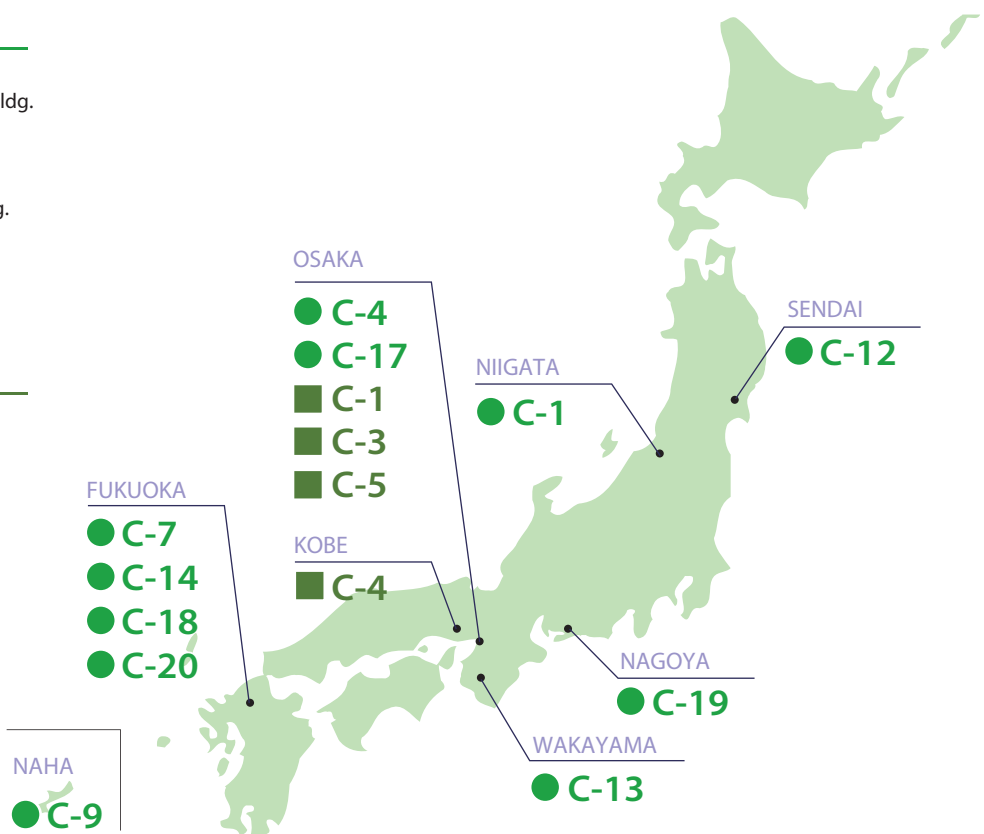
C Other Cities

Office

- C-1 Niigata Ekinan Center Bldg.
- C-4 Tokyo Tatemono Honmachi 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-17 JPR Dojima Bldg.
- C-18 JPR Hakata-chuo Bldg.
- C-19 JPR Nagoya Fushimi Bldg.
- C-20 Yakuin Business Garden

Retail

- C-1 JPR Umeda Loft Bldg.
- C-3 Benetton Shinsaibashi Bldg.
- C-4 Housing Design Center Kobe
- C-5 JPR Chayamachi Bldg.



List of Properties

Office Properties

The following tables provide basic summary information for our 45 current office properties as of December 31, 2012, unless otherwise specified.

Property Number	Property Name	Location	Acquisition Price ⁽¹⁾ (in millions)	Percentage of Portfolio Acquisition Price (%)	Book Value (in millions)	Land (m ²)	Leasable Area Owned or Co-owned by JPR (m ²)
Central Tokyo							
A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	¥16,276	4.2	¥14,853	1,751.13	7,994.02
A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	2,874	0.7	2,468	679.06	2,291.13
A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	2,100	0.5	1,991	550.06	2,804.56
A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	2,420	0.6	2,404	657.80	3,318.81
A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	4,000	1.0	3,450	636.90	3,265.34
A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	11,200	2.9	10,897	8,992.18 ⁽²⁾	14,469.72
A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	2,920	0.7	2,694	1,551.19	4,243.58
A-8	Fukuoka Bldg.	Chuo-ku, Tokyo	2,920	0.7	2,918	1,302.17	1,937.40
A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	5,100	1.3	5,296	1,058.04	4,224.96
A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	3,500	0.9	3,115	4,006.00	4,088.44
A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	10,180	2.6	9,039	8,409.52 ⁽³⁾	11,150.78
A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	15,121	3.9	15,760	3,522.46	15,190.65
A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	710	0.2	619	858.48	1,253.39
A-14	Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	21,000	5.4	21,804	14,917.11	8,863.98
A-15	Minami Azabu Bldg.	Minato-ku, Tokyo	3,760	1.0	3,860	778.09	3,405.73
A-16	Shinagawa Canal Bldg.	Minato-ku, Tokyo	1,870	0.5	1,817	828.82	1,700.57
A-17	Rokubancho Bldg.	Chiyoda-ku, Tokyo	2,800	0.7	2,902	716.95	2,488.36
A-18	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	8,400	2.1	8,734	1,205.07	4,760.09
A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	5,250	1.3	5,253	547.10	3,499.31
A-20	JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	5,100	1.3	5,104	937.59	5,299.89
A-21	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	15,050	3.8	15,248	2,217.49	6,177.74
A-22 ⁽⁴⁾	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	3,400	0.9	3,636	1,119.27	1,899.27
A-23	Otemachi 1-6 Plan (Land with Leasehold Interest)	Chiyoda-ku, Tokyo	36,000	9.2	38,388	11,034.78	11,034.78

(As of December 31)

Property Number	Property Name	Location	Acquisition Price ⁽¹⁾ (in millions)	Percentage of Portfolio Acquisition Price (%)	Book Value (in millions)	Land (m ²)	Leasable Area Owned or Co-owned by JPR (m ²)
Greater Tokyo							
B-1	Arca East	Sumida-ku, Tokyo	5,880	1.5	4,605	3,755.01	7,022.76
B-2	JPR Chiba Bldg.	Chiba, Chiba	2,350	0.6	2,420	1,382.35	5,535.67
B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	2,927	0.7	2,661	1,100.59	6,066.53
B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	920	0.2	909	841.71	2,642.38
B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	8,100	2.1	7,164	4,524.61	15,455.96
B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	3,250	0.8	3,116	1,242.97	6,490.05
B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	3,188	0.8	2,973	2,047.22	4,731.04
B-9	Rise Arena Bldg.	Toshima-ku, Tokyo	5,831	1.5	5,558	9,377.28 ⁽⁵⁾	6,023.39
B-10	Yume-ooka Office Tower	Yokohama, Kanagawa	6,510	1.7	5,896	12,011.00	12,013.88
B-11	Olinas Tower	Sumida-ku, Tokyo	31,300	8.0	29,820	27,335.29	23,987.40
B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	7,000	1.8	6,983	1,110.28	6,494.09
Other Cities							
C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	2,140	0.5	1,799	2,706.99	5,326.88
C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	4,150	1.1	4,159	1,432.64	7,162.60
C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	2,900	0.7	3,189	1,214.63	6,581.15
C-9	JPR Naha Bldg.	Naha, Okinawa	1,560	0.4	1,431	959.87	3,946.42
C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	3,150	0.8	2,388	1,895.67	7,129.05
C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	1,670	0.4	1,287	1,128.45	4,874.91
C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	2,810	0.7	2,298	1,164.39	3,257.73
C-17	JPR Dojima Bldg.	Osaka, Osaka	2,140	0.5	2,053	668.11	3,930.21
C-18	JPR Hakata-chuo Bldg.	Fukuoka, Fukuoka	1,920	0.5	1,791	680.63	3,290.42
C-19	JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	4,137	1.1	4,178	1,610.38	7,086.37
C-20	Yakuin Business Garden	Fukuoka, Fukuoka	10,996	2.8	11,416	4,348.43	16,654.33
Total			¥296,780	75.7	¥290,367	150,815.76	291,065.72

Notes:

- (1) Acquisition price excludes consumption and other taxes.
(2) Includes land of the Trinity Shibaura property, which was developed together with the MS Shibaura Bldg.
(3) Includes land for the entire redevelopment area that includes the Shinjuku Square Tower.
(4) All properties are office properties, with the exception of A-22, which has both offices and retail stores.
(5) Includes land for the entire redevelopment area that includes the Rise Arena Bldg.

List of Properties

Retail Properties

The following tables provide basic summary information for our 14 retail properties.

Property Number	Property Name	Location	Acquisition Price ⁽¹⁾ (in millions)	Percentage of Portfolio Acquisition Price (%)	Book Value (in millions)	Land (m ²)	Leasable Area Owned or Co-owned by JPR (m ²)
Central Tokyo							
A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	¥12,000	3.1	¥11,656	1,010.47	8,076.85
A-2	JPR Daikanyama	Shibuya-ku, Tokyo	2,160	0.6	2,199	277.12	651.29
A-3	JPR Jingumae 432	Shibuya-ku, Tokyo	4,275	1.1	4,340	198.10	1,027.33
A-4	Shinjuku Sanchoe East Bldg.	Shinjuku-ku, Tokyo	2,740	0.7	2,728	2,578.69	2,347.81
A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda-ku, Tokyo	3,400	0.9	3,377	6,808.12	1,101.92
Greater Tokyo							
B-1	Tanashi ASTA	Nishitokyo, Tokyo	10,200	2.6	7,774	12,326.30	31,121.71
B-3	Cupo-la Main Bldg.	Kawaguchi, Saitama	2,100	0.5	1,888	15,008.28 ⁽²⁾	5,963.00
B-4	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	7,260	1.9	7,240	4,761.62	19,740.95
B-5	Musashiurawa Shopping Square	Saitama, Saitama	4,335	1.1	4,065	8,317.99	14,960.69
B-6	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	15,080	3.8	14,411	4,475.45	13,066.69
Other Cities							
C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	13,000	3.3	12,572	3,518.68	18,586.97
C-3	Benetton Shinsaibashi Bldg.	Osaka, Osaka	5,430	1.4	5,250	609.31	5,303.98
C-4	Housing Design Center Kobe	Kobe, Hyogo	7,220	1.8	6,630	3,994.47	35,444.13
C-5	JPR Chayamachi Bldg.	Osaka, Osaka	6,000	1.5	6,014	592.45	2,484.39
Total			95,200	24.3	¥90,150	64,477.05	159,877.71
Office and Retail Total			¥391,980	100.0	¥380,518	215,292.81	450,943.43

Notes:

(1) Acquisition price excludes consumption and other taxes.

(2) Includes land for the whole redevelopment area that includes the Cupo-la Main Bldg.

Major Tenants

Twenty Major Tenants by Leased Floor Area

Tenant	Property	Leased Floor Area as of December 31, 2012 ⁽¹⁾ (m ²)	Percentage to Total Leased Floor Area as of December 31, 2012 ⁽¹⁾ (%)
ABC Development Corporation	Housing Design Center Kobe	35,444.13	8.3
Tokyo Tatemono Co., Ltd.	Shinjuku Square Tower ⁽²⁾ Shinjuku Center Bldg. ⁽²⁾ Kawasaki Dice Bldg. ⁽²⁾	33,215.95	7.7
Seiyu GK	Tanashi ASTA	31,121.71	7.2
Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	4.6
The LOFT Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	4.3
Y.K. Tokyo Prime Stage	Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name)	11,034.78	2.6
Olympic Corporation	Musashiurawa Shopping Square	9,558.51	2.2
Tower Records Japan Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	1.9
Sompo Japan Insurance Inc.	Kawaguchi Center Bldg. Yume-ooka Office Tower Sompo Japan Sendai Bldg. Sompo Japan Wakayama Bldg.	7,461.38	1.7
Taisei-Yuraku Real Estate Co., Ltd. ⁽³⁾	Rise Arena Bldg. ⁽²⁾	6,023.39	1.4
The Maruetsu, Inc.	Cupo-la Main Bldg.	5,963.00	1.4
Benetton Japan Co., Ltd.	Benetton Shinsaibashi Bldg.	5,303.98	1.2
Nitori Holdings Co., Ltd.	Musashiurawa Shopping Square	5,285.40	1.2
Level-5 Inc.	Shinagawa Canal Bldg.	5,146.03	1.2
	Yakuin Business Garden		
Hitachi Systems, Ltd.	JPR Nagoya Fushimi Bldg.	4,904.64	1.1
ATM Japan Ltd.	Olinas Tower	4,255.56	1.0
CMIC HOLDINGS Co., Ltd.	Gotanda First Bldg.	4,236.65	1.0
Canon Imaging Systems Inc.	Niigata Ekinan Center Bldg.	4,078.97	0.9
Mitsubishi Electric Information Systems Corporation	MS Shibaura Bldg.	3,922.74	0.9
Deloitte Touche Tohmatsu LLC	MS Shibaura Bldg.	3,922.74	0.9

Notes:

(1) The figures have been rounded to the first decimal place. The leased floor areas of co-owned properties are portions owned by JPR.

(2) We have pass-through master lease arrangements with respect to these properties.

Overview of Portfolio Properties

Central Tokyo

Office Retail

Kanematsu Bldg.

A-1

Chuo Ward, Tokyo



Acquisition Price	¥16,276 million	Structure/Floors	S/RC/SRC B2/13F
Site Area	1,751.13 m ²	Completed	February 1993
Total Floor Space	14,995.09 m ²		

Kanematsu Bldg. Annex

A-2

Chuo Ward, Tokyo



Acquisition Price	¥2,874 million
Site Area	679.06 m ²
Total Floor Space	4,351.46 m ²
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 m ²
Total Floor Space	4,117.70 m ²
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 m ²
Total Floor Space	5,152.98 m ²
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 m ²
Total Floor Space	4,790.68 m ²
Structure/Floors	SRC B1/9F
Completed	September 1999

MS Shibaura Bldg.

A-6

Minato Ward, Tokyo

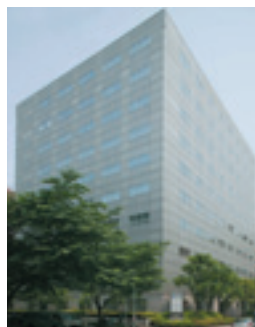


Acquisition Price	¥11,200 million
Site Area	8,992.18 m ²
Total Floor Space	31,020.21 m ²
Structure/Floors	SRC/RC/S B2/13F
Completed	February 1988

Gotanda First Bldg.

A-7

Shinagawa Ward, Tokyo



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

Central Tokyo

Office Retail

Fukuoka Bldg.

A-8



Chuo Ward, Tokyo

Acquisition Price	¥2,920 million
Site Area	1,302.17 m ²
Total Floor Space	11,627.74 m ²
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 m ²
Total Floor Space	5,888.82 m ²
Structure/Floors	SRC B1/9F
Completed	March 1989

Oval Court Ohsaki Mark West

A-10

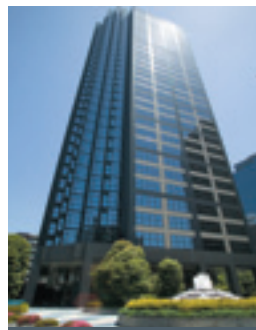


Shinagawa Ward, Tokyo

Acquisition Price	¥3,500 million
Site Area	4,006.00 m ²
Total Floor Space	28,575.80 m ²
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 m ² (entire redevelopment project)
Total Floor Space	78,796.00 m ² (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 m ²
Total Floor Space	25,733.10 m ²
Structure/Floors	SRC B2/14F
Completed	April 1985

Shinjuku Center Bldg.

A-14



Shinjuku Ward, Tokyo

Acquisition Price	¥21,000 million	Structure/Floors	SRC/RC/S B5/54F
Site Area	14,917.11 m ²	Completed	October 1979
Total Floor Space	176,607.89 m ²		

Across Shinkawa Bldg. Annex

A-13



Chuo Ward, Tokyo

Acquisition Price	¥710 million
Site Area	858.48 m ²
Total Floor Space	5,535.90 m ²
Structure/Floors	S/SRC B2/10F
Completed	June 1994

Overview of Portfolio Properties

Central Tokyo

Office Retail

Minami Azabu Bldg.

A-15

Minato Ward, Tokyo

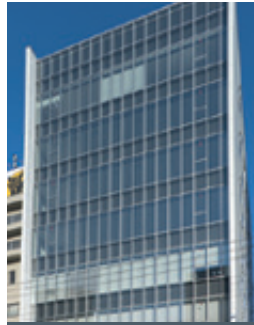


Acquisition Price	¥3,760 million
Site Area	778.09 m ²
Total Floor Space	4,570.63 m ²
Structure/Floors	S 9F
Completed	June 1992

Shinagawa Canal Bldg.

A-16

Minato Ward, Tokyo

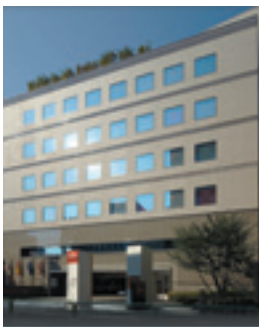


Acquisition Price	¥1,870 million
Site Area	828.82 m ²
Total Floor Space	5,216.21 m ²
Structure/Floors	S B1/8F
Completed	July 2008

Rokubancho Bldg.

A-17

Chiyoda Ward, Tokyo



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

JPR Harajuku Bldg.

A-18

Shibuya Ward, Tokyo



Acquisition Price	¥8,400 million
Site Area	1,205.07 m ²
Total Floor Space	6,466.94 m ²
Structure/Floors	SRC B1/9F
Completed	March 1989

Tokyo Tatemono Kyobashi Bldg.

A-19

Chuo Ward, Tokyo



Acquisition Price	¥5,250 million
Site Area	547.10 m ²
Total Floor Space	4,419.79 m ²
Structure/Floors	SRC/S B1/10F
Completed	January 1981

JPR Nihonbashi-horidome Bldg.

A-20

Chuo Ward, Tokyo



Acquisition Price	¥5,100 million	Structure/Floors	SRC B1/9F
Site Area	937.59 m ²	Completed	June 2002
Total Floor Space	7,190.82 m ²		

JPR Sendagaya Bldg.

A-21

Shibuya Ward, Tokyo



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

Central Tokyo

Office Retail

Ginza Sanwa Bldg.

A-22



Chuo Ward, Tokyo

Acquisition Price	¥3,400 million
Site Area	1,119.27 m ²
Total Floor Space	8,851.00 m ²
Structure/Floors	SRC B2/9F
Completed	October 1982

Otemachi 1-6 Plan

(Land with Leasehold Interest) (tentative name)

A-23



Chiyoda Ward, Tokyo

Acquisition Price	¥36,000 million	Structure/Floors	RC/SRC/S B6/F38
Site Area	11,034.78 m ²	Completed	April 2014 (planned)
Total Floor Space	approx. 198,000 m ²		

JPR Shibuya Tower Records Bldg.

A-1



Shibuya Ward, Tokyo

Acquisition Price	¥12,000 million
Site Area	1,010.47 m ²
Total Floor Space	8,449.56 m ²
Structure/Floors	SRC/S B3/8F
Completed	February 1992

JPR Daikanyama

A-2

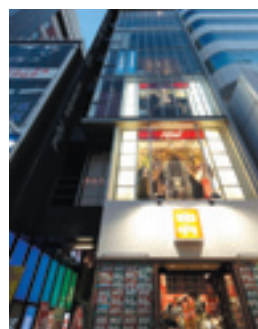


Shibuya Ward, Tokyo

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

JPR Jingumae 432

A-3



Shibuya Ward, Tokyo

Acquisition Price	¥4,275 million
Site Area	198.10 m ²
Total Floor Space	1,066.81 m ²
Structure/Floors	S/SRC B1/7F
Completed	February 2006

Shinjuku Sanchome East Bldg.

A-4



Shinjuku Ward, Tokyo

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

Yurakucho Ekimae Bldg. (Yurakucho Itocia)

A-5



Chiyoda Ward, Tokyo

Acquisition Price	¥3,400 million
Site Area	6,808.12 m ²
Total Floor Space	71,957.65 m ²
Structure/Floors	S/SRS B4/20F
Completed	October 2007

Overview of Portfolio Properties

Greater Tokyo

Office Retail

Arca East

B-1

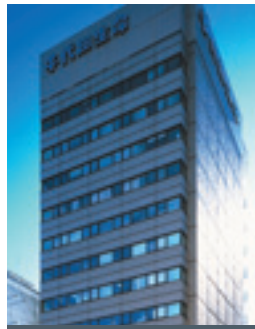


Sumida Ward, Tokyo

Acquisition Price	¥5,880 million
Site Area	3,755.01 m ²
Total Floor Space	34,281.86 m ²
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 m ²
Total Floor Space	9,072.57 m ²
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 m ²
Total Floor Space	9,146.52 m ²
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 m ²
Total Floor Space	7,781.93 m ²
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 m ²
Total Floor Space	28,420.85 m ²
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 m ²
Total Floor Space	8,490.44 m ²
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 m ²
Total Floor Space	14,706.36 m ²
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 m ² (entire redevelopment project)
Total Floor Space	91,280.94 m ² (including residential tower)
Structure/Floors	RC/SRC/S B3/42F*
Completed	January 2007

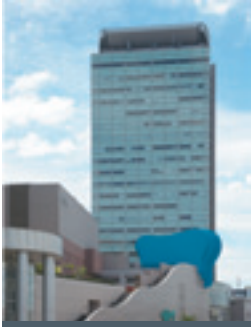
*The commercial tower portion has 2 basement floors and 15 floors above ground.

Greater Tokyo

Office Retail

Yume-ooka Office Tower

B-10



Yokohama City, Kanagawa

Acquisition Price	¥6,510 million
Site Area	12,011.00 m ²
Total Floor Space	185,974.87 m ²
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 m ²
Total Floor Space	257,842.41 m ²
Structure/Floors	SRC/RC/S B2/45F*
Completed	March 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 m ²
Total Floor Space	8,772.51 m ²
Structure/Floors	SRC B1/9F
Completed	May 1981

Tanashi ASTA

B-1



Nishitokyo City, Tokyo

Acquisition Price	¥10,200 million
Site Area	12,326.30 m ²
Total Floor Space	80,675.27 m ²
Structure/Floors	SRC B2/17F
Completed	February 1995

Cupo-la Main Bldg.

B-3



Kawaguchi City, Saitama

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

JPR Musashikosugi Bldg.

B-4



Kawasaki City, Kanagawa

Acquisition Price	¥7,260 million
Site Area	4,761.62 m ²
Total Floor Space	18,394.32 m ²
Structure/Floors	SRC/RC/S B1/6F
Completed	March 1983

Musashiurawa Shopping Square

B-5



Saitama City, Saitama

Acquisition Price	¥4,335 million
Site Area	8,317.99 m ²
Total Floor Space	28,930.36 m ²
Structure/Floors	S B1/4F
Completed	October 2005

Kawasaki Dice Bldg.

B-6



Kawasaki City, Kanagawa

Acquisition Price	¥15,080 million
Site Area	4,475.45 m ²
Total Floor Space	36,902.01 m ²
Structure/Floors	S/SRC/RC B2/11F
Completed	August 2003

Overview of Portfolio Properties

Other Cities

Office Retail

Niigata Ekinan Center Bldg.

C-1

Niigata City, Niigata

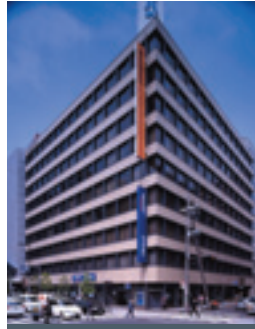


Acquisition Price	¥2,140 million
Site Area	2,706.99 m ²
Total Floor Space	19,950.42 m ²
Structure/Floors	S/SRC B1/10F
Completed	March 1996

Tokyo Tatemono Honmachi Bldg.

C-4

Osaka City, Osaka



Acquisition Price	¥4,150 million
Site Area	1,432.64 m ²
Total Floor Space	14,619.52 m ²
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 m ²
Total Floor Space	9,828.73 m ²
Structure/Floors	S/RC/S B1/12F/1F
Completed	June 1985

JPR Naha Bldg.

C-9

Naha City, Okinawa

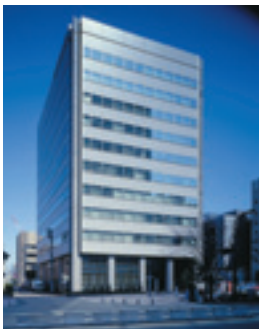


Acquisition Price	¥1,560 million
Site Area	959.87 m ²
Total Floor Space	5,780.71 m ²
Structure/Floors	SRC/S 12F
Completed	October 1991

Sompo Japan Sendai Bldg.

C-12

Sendai City, Miyagi

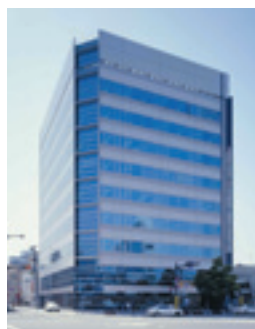


Acquisition Price	¥3,150 million
Site Area	1,895.67 m ²
Total Floor Space	10,783.52 m ²
Structure/Floors	SRC B1/12F
Completed	December 1997

Sompo Japan Wakayama Bldg.

C-13

Wakayama City, Wakayama



Acquisition Price	¥1,670 million
Site Area	1,128.45 m ²
Total Floor Space	6,715.07 m ²
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 m ²
Total Floor Space	8,690.95 m ²
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 m ²
Total Floor Space	5,696.01 m ²
Structure/Floors	SRC B2/9F
Completed	October 1993

Other Cities

Office Retail

JPR Hakata-Chuo Bldg.

C-18

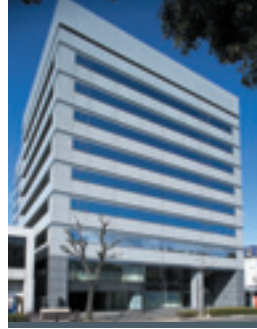


Fukuoka City, Fukuoka

Acquisition Price	¥1,920 million
Site Area	680.63 m ²
Total Floor Space	3,874.81 m ²
Structure/Floors	SRC 8F
Completed	February 1993

JPR Nagoya Fushimi Bldg.

C-19



Nagoya City, Aichi

Acquisition Price	¥4,137 million
Site Area	1,610.38 m ²
Total Floor Space	10,201.44 m ²
Structure/Floors	SRC B1/9F
Completed	March 1991

Yakuin Business Garden

C-20



Fukuoka City, Fukuoka

Acquisition Price	¥10,996 million
Site Area	4,348.43 m ²
Total Floor Space	22,286.35 m ²
Structure/Floors	SRC/14F
Completed	January 2009

JPR Umeda Loft Bldg.

C-1



Osaka City, Osaka

Acquisition Price	¥13,000 million
Site Area	3,518.68 m ²
Total Floor Space	17,897.56 m ²
Structure/Floors	SRC B1/8F
Completed	April 1990

Benetton Shinsaibashi Bldg.

C-3



Osaka City, Osaka

Acquisition Price	¥5,430 million
Site Area	609.31 m ²
Total Floor Space	5,303.98 m ²
Structure/Floors	S B2/10F
Completed	February 2003

Housing Design Center Kobe

C-4



Kobe City, Hyogo

Acquisition Price	¥7,220 million
Site Area	3,994.47 m ²
Total Floor Space	33,877.71 m ²
Structure/Floors	SRC/S B2/11F
Completed	June 1994

JPR Chayamachi Bldg.

C-5



Osaka City, Osaka

Acquisition Price	¥6,000 million
Site Area	592.45 m ²
Total Floor Space	3,219.36 m ²
Structure/Floors	S/SRC 9F
Completed	June 1994

Overview of Asset Management

(1) Selected Financial Information

JPR's selected financial information for the period ended December 31, 2010, June 30, 2011, December 31, 2011, June 30, 2012 and December 31, 2012 has been derived from our audited financial statements for those periods. Our fiscal periods cover every six months through the end of June 30 and December 31 of each year, except that our first fiscal period was the period from September 14, 2001, the date of our incorporation, to June 30, 2002.

We prepare our financial statements in accordance with Japanese GAAP, which differ in certain material respects from IFRS and U.S. GAAP.

	As of/for the Fiscal Period Ended				
	December 31, 2010	June 30, 2011	December 31, 2011	June 30, 2012	December 31, 2012
	(in thousands, except per unit data and ratios)				
Statements of Income Data:					
Operating revenue:					
Rent revenue – real estate	¥11,870,005	¥11,529,624	¥11,772,766	¥12,345,900	¥12,963,538
Gain on sale of real estate	—	—	—	—	—
Total operating revenue	<u>11,870,005</u>	<u>11,529,624</u>	<u>11,772,766</u>	<u>12,345,900</u>	<u>12,963,538</u>
Operating expenses:					
Expenses related to rent business	5,361,037	5,296,139	5,357,207	5,217,950	5,519,704
Asset management fees	421,951	415,874	421,613	443,284	465,059
Administrative service and asset custody fees	71,064	71,074	74,659	74,575	77,588
Directors' compensation	6,600	6,600	6,600	6,600	6,600
Trust fees	49,552	49,300	43,737	42,693	40,194
Other operating expenses	73,413	87,138	105,346	167,020	89,011
Total operating expenses	<u>5,983,620</u>	<u>5,926,127</u>	<u>6,009,163</u>	<u>5,952,124</u>	<u>6,198,159</u>
Operating income	5,886,384	5,603,496	5,763,602	6,393,776	6,765,379
Non-operating income	12,889	51,979	10,791	62,447	10,318
Non-operating expenses	1,859,361	1,580,007	1,573,392	1,858,935	1,749,367
Ordinary income	4,039,912	4,075,468	4,201,000	4,597,288	5,026,329
Extraordinary losses	—	64,122 ⁽⁶⁾	—	—	—
Income before income taxes	4,039,912	4,011,345	4,201,000	4,597,288	5,026,329
Income taxes	627	616	616	605	605
Net income	<u>¥4,039,284</u>	<u>¥4,010,728</u>	<u>¥4,200,383</u>	<u>¥4,596,683</u>	<u>¥5,025,724</u>
Balance Sheet Data:					
Total assets	¥360,904,581	¥360,004,870	¥360,699,107	¥396,017,887	¥401,984,316
Short-term loans payable (including current portion of long-term loans payable and investment corporation bonds)	42,899,000	36,116,000	39,016,000	48,143,000	30,618,000
Long-term loans payable	78,505,000	84,147,000	81,489,000	104,438,000	100,439,000
Investment corporation bonds	42,500,000	42,500,000	42,500,000	42,500,000	49,500,000
Tenant leasehold and security deposits	7,428,462	7,342,133	7,711,990	7,408,110	7,871,730
Tenant leasehold and security deposits in trust	10,345,814	10,283,837	10,147,460	11,289,504	11,345,751
Total unitholders' equity	175,502,523	175,452,052	175,640,571	176,035,914	197,168,609
Amounts per Unit⁽¹⁾:					
Net income ⁽²⁾	¥5,649	¥5,609	¥5,874	¥6,428	¥6,233
Funds from operations (FFO) ⁽³⁾	8,353	8,372	8,428	8,883	8,311
Cash distributions	5,680	5,611	5,876	6,430	6,093
Net assets	245,458	245,387	245,651	246,204	238,992
Other Financial Data:					
Debt service coverage ratio ⁽⁴⁾	4.9x	5.1x	5.3x	5.4x	6.0x
Net income payout ratio ⁽⁵⁾	100.5	100.0	100.0	100.0	100.0

Notes:

- (1) Except for net income per unit, amounts per unit have been calculated using the number of outstanding units as of the end of each relevant fiscal period.
- (2) Calculated using the weighted average number of units outstanding during each fiscal period, or 715,000 units for the fiscal periods ended December 31, 2010, June 30, 2011, December 31, 2011 and June 30, 2012, and 825,000 units for the fiscal period ended December 31, 2012.

- (3) FFO is calculated as net income (or loss) excluding gain (or loss) on sale of real estate properties plus gain (or loss) on sales on investment securities, extraordinary loss, depreciation and amortization.
- (4) Debt service coverage ratio is calculated as net income before interest expense, tax, depreciation and amortization (excluding gain or loss on sale of real estate and extraordinary loss) divided by interest expense (including interest for investment corporation bonds) for the relevant period.
- (5) Net income payout ratio is distributions expressed as a percentage of net income. Where the ratio is indicated as "100.0," the actual net income payout ratio may be slightly less than 100.0% as the amount distributed is subject to rounding down to the nearest yen based on the number of units outstanding.
- (6) Consists of the costs incurred in repairing interiors and facilities damaged as a result of the Great East Japan Earthquake.

(2) 22nd 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 fifth additional public offering in July 2012, bringing the number of investment units issued and outstanding to 825,000 units, including those issued by way of third-party allotment in August 2012. 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 properties and retail properties.

2) Management Environment

During the 22nd fiscal period, the Japanese economy was backed by reconstruction demand from the Great East Japan Earthquake but showed negative growth for the period as a whole due to stagnant consumer spending associated with the termination of government subsidies for eco-friendly car purchases as well as to stagnant foreign demand caused by the delayed recovery of the U.S. economy and the slowdown of the Chinese economy. In particular, foreign demand dropped significantly, with such factors as the overlapping of the yen's appreciation and the issue over the Senkaku Islands.

The Office Property Leasing Market

In the 23 wards of Tokyo, there was concern in the office property leasing market that the vacancy rate would rise because of the construction completion of large-scale properties concentrating in the previous fiscal period on top of the worsening Japanese economy. On the other hand, new demand was relatively strong primarily for better locations and relocations to integrate offices as a result of considerations given to business continuity plans and the progress in rent adjustments. This helped the vacancy to stay almost flat. Furthermore, with new supply coming to rest after a surge, expectations are arising gradually for the office property leasing market to recover.

In regional cities, some areas are heading for relative stability in the market as new supply has come down to a modest pace. Still, the vacancy rate stays at a high level, while rents continue to show a weak trend.

The Retail Property Leasing Market

Consumer confidence remained weak during the fiscal period, as the worsening economy made it hard to expect an increase in personal income. Meanwhile, urban retail properties in good locations, such as Ginza and Shinjuku, are presumably almost bottoming out as a result of rent adjustments and other moves progressed since the financial crisis.

The For-Sale Real Estate Market

Conditions for vitalizing the for-sale real estate market are becoming full-fledged, as the fund procurement environment has kept an easing tone and investors' willingness to invest is returning to the level before the Lehman Shock. The gap in the price targets between buyers and sellers still remains wide, but acquisitions of blue-chip properties are being conducted most often by using the sponsors' pipelines, although there is also a sign of the gap shrinking in anticipation of the recovery in the leasing market.

3) Portfolio Management Status

New Property Acquisitions and Asset Replacement

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

During the 22nd fiscal period, JPR acquired Yakuin Business Garden (acquisition price: 10.9 billion yen), resulting in the balance of assets under management now totaling 59 properties, or 391.9 billion yen on an acquisition price basis, as of the end of December 2012. The total leasable floor space is now 450,943 m² and the number of tenants is 534.

Operational Management of Portfolio

Throughout Japan, progress has been seen in integration of offices and relocation for consolidation with an aim to reduce costs and for better locations, and tenants' moves have become more activated, starting to create new demand. The leasing

market environment remains tough, however, partly because of the impact of the so-called “secondary vacancy” caused by tenants’ relocations.

Under such circumstances, JPR conducted management under a policy that pursues 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 attract new tenants through strategic leasing activities. As a result, JPR successfully secured new leases primarily for office properties in Tokyo CBDs, with the period-end occupancy rate increasing by 0.8 points to 94.9% from 94.1% 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 replacement of lighting equipment in the common areas with LED lamps and renovation of air-conditioning systems, which are expected to be effective in saving energy, at its multiple properties. Furthermore, JPR is proactively engaged in environmental friendliness, continuously working to obtain environmental certifications (the DBJ Green Building Certification^{*1} and the recognition by GRESB^{*2}).

*1 The DBJ Green Building Certification is a certification system by Development Bank of Japan Inc., designed to select superior real estate that meets the demand of the times, with a purpose of promoting properties that are environmentally friendly, equipped to mitigate disaster and prevent crime, as well as meet the various social requirements surrounding real estate from stakeholders (“Green Buildings”).

*2 GRESB, which stands for Global Real Estate Sustainability Benchmark, is a benchmark system for analyzing and evaluating sustainability of real estate companies, REITs and real estate private placement funds, in terms of environmental friendliness and social nature. It is based on surveys conducted by a group of the same name composed of more than 20 organizations worldwide such as European pension asset managers.

Fund Procurement

During the 22nd fiscal period, JPR worked to expand its capacity for further debt financing and to reinforce its financial base by procuring 20.7 billion yen through additional issuance of investment units (refer to (3) Additional Offerings, etc. for more details). Moreover, while conducting flexible debt financing in expanding the portfolio, JPR procured long-term fixed interest funds through issuance of unsecured investment corporation bonds and bank borrowings, with an eye on avoiding future interest rate fluctuation risks and remaining attentive to the diversification of repayment and redemption maturity dates. By doing so, JPR pursued further financial stability.

As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 131.00 billion yen, with unsecured corporate bonds of 49.50 billion yen. With regards to JPR’s overall interest-bearing debt, the average interest rate as of the end of the fiscal period (Note 1) was 1.5%, the interest-bearing debt ratio (Note 2) was 48.5% and the LTV (ratio of interest-bearing debt to total assets) at the end of the period (Note 3) was 44.9%.

Of these, the non-current portion of long-term interest-bearing debt that is hedged against risk of interest rate fluctuations now comprises 83.0% of all interest-bearing debt, and the average maturity (Note 4) is 3.9 years. The current portion of long-term interest-bearing debt is 30.60 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, 2012

Credit Rating Agency	Corporate Credit Rating
Rating and Investment Information, Inc.	AA- (Stable)
Standard & Poor’s Ratings Japan K.K.	Long-term: A (Stable) Short-term: A-1
Moody’s Japan K.K.	A3 (Negative) (Note 5)

(Note 1) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 22nd 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: 192.00 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 22nd fiscal period: 401.90 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 22nd 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.

(Note 5) The rating outlook was changed from “negative” to “stable” on February 4, 2013.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. JPR has conducted since inception.

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 2, 2005	Additional public offering	95,000	525,000	25,001	114,115	(Note 7)
March 2, 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)
July 30, 2012	Additional public offering	101,420	816,420	19,089	190,429	(Note 13)
August 29, 2012	Third-party allotment	8,580	825,000	1,614	192,044	(Note 14)

(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.

(Note 13) New investment units were issued through a public offering at 194,610 yen per unit (underwriting price of 188,222 yen per unit) to partly fund acquisition of new specific assets and repay debts.

(Note 14) New investment units were issued through a third-party allotment at 188,222 yen per unit to partly fund acquisition of new specific assets and repay debts.

(4) Cash Distribution

In order to maintain favorable tax treatment available to J-REITs under the Special Taxation Measures Act, we must make cash distributions to our unitholders in each fiscal period in excess of 90% of our distributable profit (defined in the Special Taxation Measures Act as accounting income before tax and certain adjustments). Our articles of incorporation require that we make cash distributions for each fiscal period in excess of 90% of our distributable profit, as defined in the Special Taxation Measures Act, up to the extent of retained earnings as of the end of such fiscal period. If the amount of the retained earnings does not exceed 90% of our distributable profit or we determine it appropriate to do so, our articles of incorporation also permit us to distribute cash to our unitholders in excess of retained earnings up to the amount of our retained earnings plus depreciation on our fixed assets for the relevant fiscal period. If such amount is still below 90% of our distributable profit, our articles of incorporation further permit us to make distributions in any amount to satisfy the requirement under the Special Taxation Measures Act.

The following table sets forth the amount of our cash distributions to our unitholders over the twenty-two fiscal periods from the fiscal period ended June 30, 2002 to the fiscal period ended December 31, 2012.

Fiscal Period Ended	Distribution per Unit^(Note)	Total Distributions (in millions)
June 30, 2002	¥2,545	¥737
December 31, 2002	6,912	2,001
June 30, 2003	6,873	1,990
December 31, 2003	5,738	2,467
June 30, 2004	6,081	2,614
December 31, 2004	6,671	2,868
June 30, 2005	6,370	3,376
December 31, 2005	6,411	3,397
June 30, 2006	6,509	3,449
December 31, 2006	6,873	3,642
June 30, 2007	6,996	4,372
December 31, 2007	6,671	4,169
June 30, 2008	7,122	4,451
December 31, 2008	7,092	4,432
June 30, 2009	3,731	2,331
December 31, 2009	6,933	4,333
June 30, 2010	6,770	4,840
December 31, 2010	5,680	4,061
June 30, 2011	5,611	4,011
December 31, 2011	5,876	4,201
June 30, 2012	6,430	4,597
December 31, 2012	6,093	5,026

(Note) The average distribution per unit between June 30, 2002 and December 31, 2012 was 6,181 yen.

(5) Future Management Policies and Vital Issues

Going forward, the Japanese economy is anticipated to recover moderately due to foreign demand picking up, with expectations created for the recovery in the U.S. economy and bottoming out of the Chinese economy. The emergency economic measures by the government can also be expected to effectively boost the economy. Moreover, given the current trends of the weaker yen and the higher stock prices, domestic demand including private capital investment may hopefully rebound if the recovery in business sentiment continues as expected.

In the office property leasing market in the 23 wards of Tokyo, new supply is anticipated to decrease significantly in 2013. Presumably, the supply and demand balance will improve and the vacancy rate will gradually decrease if new supply remains at the current level. In addition, as the supply and demand balance heads for improvement, some blue-chip properties are expected to see rents turn upward. Meanwhile, the for-sale real estate market will be ahead of the office property leasing market in regaining recovery, in anticipation for the expected recovery of the latter.

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 and Asset Replacement

JPR will continue to make investment focused on the Tokyo office properties, with an aim to improve the quality of its portfolio and enhance its growth potential in the recovery cycle of the market. We will continue to see good opportunities for acquiring

excellent properties for some more time, as real estate transaction is anticipated to start expanding along with the expected recovery in the office property leasing market. As for retail properties as well as office properties in regional cities, which allow us to expect higher yields than the Tokyo office properties, JPR will work to invest in strictly selected blue-chip properties that can keep stable revenues at a certain level in order to complement the stability of earnings from the entire portfolio. JPR will strive to acquire new 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 Manager, accurately grasping market trends and carefully researching investment value, including the future potential of candidate properties.

Moreover, JPR will continue to investigate asset replacement, centering on properties that do not allow us to expect sustainable growth in the future or those that may be sold under better terms and conditions.

2) Management of Portfolio

With the understanding on market conditions as stated above, JPR will work to 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 respective tenant brokers. For properties that have particularly stagnant occupancy rates, JPR will position them as priority properties and focus on conducting leasing activities for them by reinforcing the supervising function of the Asset Manager and taking other measures, as well as more closely cooperating with property management companies, centering on Tokyo Tatemono.

Moreover, JPR will continuously implement necessary measures to meet the social requirements that have become relevant these years, including energy-saving arrangements and reinforcement of the Asset Manager's ability to respond to business continuity plans.

(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 investment corporation 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 is no relevant matter.

Management of JPR

(1) Unitholders' Capital

	18th Fiscal Period as of December 31, 2010	19th Fiscal Period as of June 30, 2011	20th Fiscal Period as of December 31, 2011	21st Fiscal Period as of June 30, 2012	22nd Fiscal Period as of December 31, 2012
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	715,000	715,000	715,000	715,000	825,000
Unitholders' capital (millions of yen)	171,339	171,339	171,339	171,339	192,044
Total number of unitholders	14,977	14,576	14,513	14,148	14,525

(2) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 22nd fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 21st 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	—	39,800	—

(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 fees regarding preparation of comfort letters for additional issuance of investment units and 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.

(3) Members of the Board of JPR (As of December 31, 2012)



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 (Advanced Commercial Law)
- 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)

Investment and Management Policies

1. Investment Policies

We set forth in our articles of incorporation that we shall invest in investment assets with the aim of securing stable revenues over the medium to long term. The Asset Manager appointed by us establishes asset management guidelines as its internal rules and determines the management policies that apply to our investment, in accordance with our articles of incorporation and the asset management agreement between us and the Asset Manager and in consideration of the basic policies provided in our articles of incorporation. The Asset Manager takes due consideration of various factors including the current status and trends in real estate, capital and financial markets, as well as general economic conditions, market trends of real estate-related products and our financial condition, when establishing the asset management guidelines. Furthermore, in order to ensure that the asset management guidelines remain relevant and in tune with changes in market and operating conditions, the asset management guidelines are amended promptly and actively in consideration of our articles of association and the asset management agreement.

Basic Policies

We seek to achieve our investment objectives within the framework of basic policies provided by our articles of incorporation. Our key basic policies are as follows:

- We invest in office and retail properties located in the greater Tokyo area and other cities throughout Japan, as well as the land on which such properties are located and asset-backed securities that have such properties as their primary investments. Our current investment strategy focuses primarily on office properties in the greater Tokyo area.
- We will conduct an investigation and a comprehensive review of all relevant information regarding any prospective acquisition target, such as anticipated future revenues from the property and related risks, potential of the area in which the property is located, building and facilities maintenance and management, deterioration and obsolescence, earthquake resistance, contracts with current tenants, environmental and topographical features, and related rights attached to such property.
- We will maintain the percentage of the value of our designated real estate assets relative to the value of our total designated assets at 75% or more at any time. Designated real estate refers to real estate, real estate leasing rights or surface rights, beneficiary interests in trusts which hold real estate, land leasing rights and surface rights.
- We will maintain the percentage of the value of our real estate, etc. (as defined in Article 22-19 of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation Ordinance of the Ministry of Finance No. 15 of 1957, as amended) relative to the total value of our assets at 70% or more at any time.
- We will maintain the percentage of real property and asset backed securities investing primarily in real estate we own for the purpose of disposition within one year to be 50% or less of our total assets.

Auxiliary Policies

We and the Asset Manager have developed additional policies with respect to our activities. These policies, to the extent that they are not addressed in our articles of incorporation, may be amended or revised from time to time without a vote of our unitholders. For example, in 2009, we revised our investment policy to shift our focus to office properties in the greater Tokyo area so that properties in the greater Tokyo area would generally constitute between 80% and 90% of the aggregate investment amount of our portfolio, and office properties would generally constitute between 70% and 90% of the aggregate investment amount of our portfolio. These policies are not binding and are intended to guide the implementation of our investment objectives and management of our operations. The Asset Manager has broad discretion to develop our business strategies and to manage our operations. At any given time, our business operations or the characteristics of our property portfolio may not be fully consistent with these policies. Various strategies with respect to the achievement of our investment objectives and certain other policies with respect to the operation of our business are described elsewhere in this Business Report and below.

Portfolio Composition Policies

Our portfolio composition policies with respect to our investment activities include:

Property Type

The allocation ratio between office properties and retail properties will be approximately 70% to 90% office properties and 10% to 30% retail properties of the portfolio, based on investment amount. We will consider economic conditions and real estate market trends from time to time to revise or determine the appropriate ratio of property type.

Geographic Location

For the allocation ratio between the greater Tokyo area and other areas in Japan, the greater Tokyo area will be approximately

80% to 90% and other areas in Japan will be approximately 10% to 20% of the portfolio, based on investment amount. We will consider the economic condition of each region as well as market trends from time to time to revise or determine the appropriate ratio of geographic location.

Tenants

We have set the percentage ratio of rent revenue generated from any individual tenant (or in the case of a tenant occupying several properties, the aggregate rent revenue) to be, as a general rule, less than 10% of the total rent revenue. The percentage ratio may exceed the maximum upon consideration of the possibility of change in tenants or the credit worthiness of the tenant as a whole.

Asset-Backed Securities

The total acquisition value of asset-backed securities is, in principle, limited to less than 10% of our net assets. To make any such investment, we must have the opportunity to acquire the real estate underlying the asset-backed securities at the end of the investment period.

Property Specifications

The following property specifications are generally used in the choice of a property:

Geographic Location

- (i) Three big urban areas: Central business area of Tokyo metropolis, Yokohama, Kawasaki, Chiba and Saitama; Nagoya; and Osaka, Kyoto and Kobe.
- (ii) Government-designated cities other than those in the three big urban areas: Central business area of government-designated cities such as Sapporo, Sendai, Hiroshima, Fukuoka and Kita-Kyushu.
- (iii) Other major cities: Urban areas such as prefectural capitals with a population, in principle, of 300,000 or more.

Further, in determining whether to invest in a given retail property, we conduct wide-ranging analyses of the area, including the population size, demographic characteristics, number of households and average household income in order to estimate the potential purchasing power of the local population and the potential for business growth in the area. We also analyze competition as between businesses in the area, opportunities for new businesses and the potential for development in the future. We then decide whether potential tenants and their businesses would be suited to that area.

Size

Office Properties: minimum total floor space of approximately 3,300 m² and minimum floor space of approximately 330 m² per floor above the second floor.

Retail Properties: size dependent on the growth potential of the area in which the property is located, taking into account regional characteristics of the area including the size and potential for growth of the business area.

Facilities and Equipment

Office Properties: specifications evaluated on a case-by-case basis, in consideration of the characteristics of the local area, potential for post-acquisition property modifications etc., and building characteristics, including the shape and divisibility of floors, ceiling height, floor fittings, electricity supply and air-conditioning systems.

Retail Properties: specifications evaluated on a case-by-case basis, in consideration of standard specifications for buildings of the same type, characteristics of the local area, versatility and potential for conversion to other building use, visitors' access and other factors.

Earthquake Resistance (Age of the Property)

Newly acquired properties must meet recent earthquake resistance specifications, as specified by the Building Standards Act of Japan, or for which earthquake resistance reinforcement work has been completed (or can be completed after acquisition).

Tenants

Office Properties: in principle, no single tenant can occupy more than 50% of a given property (parent companies and their subsidiaries are considered as a single tenant for this purpose). Where a tenant does occupy more than 50% of a given property, we may purchase the property, taking into account the tenant's creditworthiness, appropriateness and substitutability.

Retail Properties: there is no limitation on occupancy by a single tenant. In selecting tenants, a number of factors, including creditworthiness, profitability of individual shops and substitutability are comprehensively considered. Rigorous investigation is

conducted with respect to each property, including an analysis of the relevant business area and competition with other businesses, in order to select properties which are able to attract the most tenants. Tenants are monitored continuously.

Rights

Co-ownership:

- In principle, seek a co-ownership of more than 50% in order to ensure flexibility in property management (leasing, improvement, etc.) but may acquire properties below this ratio on a case by case basis in consideration of the nature and creditworthiness of other owners and characteristics of the property.
- In order to ensure sufficient flexibility in the disposal of the property, confirm whether there are special contracts or agreements which set out preferential purchasing rights or options among owners or the details of any restrictions on transfer or assignment.
- Make efforts to ensure the stability of revenues by fully confirming the nature and creditworthiness of other owners and, where possible, will provide for appropriate procedures (including, but not limited, to executing an agreement which prohibits division of joint equity and the registration of rights or an agreement with respect to the mutual use of land).

Compartmentalized Ownership:

- In principle, reserve at least 75% of voting rights in meetings of compartmentalized owners in order to ensure flexibility in improvement. This depends, however, on the types and credits of other compartmentalized owners.
- In order to ensure sufficient flexibility in the disposal of the property, confirm whether there are special contracts or agreements which set out preferential purchasing rights or options among owners and the details of any restrictions on transfer or assignment.
- Attempt to ensure the stability of revenues by confirming the operations of the management association (reserves, liability ratios, insurance, status etc.) and take such measures as required (including, but not limited to, increasing our reserves or providing for insurance on the joint areas separately from the management company).

Leased Land:

- In principle, invest in land over which leasehold interests have been created, as specified in the former Leasehold Law and the Land and Building Leasing Law.
- Carefully study the nature of the leaseholder and make its decision after fully investigating the impact, etc. of provisions for rent revisions, charges for renewing the leasing contract, approval of rebuilding proposals and approval of sales proposals and other factors which impact profitability.

Leasehold Properties:

- In principle, invest in leasehold properties as specified in the former Leasehold Law and the Land and Building Leasing Law.
- Carefully study the nature of the proprietary right holder of land and make its decision after fully investigating the impact of provisions for rent revisions, charges for renewing the leasing contract, approval of rebuilding proposals and approval of sales proposals and other factors which impact profitability.

Security Interests and Usufruct:

- Confirm whether or not any mortgage or other security interest has been created on the property to be acquired and if such mortgage has been discharged at the time of the acquisition.
- Confirm whether or not any surface right, servitude or any other usufruct has been created on the property to be acquired and the contents thereof (if any) and make its decision after fully investigating the impact of such surface right, servitude or usufruct on profitability.

Investment Amounts

Minimum Investment Amount

In principle, the minimum investment amount per property (which is the purchase price, exclusive of taxes, acquisition costs and other expenses) will be ¥1 billion or more, except in the following cases:

- where we are acquiring a portion of a property in respect of which the appraised value for the entire building is ¥1 billion or more;
- where as a result of negotiation, the acquisition price of the property is less than ¥1 billion, but the appraised value of the property is ¥1 billion or more; and
- where the property is ancillary to other properties we are acquiring in bulk.

Maximum Investment Amount

The maximum investment amount per property will be, in principle, one-third of the total investment in real estate, asset-backed securities and other investment after the acquisition (measured as the total appraised value as of the end of the previous fiscal period, the total acquisition price of properties and asset-backed securities (excluding acquisition costs) for the current fiscal period and the investment amount (excluding acquisition costs) for the property in question).

Limit on Acquisition Price

The maximum acquisition price is, in general, the appraisal amount, except in the following cases, provided that the acquisition of the property will not reduce the net operating income yield of the entire portfolio for the fiscal period of such acquisition as compared to prior to the acquisition:

- properties from which we anticipate a steady cash flow from a long-term fixed lease agreement and which can generate a steady rate of dividends in the medium to long term; and
- properties which we anticipate will increase the quality of the fund as a whole when considering the general characteristics of the property, such as its size and location and can generate a steady rate of dividends in the medium to long term.

Real Estate Acquisition Ownership Type

We acquire real estate under direct ownership or on an entrusted basis, acquiring beneficiary interests to the property. Decision as to which form of ownership we take is determined after considering the requirements of the existing owner, the cost of transferring rights, etc.

Other Investment Policies

- We may, through the Asset Manager, make investments other than as previously described. We are permitted to make certain investments other than real estate-related investments within the restrictions imposed by the Tokyo Stock Exchange's J-REIT listing rules and the Investment Trusts Association's J-REIT rules and our articles of incorporation. For example, we are permitted to invest in securities issued in connection with real estate securitizations under Japanese law.
- Our articles of incorporation prohibit us from investing in foreign real estate (i.e., real estate not located in Japan), assets or securities backed by foreign real estate and assets denominated in a currency other than the Japanese yen.

2. Financing Policies

We have the following policies in relation to our finances.

Cash Management

Leasehold and Security Deposit

In the case of real estate trusts, leasehold and security deposits from our tenants are, in general, placed in trust accounts, however these funds can be reduced on the condition that historical data are accumulated and commitment lines are made. In the case of real estate, leasing rights and surface rights, leasehold and security deposits from our tenants are placed in ordinary or fixed deposit bank accounts, however these funds can be reduced with the aim to safely secure and efficiently manage the funds, on the condition that historical data are accumulated and commitment lines are made.

Cash and Cash Equivalents in Trust Account

In the case of cash and cash equivalents in trust accounts for real estate funds, such cash and cash equivalents must be placed in either ordinary or fixed deposit accounts at a bank with a short-term rating of P-2 or above from Moody's.

Cash and Cash Equivalents of Our Company

Our cash and cash equivalents are to be treated in the same way as real estate trust funds, provided however, that ordinary accounts opened at the time of borrowing from financial institutions or at the time of dividend payment are not included. In general, residual funds are to be applied to the following expenses in that order and the remainder shall be managed in the same way as above: re-investment (expenses related to acquisition of properties or capital expenses), distribution to investors (except in the case that the dividend amount exceeds the amount of profit) and the repayment of loans payable (except in cases where the payments are due, then repayment must be made with first priority).

Derivative Transactions

Any derivative transactions should only be conducted to hedge against interest rate and other risks.

Issuance of New Investment Units

We may from time to time issue new investment units with the aim for stable long-term growth of our assets by taking into account market conditions and dilution of the units (decrease of holding ratio or decrease in total assets or dividends per unit due to the issuance of new units).

Debt and Issuance of Investment Bonds

In principle, we aim to strategically grow our portfolio and maintain a stable distribution of dividends by effectively combining long-term stable fund procurement and mobile short-term procurement. In addition we will calculate LTV (loan to value), which shows our asset to debt ratio, as follows:

Our maximum fiscal period-end asset based-LTV, which is calculated by dividing the total interest-bearing debt by the value of the total assets as of the end of the fiscal period, as adjusted for the differences between the appraisals or other valuations of certain properties in our portfolio and the book values of such properties, is 55%. The actual percentage may exceed the maximum fiscal period-end asset-based LTV under limited circumstances due to acquisitions and fluctuation in appraisal values.

In addition, we have set our target range of the capitalization-based LTV, which is calculated by dividing the total interest-bearing debt by the sum of interest-bearing debt and unitholders' capital, as approximately 40% to 50%.

3. Distribution Policies

We 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.

Distributable Amount

Income available for distribution by us (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.

Determining Amount of Distribution

We determine the amount of distribution, which must exceed 90% of our 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, we 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.

Retained Earnings

Retained earnings not distributed from the distributable amount will be managed based on our asset management targets and policy.

Distribution of Cash Exceeding Earnings

In cases when the distribution is less than 90% of the distributable amount, or when we make an appropriate decision based on the trend of the economic environment, the real estate market, the leasing market or other conditions, we may distribute cash exceeding earnings for the relevant period, as the sum of the distribution amount set above and the amount decided by us 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 investment corporations, the amount decided by us for the purpose of meeting the conditions may be distributed in cash.

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.

Extinctive Prescription

We 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.

4. Tax Policies

Compliance with Certain Japanese Tax Law Matters

We intend to manage our investments in such a manner as to qualify for lower property registration and acquisition taxes and for deductibility of distributions to our unitholders under Japanese tax laws applicable to J-REITs. Also, we intend to comply with applicable laws and regulations in order to take advantage of lower withholding tax on distributions and capital gains that may be available to certain overseas unitholders.

Overview of the Asset Manager

Tokyo Realty Investment Management, Inc. (TRIM), a Japanese joint stock corporation established on April 28, 2000, is the Asset Manager. The shareholding of the Asset Manager as of December 31, 2012 is as follows:

Shareholder	Number of Shares Held	Percentage of Outstanding Shares (%)
Tokyo Tatemono Co., Ltd.	2,800	40
Taisei Corporation	1,400	20
Yasuda Real Estate Co., Ltd.	1,400	20
Meiji Yasuda Life Insurance Company	700	10
Sompo Japan Insurance Inc.	700	10
Total	7,000	100

The Asset Manager is licensed by the Governor of Tokyo and the Minister of the Ministry of Land, Infrastructure and Transport in accordance with the Building Lots and Building Transactions Business Law to act as a discretionary transaction agent in real estate transactions, including acquisitions and dispositions of real estate. The Asset Manager is also registered with the Prime Minister to engage in investment management business under the FIEA.

Asset Management Agreement

The Asset Manager has entered into an asset management agreement with us with respect to the operation and management of our properties. The current agreement is valid until October 18, 2013 (Note).

Note: The asset management agreement will be renewed each year automatically for an additional one year unless a written notice is given from either JPR or the Asset Managers three months prior to the end of the term of the agreement, subject to the consent of our general meeting of unitholders in the case of termination by us, or to our consent, which is further subject to approval of either a general meeting of our unitholders or the Prime Minister of Japan, in the case of termination by the Asset Manager. Neither we nor the Asset Manager has any current intention to terminate the agreement.

Asset Management Fee

Under the asset management agreement that is currently in effect, the Asset Manager receives an asset management fee which consists of a fixed fee and three types of incentive fees. As of the date of this Business Report, the details of the fees payable by us for the asset management services provided by the Asset Manager are as follows:

Fixed Fee
¥12.5 million per month

The Asset Manager receives a fixed fee of ¥12.5 million per month, payable subsequently by us at the end of March, June, September and December each year. For any period of less than a month, the fee will be calculated on pro-rata basis.

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Incentive Fee 1 (Revenue-Based Fee)
2% of our total revenue

The Asset Manager receives a revenue-based fee equal to 2% of our total revenue of the fiscal period, provided however, for the total revenue exceeding ¥8 billion in one fiscal period, the revenue-based fee shall be 1.5% of our total revenue (any amount less than ¥1 will be truncated). Total revenue shall be the total of rent revenue, common charges, parking revenue, incidental income, fee for use of facilities, installation fees, late charges, cancellation penalty arising from cancellation of lease and any other income, interest or distribution arising from our real estate assets and other related income from the rent business. The revenue-based fee is payable within three months from the end of each fiscal term. We paid ¥234.5 million as revenue-based fee for the fiscal period ended December 31, 2012.

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Incentive Fee 2 (Earnings-Based Fee)
3% of our distributable amount

The Asset Manager receives a fee equal to the amount of 3% of our distributable amount (as specified in Article 30 of our articles of incorporation and less the amount not to be distributed) before deduction of earnings-based fee for each fiscal period (any amount less than ¥1 will be truncated). The earnings-based fee is payable within three months from the end of each fiscal term. We paid ¥155.4 million as earnings-based fee for the fiscal period ended December 31, 2012.

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Incentive Fee 3 (Acquisition Fee) (after Jan. 2008)
0.25% of the acquisition price

For each real estate property or asset-backed securities that have real estate as their primary investments which we acquire, the Asset Manager receives a fee equal to the amount of 0.25% of the acquisition price (net of any acquisition costs, consumption tax and local consumption tax) (any amount less than ¥1 will be truncated). The acquisition fee is payable by the end of the month immediately following the month of acquisition. We paid an acquisition fee of ¥27 million for the fiscal period ended December 31, 2012.

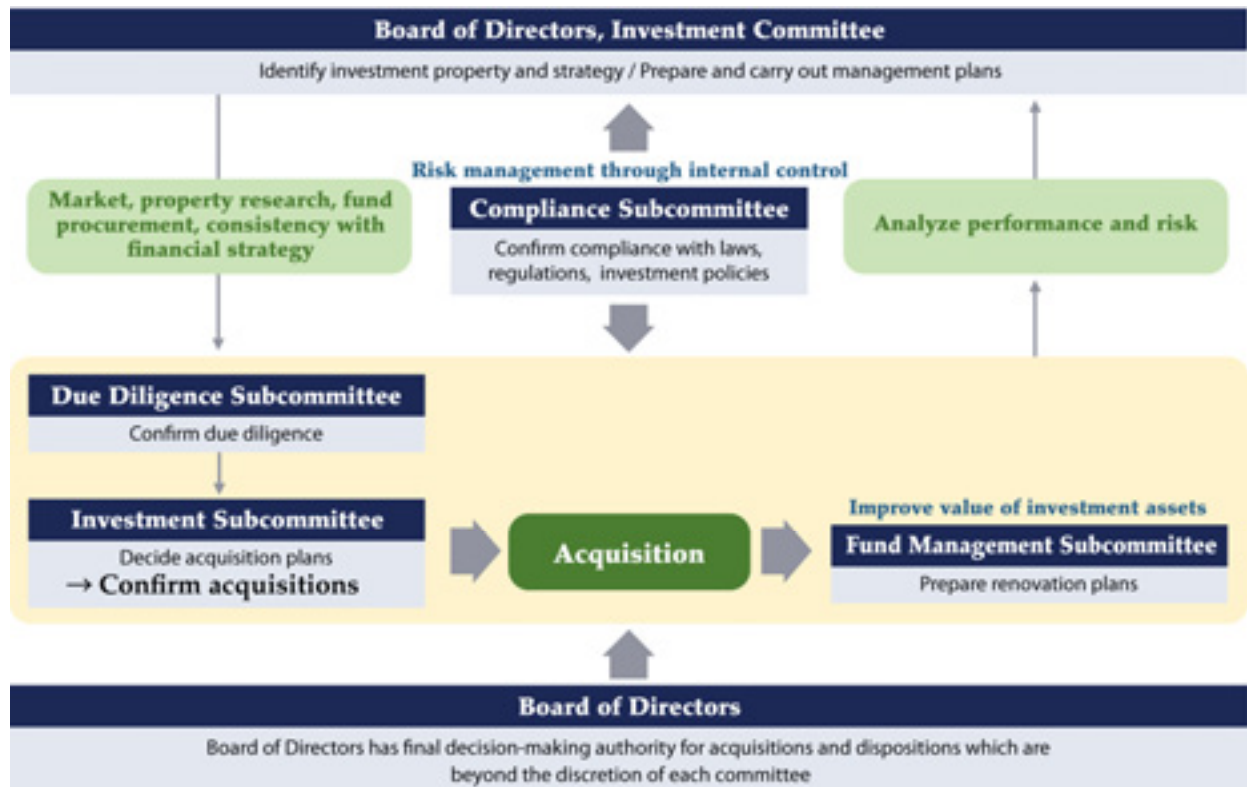
Services Provided by the Asset Manager

Pursuant to the ITA, our operations and activities related to the real estate and assets we own or operate are entrusted to third parties, including the Asset Manager. The Asset Manager provides the following services to us:

Investment Management	The Asset Manager formulates and executes our investment strategy based on our basic investment policy set forth in our articles of incorporation with respect to our portfolio composition and other characteristics of our investment properties.
Oversight of Property Management	The Asset Manager directs and supervises our on-site property managers' implementation of various programs.
Property Acquisition and Disposition	The Asset Manager is responsible for finding and identifying acquisition targets, purchasing properties (which may include the restructuring of tenant lease terms and property refurbishments) and disposing of properties.
Investor Relations and Financial Reporting	The Asset Manager is responsible for our investor relations, including the disclosure of new developments with respect to our properties and the release of reports on our financial performance. The Asset Manager is also responsible for our regulatory filings.
Finance and Accounting	The Asset Manager is responsible for our cash management and other financial affairs, including planning and budgeting functions, management of debt and equity issuances to fund our acquisitions.

Acquisition and Disposition Approval Process

The following chart shows the committees and subcommittees set up by our Asset Manager which are involved in the decision-making process:



Note: (1) Disposition of properties are determined through procedures similar to these acquisition procedures.

The Asset Manager established the Investment Committee to make investment management decisions with the Investment Subcommittee (including the Due Diligence Subcommittee) and the Fund Management Subcommittee which support the decision-making process. Members of these committees include the President and CEO, Chief Investment Management Officer, Chief Financial Officer (“CFO”) and Chief Planning and Administrative Officer (“CAO”). The Compliance Office General Manager will also participate in each Committee and Subcommittee to enhance legal compliance.

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.

The decision-making procedure by the Investment Subcommittee entails the following secure procedures that require two steps: policy decision-making processes concerning the acquisition or disposition and a final decision process on the 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. Furthermore, the Board of Directors has the final decision-making power on the acquisition and disposition of individual assets greater than a certain value.

Decisions and legal procedures by each committee are screened to confirm that they do not violate laws, regulations, our articles of incorporation and internal rules at the Compliance Subcommittee before committee meetings are held. The Compliance Office General Manager reports on the presence or absence of violations of laws or rules before the discussion at each committee meeting and, in addition, instructs each manager to decide at or report to our, or the Asset Manager’s board of Directors in compliance with the rules.

In addition to the above, transactions with related parties will be reviewed by the Compliance Committee for its validity and reasonableness. See “—Policies Regarding Related-Party Transactions” below.

The decision-making process of the Asset Manager when acquiring an investment property is shown below. Please note that the below illustrates a general process, and therefore any part of such process may be changed or omitted to be taken, depending on the situation of the investment property to be acquired. The Asset Manager will decide whether to acquire additional properties in accordance with a decision-making process based on strict due diligence.



Policies Regarding Related-Party Transactions

When a proposed related-party transaction falls into any of the transaction categories listed below, the appropriateness and reasonableness of the transaction will be reviewed at the monthly Compliance Committee meetings. In order to conduct such transactions, prior approval from our board members who are independent from the shareholders of the Asset Manager will also be required:

Asset Acquisition	In the case of real estate properties or trust beneficiary interest in real estate properties, we must obtain prior approval from our board of directors for such acquisition. For any other assets, we must not acquire the asset for more than the market value, if such market value can be obtained, and if not, then prior approval of our board of directors is required.
Asset Disposal	In the case of real estate properties or trust beneficiary interest in real estate properties, the disposal price (the sales amount only, not including tax or costs of disposal) must be more than the appraised value. Also, we must obtain prior approval from our board of directors. For any other assets, we must not sell the asset for less than the market value, if such value can be determined, and if not, then the same rule for real estate properties applies.
Lease	When leasing real estate property to a related party, the terms of the lease must be appropriate, taking into account general market conditions and general lease terms for a similar property. In addition, we must obtain prior approval from our board of directors. Leasing real estate property to a related party means i) concluding a new lease agreement with a related party (not including the lease of parking space attached to the leased property which a) is leased for more than the average fee for the same or similar condition and b) for less than five cars (not including already leased spaces)) or ii) renewing the lease agreement with a related party at a rental fee (either increased, decreased or unchanged) that is less than the average rental fee of the said property (not including the related party).
Real Estate Management	Real Estate Management will be conducted according to our property business operations standard. Prior approval of our board of directors will be required when commissioning real estate management to related parties and must be conducted according to our real estate management policy.
Agency for Acquisition, Sale or Lease and Commission	In the case where a related party acts as an agent for an acquisition or sale, the commission must not be more than 3% of the acquisition or sale price plus ¥60,000 (not including consumption tax) and such transaction will require prior approval from our board of directors. In the case whereby a related party acts as an agent for a lease, the commission must not be more than one month rent of the leased property.
Placing Construction Orders	For construction orders exceeding ¥10 million, an estimate must be obtained from a third party and such construction orders must be placed after obtaining prior approval from our board of directors.
Loans	Loans from related parties must be limited to those with terms which are at market level. In addition, prior approval of our board of directors on the financial plan (funding and management plans for every three months) and the loan must be obtained.

A “related party” for purposes of these policies includes a company and its affiliated companies which are investing in, dispatching an executive or seconding an employee to the Asset Manager.

Corporate Governance

Independent Board Composition

In order to maintain a high level of independence, none of the directors and officers of the Asset Manager have a dual position within our board of directors. We believe such independence enhances our corporate governance and enables us to generate value to unitholders.

Prudent Procedures within the Asset Manager

The Asset Manager maintains prudent procedures, including the Compliance Committee that has an outside expert as a member, to make decisions on important matters such as investment decisions and related-party transactions.

Decisions taken by the Compliance Committee require the unanimous agreement of Committee members. We believe that such procedures provide us with a high level of independence, particularly in respect to related-party transactions.

Monitoring provided by Our Sponsors

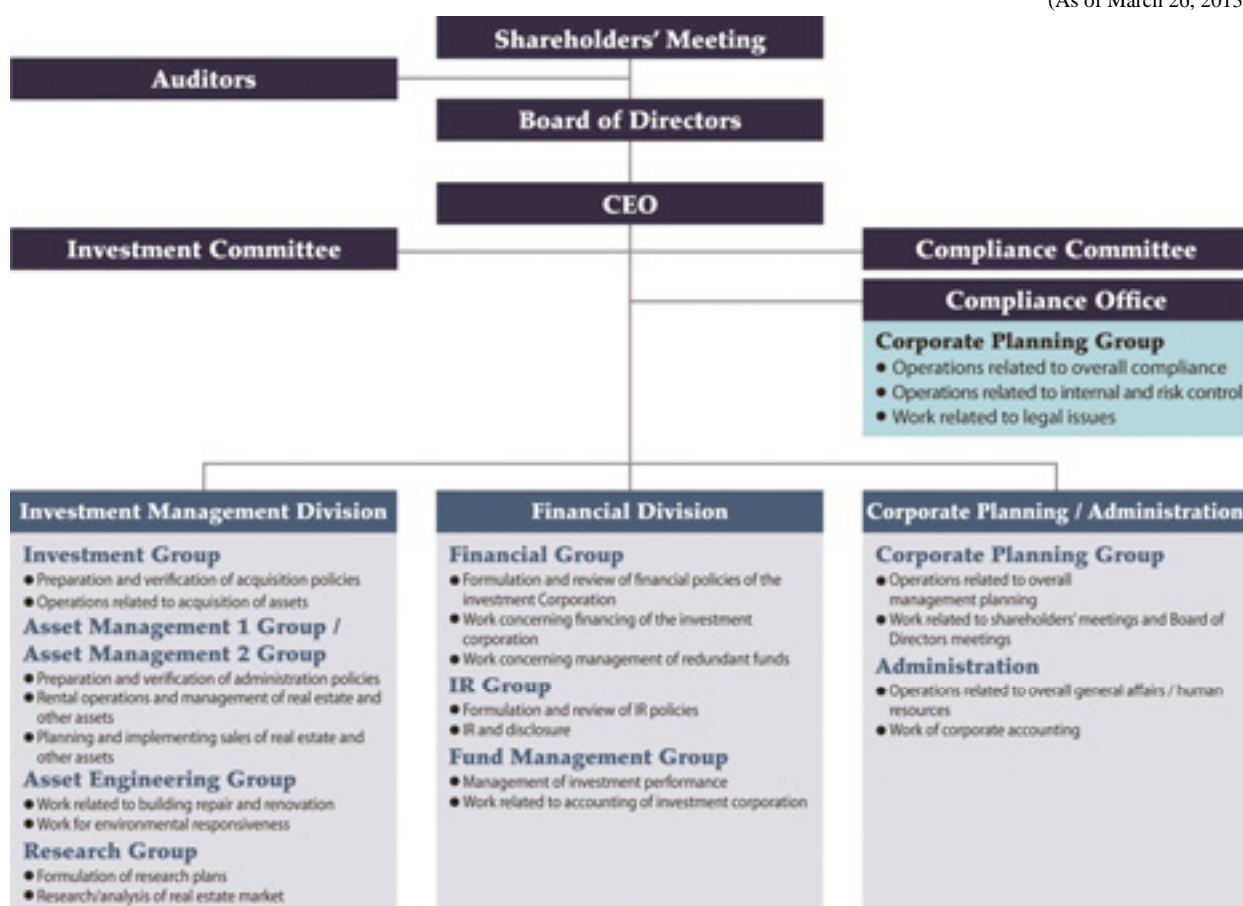
Instead of relying on a single Sponsor, we have five different Sponsors that monitor the Asset Manager as well as each other, in addition to providing effective support. In order to maintain independence, the Compliance Office General Manager, who is in charge of internal control at TRIM and responsible for checking transactions with our Sponsors, is not a person seconded from any of the Sponsors.

Fiduciary Duty of the Asset Manager

In addition to the Asset Manager's contractual obligations to us under the Asset Management Agreement, the FIEA provides that the Asset Manager owes us fiduciary duties of loyalty and care of a good manager and must conduct its activities as our Asset Manager in good faith. The ITA and the FIEA also prohibit the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with interested parties of the Asset Manager that are contrary to or violate our interests. The Asset Manager is subject to potential liability for damages from breaches of its duties to us under the ITA.

Organization

(As of March 26, 2013)



Management of the Asset Manager

Directors

The Asset Manager's board of directors currently consists of five full-time directors and three part-time directors. The directors of the Asset Manager are as follows:

Satoshi Okubo | CEO and President

Satoshi Okubo has been the CEO and president of the Asset Manager since June 2010. He started his career at Tokyo Tatemono Co., Ltd. in 1977 and has worked in various departments of the company, gaining experience in investment decisions and real estate transactions, development of real estate and asset management. He was appointed as part-time statutory auditor and as special advisor of Tokyo Tatemono Real Estate Sales Co., Ltd in 2010. He was then appointed as representative director of the Asset Manager in 2010.

Kazuo Kitami | Director and Manager of Planning and Administration Department

Kazuo Kitami has been director and manager of planning and administration department of the Asset Manager since October 2004. He joined Meiji Yasuda Life Insurance Company, formerly Yasuda Life Insurance Company, in 1975. He has experience in the real estate and asset management departments and was appointed as deliberator in charge of the management operation inquiry of related business of Meiji Yasuda Life Insurance Company. He was seconded to the Asset Manager in October 2004 and subsequently joined the Asset Manager in March 2012.

Kazuki Sugise | Director and Manager of the Investment Management Division

Kazuki Sugise has been director and manager of the investment management division of the Asset Manager since March 2011. He joined Tokyo Tatemono Co., Ltd. in 1988 and has experience in the urban development division of the company. He was seconded to the Asset Manager and appointed as manager of the investment management division in July 2007.

Satoshi Eida | Director and Manager of the Finance Department

Satoshi Eida has been director and manager of the finance department of the Asset Manager since March 2012. He joined Tokyo Tatemono Co., Ltd. in 1986 and has experience at the Sapporo branch and in the management planning division and other divisions of the company. He was appointed as president and representative director of Shinjuku Center Building Management Co., Ltd. and as director of Shinjuku Square Tower Management Co., Ltd. in March 2011. He was seconded to the Asset Manager and appointed as director of the Asset Manager in March 2012.

Shigeyuki Sugawara | Director and General Manager of the Compliance Division

Shigeyuki Sugawara has been director and general manager of the compliance division of the Asset Manager since June 2010. He started his career at Asahi Mutual Life Insurance Co. in 1985 and was seconded to Asahi Jitsugyo Co., Ltd. in April 1999. He was seconded to the Asset Manager in January 2001 and then joined the Asset Manager in October 2002. He was appointed as manager of the planning and administration division of the Asset Manager in October 2004 and then appointed as general manager of compliance team of the Asset Manager in April 2008.

Kiyohide Kumakura | Part-Time Director

Kiyohide Kumakura is one of the Asset Manager's part-time directors and was appointed in June 2011. He joined Tokyo Tatemono Co., Ltd. in 1989 and has experience in the general affairs division and the leasing division of the company. He was seconded to Tokyo Tatemono Amenity Support Co., Ltd. in January 2004. He has been group leader of the planning and management group of Tokyo Tatemono Co., Ltd. since April 2010 and director of Tokyo Tatemono Investment Advisors Co., Ltd. since March 2011.

Rei Abe | Part-Time Director

Rei Abe is one of the Asset Manager's part-time directors appointed in June 2011. He joined Taisei Corporation in 1979 and has experience in the management division, the property management division and other divisions of the company. He has been manager of the development planning division of the company since April 2011.

Yasunori Kuroda | Part-Time Director

Yasunori Kuroda is a part-time director of the Asset Manager and was appointed in April 2012. He joined Sompo Japan Insurance Inc. (formerly Yasuda Fire and Marine Insurance Co., Ltd.) in 1987 and was then seconded to Sompo Japan Nipponkoa Asset Management Co., Ltd. (formerly Yasuda Kasai Brinson Investment Management Co., Ltd.). He joined Sompo Japan Insurance Inc. in April 2004. He has been a director of Sompo Japan Credit Inc. and of Yasuda Enterprise Development Co., Ltd. since April 2012. He resigned from the post of director of the Asset Manager as of April 2, 2013.

Tetsuo Ozaki**Part-Time Director**

Tetsuo Ozaki is a part-time director of the Asset Manager and was appointed in April 2013. He joined Nipponkoa Insurance Co., Ltd. (formerly Koa Fire & Marine Insurance Co., Ltd.) in 1983. He has been serving as general manager of the investment and loans department of the company and as a director of Nipponkoa Credit Service Co., Ltd. since October 2012. He was concurrently appointed general manager of the investment and loans department of Sompo Japan Insurance Inc. and director of Sompo Japan Credit Inc. and of Yasuda Enterprise Development Co., Ltd. in April 2013.

Corporate Auditors

The corporate auditors of the Asset Manager are as follows:

Masamitsu Kurebayashi**Part-Time Corporate Auditor**

Masamitsu Kurebayashi has been a part-time corporate auditor of the Asset Manager since February 2001. He began his career at Showa Ota Auditing Firm, presently Ernst & Young ShinNihon LLC, in 1989, and served in the tax consulting division. He became a representative of Sawa & Kurebayashi accounting firm (formerly Kurebayashi accounting firm) in October 1999.

Rikiya Fujikubo**Part-Time Corporate Auditor**

Rikiya Fujikubo is a part-time corporate auditor and was appointed in April 2013. He started his career at Mizuho Trust & Banking Co., Ltd. (formerly Yasuda Trust and Banking Co., Ltd.) in April 1985, and gained experience through several assignments at Mizuho Trust & Banking and Mizuho Bank, Ltd., including planning, sales and marketing, consulting and real estate business. He has been with the sales and marketing department II of Mizuho Corporate Bank, Ltd. since January 2013, and has concurrently served as general manager of the sales and marketing department and the sales planning department of Yasuda Real Estate Co., Ltd. since February 2013.

Status of JPR's Assets Under Management

(1) JPR's Asset Structure

Asset Type	Area	21st Fiscal Period (as of June 30, 2012)		22nd Fiscal Period (as of December 31, 2012)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Central Tokyo	80,564,061	20.3	80,527,907	20.0
	Greater Tokyo	64,032,992	16.2	63,605,799	15.8
	Other Cities	10,877,921	2.7	22,225,682	5.5
Real estate in trust	Central Tokyo	126,270,766	31.9	126,035,548	31.4
	Greater Tokyo	44,175,336	11.2	43,885,908	10.9
	Other Cities	44,242,155	11.2	44,237,996	11.0
Deposits and other assets	—	25,854,653 (—)	6.5 (—)	21,465,473 (—)	5.3 (—)
Total assets	—	396,017,887 (370,163,234)	100.0 (93.5)	401,984,316 (380,518,842)	100.0 (94.7)

(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.

(Note 3) Various survey expenses (1,614 thousand yen for the 21st fiscal period) recorded in relation to a property to be acquired have been included in Deposits and other assets in the table above as construction in progress.

(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 22nd 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
Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name)	38,388,259	11,034.78	11,034.78	100.0	11.5	Office
Olinas Tower	29,820,666	23,987.40	22,229.63	92.7	7.6	Office
Shinjuku Center Bldg.	21,804,311	8,863.98	8,197.27	92.5	3.4	Office
BYGS Shinjuku Bldg.	15,760,319	15,190.65	14,779.31	97.3	4.0	Office
JPR Sendagaya Bldg.	15,248,033	6,177.74	5,813.42	94.1	1.9	Office
Kanematsu Bldg.	14,853,906	7,994.02	7,994.02	100.0	2.9	Office
Kawasaki Dice Bldg.	14,411,526	13,066.69	12,911.37	98.8	3.0	Retail
JPR Umeda Loft Bldg.	12,572,865	18,586.97	18,586.97	100.0	2.9	Retail
JPR Shibuya Tower Records Bldg.	11,656,433	8,076.85	8,076.85	100.0	2.6	Retail
Yakuin Business Garden	11,416,663	16,654.33	16,644.71	99.9	3.1	Office
Total	185,932,985	129,633.41	126,268.33	97.4	43.1	

(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 each of these buildings are the figures concerning the sub-lessee of the tenant.

Selected Office Properties in the Greater Tokyo Area

Otemachi 1-6 Plan (Land with Leasehold Interest)

On March 13, 2012, we acquired the Otemachi 1-6 Plan (Land with Leasehold Interest), an office property located in the Chiyoda ward of Tokyo area, at the price of ¥36,000 million. We own only the land, which is approximately 11,000 m². A building is currently under construction on the land by Taisei Corporation, and is scheduled to be completed in April 2014. The projected NOI yield for the Otemachi 1-6 Plan (Land with Leasehold Interest), is 3.6%. The property was acquired from Y.K. Tokyo Prime Stage, or TPS, a special purpose company in which Tokyo Tatemono Co., Ltd. and Taisei Corporation, both of which are our Sponsors, have equity interests. When construction of the property is complete, the building itself will be owned by TPS as we own only the land.

The Otemachi 1-6 Plan (Land with Leasehold Interest) was an attractive investment for the following reasons: (i) the property is situated in a prime geographical location in central Tokyo and is therefore likely to generate stable long-term rent income as an A-class property, (ii) the land is not subject to depreciation and thus contributes to greater retained earnings out of which we can make distributions; (iii) it has a higher projected NOI yield than the average NOI yield (after depreciation) of the office properties in central Tokyo in our portfolio, and (iv) the property is likely to have stable income with a leasehold interest of 70 years.

We also have secured certain arrangements under the surface right agreement with the property developer to enhance the stability of rental income, including:

- The rent payable in respect of the land is not affected by the rent derived from the building currently under construction.
- The rent payable in respect of the land is indexed against the applicable tax rate, and the net rate payable after deducting applicable tax will be indexed against the consumer price index, to minimize our property-related tax risk.

We are entitled to preferential negotiating rights in respect of the sale of the building which is currently under construction.

Olinas Tower

The Olinas Tower is well-situated, approximately five-minutes walking distance from the JR line Kinshicho station and Tokyo Metro Hanzomon line Kinshicho station. It is approximately ten-minutes by train to Tokyo station from the JR line Kinshicho station. This property is a competitive, large-scale office property with the latest facilities and is comparable to large-scale office properties in downtown Tokyo.

Shinjuku Center Bldg.

The Shinjuku Center Bldg. is an office property located in the Nishi-Shinjuku area, which has one of the highest concentrations of commercial and high-rise office properties in Japan. The property is attractive and well-known due to its location and proximity to Shinjuku station, which is one of the largest terminal stations in Tokyo.

Kawasaki Dice Bldg.

The Kawasaki Dice Bldg. is a retail property including shops, restaurants and cinemas, located in front of the JR line Kawasaki station and Keihin Kyuko line Keikyu Kawasaki station. This property is connected to the underground shopping area in front of the JR line Kawasaki station, has a relatively large floor area of 900 tsubo per floor and is therefore competitive against other properties in the area.

(3) Our Current Properties

Basic Information

Office Properties

The following tables provide basic summary information for our 45 current office properties as of December 31, 2012, unless otherwise specified. Of our office properties, 23 are located in central Tokyo, 11 are located in greater Tokyo and 11 are in other cities in Japan.

Property Number	Property Name	Location	Acquisition Price ⁽¹⁾ (in millions)	Percentage of Portfolio Acquisition Price (%)	Book Value (in millions)	Land (m ²)	Leasable Area Owned or Co-owned by JPR (m ²)
<i>Central Tokyo</i>							
A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	¥16,276	4.2	¥14,853	1,751.13	7,994.02
A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	2,874	0.7	2,468	679.06	2,291.13
A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	2,100	0.5	1,991	550.06	2,804.56
A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	2,420	0.6	2,404	657.80	3,318.81
A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	4,000	1.0	3,450	636.90	3,265.34
A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	11,200	2.9	10,897	8,992.18 ⁽²⁾	14,469.72
A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	2,920	0.7	2,694	1,551.19	4,243.58
A-8	Fukuoka Bldg.	Chuo-ku, Tokyo	2,920	0.7	2,918	1,302.17	1,937.40
A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	5,100	1.3	5,296	1,058.04	4,224.96
A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	3,500	0.9	3,115	4,006.00	4,088.44
A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	10,180	2.6	9,039	8,409.52 ⁽³⁾	11,150.78
A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	15,121	3.9	15,760	3,522.46	15,190.65
A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	710	0.2	619	858.48	1,253.39
A-14	Shinjuku Center Bldg.	Shinjuku-ku, Tokyo	21,000	5.4	21,804	14,917.11	8,863.98
A-15	Minami Azabu Bldg.	Minato-ku, Tokyo	3,760	1.0	3,860	778.09	3,405.73
A-16	Shinagawa Canal Bldg.	Minato-ku, Tokyo	1,870	0.5	1,817	828.82	1,700.57
A-17	Rokubancho Bldg.	Chiyoda-ku, Tokyo	2,800	0.7	2,902	716.95	2,488.36
A-18	JPR Harajuku Bldg.	Shibuya-ku, Tokyo	8,400	2.1	8,734	1,205.07	4,760.09
A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo-ku, Tokyo	5,250	1.3	5,253	547.10	3,499.31
A-20	JPR Nihonbashi-horidome Bldg.	Chuo-ku, Tokyo	5,100	1.3	5,104	937.59	5,299.89
A-21	JPR Sendagaya Bldg.	Shibuya-ku, Tokyo	15,050	3.8	15,248	2,217.49	6,177.74
A-22 ⁽⁴⁾	Ginza Sanwa Bldg.	Chuo-ku, Tokyo	3,400	0.9	3,636	1,119.27	1,899.27
A-23	Otemachi 1-6 Plan (Land with Leasehold Interest)	Chiyoda-ku, Tokyo	36,000	9.2	38,388	11,034.78	11,034.78

Property Number	Property Name	Location	Acquisition Price ⁽¹⁾ (in millions)	Percentage of Portfolio Acquisition Price (%)	Book Value (in millions)	Land (m ²)	Leasable Area Owned or Co-owned by JPR (m ²)
<i>Greater Tokyo</i>							
B-1	Arca East	Sumida-ku, Tokyo	5,880	1.5	4,605	3,755.01	7,022.76
B-2	JPR Chiba Bldg.	Chiba, Chiba	2,350	0.6	2,420	1,382.35	5,535.67
B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	2,927	0.7	2,661	1,100.59	6,066.53
B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	920	0.2	909	841.71	2,642.38
B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	8,100	2.1	7,164	4,524.61	15,455.96
B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	3,250	0.8	3,116	1,242.97	6,490.05
B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	3,188	0.8	2,973	2,047.22	4,731.04
B-9	Rise Arena Bldg.	Toshima-ku, Tokyo	5,831	1.5	5,558	9,377.28 ⁽⁵⁾	6,023.39
B-10	Yume-ooka Office Tower	Yokohama, Kanagawa	6,510	1.7	5,896	12,011.00	12,013.88
B-11	Olinas Tower	Sumida-ku, Tokyo	31,300	8.0	29,820	27,335.29	23,987.40
B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama, Kanagawa	7,000	1.8	6,983	1,110.28	6,494.09
<i>Other Cities</i>							
C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	2,140	0.5	1,799	2,706.99	5,326.88
C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	4,150	1.1	4,159	1,432.64	7,162.60
C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	2,900	0.7	3,189	1,214.63	6,581.15
C-9	JPR Naha Bldg.	Naha, Okinawa	1,560	0.4	1,431	959.87	3,946.42
C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	3,150	0.8	2,388	1,895.67	7,129.05
C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	1,670	0.4	1,287	1,128.45	4,874.91
C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	2,810	0.7	2,298	1,164.39	3,257.73
C-17	JPR Dojima Bldg.	Osaka, Osaka	2,140	0.5	2,053	668.11	3,930.21
C-18	JPR Hakata-chuo Bldg.	Fukuoka, Fukuoka	1,920	0.5	1,791	680.63	3,290.42
C-19	JPR Nagoya Fushimi Bldg.	Nagoya, Aichi	4,137	1.1	4,178	1,610.38	7,086.37
C-20	Yakuin Business Garden	Fukuoka, Fukuoka	10,996	2.8	11,416	4,348.43	16,654.33
Total			¥296,780	75.7	¥290,367	150,815.76	291,065.72

Notes:

- (1) Acquisition price excludes consumption and other taxes.
- (2) Includes land of the Trinity Shibaura property, which was developed together with the MS Shibaura Bldg.
- (3) Includes land for the entire redevelopment area that includes the Shinjuku Square Tower.
- (4) All properties are office properties, with the exception of A-22, which has both offices and retail stores.
- (5) Includes land for the entire redevelopment area that includes the Rise Arena Bldg.

Retail Properties

The following tables provide basic summary information for our 14 retail properties as of December 31, 2012. Five of our properties are located in the central Tokyo, five are located in greater Tokyo and four are located in other cities in Japan.

Property Number	Property Name	Location	Acquisition Price ⁽¹⁾ (in millions)	Percentage of Portfolio Acquisition Price (%)	Book Value (in millions)	Land (m ²)	Leasable Area Owned or Co-owned by JPR (m ²)
<i>Central Tokyo</i>							
A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	¥12,000	3.1	¥11,656	1,010.47	8,076.85
A-2	JPR Daikanyama	Shibuya-ku, Tokyo	2,160	0.6	2,199	277.12	651.29
A-3	JPR Jingumae 432	Shibuya-ku, Tokyo	4,275	1.1	4,340	198.10	1,027.33
A-4	Shinjuku Sanhome East Bldg.	Shinjuku-ku, Tokyo	2,740	0.7	2,728	2,578.69	2,347.81
A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda-ku, Tokyo	3,400	0.9	3,377	6,808.12	1,101.92
<i>Greater Tokyo</i>							
B-1	Tanashi ASTA	Nishitokyo, Tokyo	10,200	2.6	7,774	12,326.30	31,121.71
B-3	Cupo-la Main Bldg.	Kawaguchi, Saitama	2,100	0.5	1,888	15,008.28 ⁽²⁾	5,963.00
B-4	JPR Musashikosugi Bldg.	Kawasaki, Kanagawa	7,260	1.9	7,240	4,761.62	19,740.95
B-5	Musashiurawa Shopping Square	Saitama, Saitama	4,335	1.1	4,065	8,317.99	14,960.69
B-6	Kawasaki Dice Bldg.	Kawasaki, Kanagawa	15,080	3.8	14,411	4,475.45	13,066.69
<i>Other Cities</i>							
C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	13,000	3.3	12,572	3,518.68	18,586.97
C-3	Benetton Shinsaibashi Bldg.	Osaka, Osaka	5,430	1.4	5,250	609.31	5,303.98
C-4	Housing Design Center Kobe	Kobe, Hyogo	7,220	1.8	6,630	3,994.47	35,444.13
C-5	JPR Chayamachi Bldg.	Osaka, Osaka	6,000	1.5	6,014	592.45	2,484.39
	Total		¥95,200	24.3	¥90,150	64,477.05	159,877.71

Notes:

(1) Acquisition price excludes consumption and other taxes.

(2) Includes land for the whole redevelopment area that includes the Cupo-la Main Bldg.

Form of Ownership

Under Japanese law, buildings and the underlying land upon which they are built can be owned independently of each other. Each of the buildings and the underlying land in turn can be co-owned with a third party. Furthermore, a building (but not land) may be compartmentalized, so that we own 100% of certain parts of the building. The following table summarizes our ownership structure with respect to each of our current properties.

Office Properties

Property Number	Property Name	Acquisition Date	Form of Ownership				Gross Floor Area ⁽¹⁾	Area Owned or Co-owned by Us ⁽²⁾	Co-owner(s)	
			Land		Building				Land	Building
			Type	(%)	Type	(%)	(m ²)	(m ²)		
A-1	Kanematsu Bldg.	December 27, 2001	Co-ownership	79.4	Co-ownership	79.4	14,995.09	11,906.10	The Dai-ichi Life Insurance Co., Ltd.	The Dai-ichi Life Insurance Co., Ltd.
A-2	Kanematsu Bldg. Annex	December 27, 2001	Co-ownership	79.4	Co-ownership	79.4	4,351.46	3,455.06	The Dai-ichi Life Insurance Co., Ltd.	The Dai-ichi Life Insurance Co., Ltd.
A-3	JPR Ningyo-cho Bldg.	November 16, 2001	Ownership	100.0	Ownership	100.0	4,117.70	4,117.70	—	—
A-4	Shin-Kojimachi Bldg.	(1) November 16, 2001 (2) November 21, 2002 (3) November 12, 2004	Co-ownership	(1) 49.0 (2) 21.0 (3) 7.3	Compartmentalized Ownership ⁽³⁾	— ^c	5,152.98	(1) 2,067.34 (2) 884.22 (3) 306.58	K.K. Fuzoku Bunka Kenkyusho, The Iwakuni Foundation for Scholarship	—
A-5	JPR Crest Takebashi Bldg.	June 21, 2002	Ownership	100.0	Ownership	100.0	4,790.68	4,790.68	—	—
A-6	MS Shibaura Bldg.	March 28, 2003	Ownership of a Part of Site/Co-ownership of Leasehold Rights ⁽⁴⁾	—/36.0 ⁽⁴⁾	Compartmentalized Ownership/ Compartmentalized Co-ownership ⁽⁵⁾	— 58.0 ⁽⁵⁾	31,020.21	15,439.97	—	Aozora Trust Bank, Ltd.
A-7	Gotanda First Bldg.	July 23, 2003	Co-ownership of a Part of Site ⁽⁶⁾	61.8	Compartmentalized Ownership	—	10,553.34	4,035.15	The Dai-ichi Life Insurance Co., Ltd., one individual owner	—
A-8	Fukuoka Bldg.	(1) October 15, 2003 (2) April 15, 2005	Co-ownership of a Part of Site ⁽⁷⁾	(1) 14.3 (2) 7.5	(1) Compartmentalized Ownership/ Compartmentalized Co-ownership (2) Compartmentalized Ownership ⁽⁸⁾	(1) — /81.9 (2) — ⁽⁸⁾	11,627.74	(1) 1,303.62 (2) 716.79	The Bank of Fukuoka, three other corporate entities	RKB Mainichi Broadcasting Corp.
A-9	JPR Ichigaya Bldg.	May 28, 2004	Ownership	100.0	Ownership	100.0	5,888.82	5,888.82	—	—
A-10	Oval Court Ohsaki Mark West	June 1, 2004	Co-ownership of a Part of Site ⁽⁹⁾	27.1	Compartmentalized Ownership	—	28,575.80	4,024.84	Nippon COMSYS Corporation, three other owners	—
A-11	Shinjuku Square Tower	(1) July 2, 2004 (2) September 26, 2008	Co-ownership	(1) 29.3 (2) 0.5	(1) Compartmentalized Ownership (2) Compartmentalized Co-ownership ⁽¹⁰⁾	(1) — (2) 1.1 ⁽¹⁰⁾	78,796.00	(1)10,765.74 (2)165.28	(1) Shinjuku Square Tower Co-owners Association, Tokyo Metropolitan Government, two corporate entities (2) Tokyo Metropolitan Government, 54 individuals, 5 corporate entities	(1) — (2) Tokyo Metropolitan Government, 55 individuals, 4 corporate entities
A-12	BYGS Shinjuku Bldg.	(1) November 9, 2004 (2) April 12, 2005 (3) July 13, 2010	Co-ownership	(1) 25.0 (2) 50.0 (3) 25.0	Co-ownership	(1) 25.0 (2) 50.0 (3) 25.0	25,733.10	(1) 6,433.28 (2) 12,866.55 (3) 6,433.28	—	—
A-13	Across Shinkawa Bldg. Annex	November 26, 2004	Ownership of a Part of Site ⁽¹¹⁾	— ⁽¹¹⁾	Compartmentalized Ownership	— ⁽¹²⁾	5,535.90	1,233.50	—	—
A-14	Shinjuku Center Bldg.	March 27, 2008	Co-ownership of a Part of Site ⁽¹³⁾	40.0 ⁽¹³⁾	Compartmentalized Co-ownership	40.0	176,607.89	8,172.88	TMK Shinjuku Center Building	TMK Shinjuku Center Building

Property Number	Property Name	Acquisition Date	Form of Ownership				Gross Floor Area ⁽¹⁾	Area Owned or Co-owned by Us ⁽²⁾	Co-owner(s)	
			Land		Building				Land	Building
			Type	(%)	Type	(%)				
A-15	Minami Azabu Bldg.	July 14, 2008	Ownership	100.0	Ownership	100.0	4,570.63	4,570.63	—	—
A-16	Shinagawa Canal Bldg.	December 19, 2008	Co-ownership	45.6	Compartmentalized Ownership	— ⁽¹⁴⁾	5,216.21	1,677.42	JA Zen-noh Meat Foods Co., Ltd.	—
A-17	Rokubancho Bldg.	December 2, 2009	Ownership	100.0	Compartmentalized Ownership	100.0	4,205.09	4,205.09	—	—
A-18	JPR Harajuku Bldg.	December 25, 2009	Ownership	100.0	Compartmentalized Ownership	100.0	6,466.94	6,466.94	—	—
A-19	Tokyo Tatemono Kyobashi Bldg.	February 12, 2010	Ownership of a Part of Site/ Leasehold Rights ⁽¹⁵⁾	100.0	Compartmentalized Ownership	100.0	4,419.79	4,419.79	—	—
A-20	JPR Nihonbashi-horidome Bldg.	March 31, 2010	Ownership	100.0	Ownership	100.0	7,190.82	7,190.82	—	—
A-21	JPR Sendagaya Bldg.	May 31, 2010	Ownership	100.0	Ownership	100.0	7,683.19	7,683.19	—	—
A-22	GINZA Sanwa Bldg.	August 29, 2011	Co-ownership of a Part of Site ⁽¹⁶⁾	64.7	Compartmentalized Co-ownership ⁽¹⁷⁾	35.4 ⁽¹⁷⁾	8,851.00	2,042.81	Matsuya Co., Ltd.	Matsuya Co., Ltd., Japan Real Estate Investment Corporation
A-23	Otemachi 1-6 Plan (Land with Leasehold Interest)*	March 13, 2012	Ownership	100.0	—	—	11,034.78	11,034.78	—	—
B-1	Arca East	November 16, 2001	Co-ownership	41.1	Compartmentalized Ownership	—	34,281.86	6,911.25	East Japan Railway Company, other 24 owners	—
B-2	JPR Chiba Bldg.	December 13, 2001	Ownership	100.0	Ownership	100.0	9,072.57	9,072.57	—	—
B-3	JPR Yokohama Nihon Odori Bldg.	November 16, 2001	Ownership	100.0	Ownership	100.0	9,146.52	9,146.52	—	—
B-5	Shinyokohama 2nd Center Bldg.	September 25, 2002	Co-ownership	50.0	Co-ownership	50.0	7,781.93	3,890.97	Mizuho Trust & Banking Co., Ltd.	Mizuho Trust & Banking Co., Ltd.
B-6	Kawaguchi Center Bldg.	February 13, 2004	Ownership of a Part of Site/Co-ownership ⁽¹⁸⁾	100.0 / 86.5	Compartmentalized Ownership	—	28,420.85	15,401.91	Japan Science and Technology Agency	—
B-7	JPR Ueno East Bldg.	March 1, 2004	Ownership	100.0	Ownership	100.0	8,490.44	8,490.44	—	—
B-8	Tachikawa Business Center Bldg.	(1) September 30, 2005 (2) February 28, 2007	Co-ownership	(1) 16.9 (2) 29.7	Compartmentalized Ownership	—	14,706.36	(1) 1,746.58 (2) 3,065.63	Tama-shinkin Bank and two other owners	—
B-9	Rise Arena Bldg.	March 22, 2007	Co-ownership	15.9	Compartmentalized Ownership/ Compartmentalized Co-ownership ⁽²⁰⁾	— /95.5 ⁽²⁰⁾	91,280.94	5,972.42	Mizuho Trust & Banking Co., Ltd., three other owners	Mizuho Trust & Banking Co., Ltd.
B-10	Yume-ooka Office Tower	July 10, 2007	Co-ownership	19.7	Compartmentalized Ownership	—	185,974.87	14,196.02	City of Yokohama, Keikyu Corporation, 11 other owners	—
B-11	Olinas Tower	June 29, 2009	Ownership of a Part of Site ⁽²¹⁾	—	Compartmentalized Ownership ⁽²²⁾	— ⁽²²⁾	257,842.41	23,692.60	—	—
B-12	Tokyo Tatemono Yokohama Bldg.	December 27, 2010	Ownership	100.0	Ownership	100.0	8,772.51	8,772.51	—	—
C-1	Niigata Ekinan Center Bldg.	November 16, 2001	Co-ownership	52.7	Compartmentalized Ownership	—	19,950.42	5,444.58	The Daishi Bank, Ltd., three individuals	—

Property Number	Property Name	Acquisition Date	Form of Ownership				Gross Floor Area ⁽¹⁾	Area Owned or Co-owned by Us ⁽²⁾	Co-owner(s)	
			Land		Building				Land	Building
			Type	(%)	Type	(%)				
C-4	Tokyo Tatemono Honmachi Bldg.	November 16, 2001	Co-ownership	64.3	Compartmentalized Ownership/ Compartmentalized Co-ownership ⁽²³⁾	— / 82.9 ⁽²³⁾	14,619.52	7,709.76	Mizuho Bank, Ltd.	Mizuho Bank, Ltd.
C-7	JPR Hakata Bldg.	November 16, 2001	Ownership	100.0	Ownership	100.0	9,828.73	9,828.73	—	—
C-9	JPR Naha Bldg.	November 16, 2001	Ownership	100.0	Ownership	100.0	5,780.71	5,780.71	—	—
C-12	Sompo Japan Sendai Bldg.	June 26, 2002	Ownership	100.0	Ownership	100.0	10,783.52	10,783.52	—	—
C-13	Sompo Japan Wakayama Bldg.	June 26, 2002	Ownership	100.0	Ownership	100.0	6,715.07	6,715.07	—	—
C-14	Tenjin 121 Bldg.	June 21, 2002	Co-ownership	52.2	Compartmentalized Ownership	—	8,690.95	3,117.09	Tohyama Kaisei Co., Ltd., ten other owners	—
C-17	JPR Dojima Bldg.	January 23, 2004	Ownership	100.0	Ownership	100.0	5,696.01	5,696.01	—	—
C-18	JPR Hakata-chuo Bldg.	June 11, 2004	Ownership	100.0	Ownership	100.0	3,874.81	3,874.81	—	—
C-19	JPR Nagoya Fushimi Bldg.	March 22, 2005	Ownership	100.0	Ownership	100.0	10,201.44	10,201.44	—	—
C-20	Yakuin Business Garden	August 8, 2012	Ownership	100.0	Ownership	100.0	22,286.35	22,286.35	—	—

Notes:

- (1) “Gross Floor Area” indicates the total floor area of the entire building (including the area owned by other co-owners and/or sectional owners). In the case of the Shinjuku Square Tower (A-11), gross floor area is indicated with respect to the entire redevelopment area. In the case of the Rise Arena Bldg. (B-9), gross floor area includes the residence area. In the case of the Olinas Tower (B-11), gross floor area includes the retail area and residence area.
- (2) “Area Owned or Co-owned by Us” indicates the area calculated by multiplying the “Gross Floor Area” by our ownership ratio, in the case of the following properties, rounded to the nearest decimal place: Kanematsu Bldg. (A-1), Kanematsu Bldg. Annex (A-2), JPR Ningyo-cho Bldg. (A-3), JPR Crest Takebashi Bldg. (A-5), JPR Ichigaya Bldg. (A-9), BYGS Shinjuku Bldg. (A-12), Minami Azabu Bldg. (A-15), Rokubancho Bldg. (A-17), JPR Harajuku Bldg. (A-18), Tokyo Tatemono Kyobashi Bldg. (A-19), JPR Nihonbashi-horidome Bldg. (A-20), JPR Sendagaya Bldg. (A-21), JPR Chiba Bldg. (B-2), JPR Yokohama Nihon Odori Bldg. (B-3), Shinyokohama 2nd Center Bldg. (B-5), JPR Ueno East Bldg. (B-7), Tokyo Tatemono Yokohama Bldg. (B-12), JPR Hakata Bldg. (C-7), JPR Naha Bldg. (C-9), Sompo Japan Sendai Bldg. (C-12), Sompo Japan Wakayama Bldg. (C-13), JPR Dojima Bldg. (C-17), JPR Hakata-chuo Bldg. (C-18) and JPR Nagoya Fushimi Bldg. (C-19). In the case of the following properties, “Area Owned or Co-owned by Us” indicates the area exclusively owned by us, as set out in the real estate registry book, rounded to the nearest decimal place: Shin-Kojimachi Bldg. (A-4), Gotanda First Bldg. (A-7), Oval Court Ohsaki Mark West (A-10), Shinjuku Square Tower (A-11), Across Shinkawa Bldg. Annex (A-13), Arca East (B-1), Kawaguchi Center Bldg. (B-6), Tachikawa Business Center Bldg. (B-8), Niigata Ekinan Center Bldg. (C-1) and Tenjin 121 Bldg. (C-14). In the case of the following properties, “Area Owned or Co-owned by Us” indicates the area calculated by multiplying the exclusively owned area, as set out in the real estate registry book (including the area owned by other co-owners and sectional owners), by our ownership ratio, rounded to the second decimal point: MS Shibaura Bldg. (A-6), Fukuoka Bldg. (A-8), Shinjuku Center Bldg. (A-14), Shinagawa Canal Bldg. (A-16), Ginza Sanwa Bldg. (A-22), Rise Arena Bldg. (B-9), Yume-ooka Office Tower (B-10), Olinas Tower (B-11) and Tokyo Tatemono Honmachi Bldg. (C-4).
- (3) We have compartmentalized ownership with respect to (a) 2,067.34 m² of the part of the building acquired on November 16, 2001, (b) 884.22 m² of the part of the building acquired on November 21, 2002 and (c) 306.58 m² of the part of the building acquired on November 12, 2004.
- (4) The site is comprised of three parcels. One parcel is owned by our trustee (i.e., Mizuho Trust & Banking Co., Ltd.), one parcel is co-owned by Urban Renaissance Agency and Minato-ku, Tokyo, and the remaining parcel is owned by Aozora Trust Bank, Ltd. The leasehold rights have been created with respect to all three parcels of the site and are co-owned by our trustee, Urban Renaissance Agency and Aozora Trust Bank, Ltd. in proportion to the floor area of the building owned by each of such parties.
- (5) We have compartmentalized ownership with respect to a part of 1st floor and 2nd through 8th floors (14,305.05 m² in total) and co-ownership (58.0%) of the parking lots of 1,957.27 m².
- (6) The site is comprised of two parcels. One parcel is co-owned by us and other co-owners, and the other is owned by The Dai-ichi Life Insurance Co., Ltd.
- (7) The site is comprised of two parcels. One parcel is co-owned by us and other co-owners, and the other is owned by The Bank of Fukuoka.
- (8) We have compartmentalized ownership with respect to the 6th floor, compartmentalized co-ownership (81.9%) with respect to the 10th floor of the part of the building acquired on October 15, 2003 and compartmentalized ownership with respect to the 7th floor of the part of the building acquired on April 15, 2005.
- (9) The site is comprised of two parcels. One parcel is co-owned by us and other co-owners, and the other is leased by Zuiouji temple to Nippon COMSYS Corporation.
- (10) We have compartmentalized ownership with respect to 10,765.74 m² in total of the 19th through 29th floors and 165.28 m² in total of the 2nd through 17th floors of the building.
- (11) The site is comprised of five parcels. Three parcels are owned by us and two are owned by other owners of the compartmentalized portion of the building.
- (12) We have compartmentalized ownership with respect to 1,233.50 m² in total of a part of the 1st basement floor, a part of 2nd floor, and 8th through 10th floors of the building.

- (13) The site is comprised of seven parcels. Six parcels are co-owned by us and other co-owners, and the remaining parcel is co-owned by Tokyo Tatemono Co., Ltd. and Meiji Yasuda Life Insurance Company (other owners of the compartmentalized portion of the building). In addition to the above-mentioned land and building, we have co-ownership (4/100) of the underground passage under common use, covering 157.02 m².
- (14) We have compartmentalized ownership with respect to 1,677.42 m² in total of 5th, 6th and 7th floors of the building.
- (15) The site is comprised of two parcels. One parcel is owned by us and the other is leased by an individual to us.
- (16) The site is comprised of four parcels. One parcel is co-owned by us and Matsuya Co., Ltd. and the other three are owned by Matsuya Co., Ltd. and Japan Real Estate Investment Corporation.
- (17) The ownership of the building is comprised of two compartmentalized ownership interests. One such interest is co-owned by us and two other co-owners and another is co-owned by such two co-owners. We have co-ownership of the common space of the building and our ownership ratio is 18.35%.
- (18) The site is comprised of three parcels. Two of such parcels are co-owned by us and other owners of the compartmentalized portion of the building, and the remaining one is owned by us.
- (19) We have compartmentalized ownership with respect to (a) 1,746.58 m² of the 4th and 5th floors and (b) 3,065.63 m² of the 8th through 10th floors and a part of 11th floor of the building.
- (20) We have compartmentalized ownership and the compartmentalized co-ownership (95.5%) with respect to 5,972.42 m² in total of the building.
- (21) The site is comprised of seven lots. One of such parcels is owned by us and the other six parcels are owned by other owners of the compartmentalized portion of the building.
- (22) We have compartmentalized ownership with respect to 23,692.60 m² in total of the 1st and the 5th through 18th floors of the business tower.
- (23) We own 6,921.52 m² in total on the 1st basement floor and on the 4th through 9th floors and hold co-ownership (82.9%) of the parking lots on the 2nd and 3rd basement floors and on the 1st floor of 950.53 m² in total.

Retail Properties

Property Number	Property Name	Acquisition Date	Form of Ownership				Gross Floor Area ⁽¹⁾	Area Owned or Co-owned by Us ⁽²⁾	Co-owner(s)	
			Land	Building	Land	Building				
			Type	(%)	Type	(%)	(m ²)	(m ²)		
A-1	JPR Shibuya Tower Records Bldg.	June 30, 2003	Ownership	100.0	Ownership	100.0	8,449.56	8,449.56	—	—
A-2	JPR Daikanyama	October 5, 2004	Ownership	100.0	Ownership	100.0	668.09	668.09	—	—
A-3	JPR Jingumae 432	March 24, 2006	Ownership	100.0	Ownership	100.0	1,066.81	1,066.81	—	—
A-4	Shinjuku Sanchoe East Bldg.	(1) March 14, 2007 (2) April 24, 2008	Ownership of a Part of Site/ Leasehold Rights over a part of Site ⁽³⁾	—/— ⁽³⁾	Compartmentalized Co-ownership	(1) 4.3 (2) 16.7 ⁽⁴⁾	24,617.65	(1) 474.50 (2) 1,853.64	—	Isetan Mitsukoshi Holdings, Toei Company, Ltd., Tokyo Chamber of Commerce Marui Co., Ltd., four other owners
A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	August 27, 2008	Co-ownership	1.9	Compartmentalized Co-ownership	4.3	71,957.65	1,087.63	More than 30 owners, including Marui Co., Ltd.	K.K. ASTA
B-1	Tanashi ASTA	November 16, 2001	Co-ownership	42.1	Compartmentalized Co-ownership	52.9	80,675.27	20,727.97	Tokyo Metropolitan Government, 108 other owners	Nishi-Tokyo, 46 other owners
B-3	Cupo-la Main Bldg.	March 31, 2006	Co-ownership	7.3	Compartmentalized Ownership	—	48,321.96	5,870.33	City of Kawaguchi, 19 other owners	—
B-4	JPR Musashikosugi Bldg.	September 28, 2006	Ownership	100.0	Ownership	100.0	18,394.32	18,394.32	—	—
B-5	Musashiurawa Shopping Square	March 19, 2007	Ownership (Co-ownership of Trust Beneficiary Interests)	50.0	Compartmentalized Ownership (Co-ownership of Trust Beneficiary Interests)	50.0	28,930.36	14,465.18	—	—
B-6	Kawasaki Dice Bldg.	April 12, 2007	Ownership/ Co-ownership of Surface Rights (Co-ownership of Trust Beneficiary Interests) ⁽⁵⁾	—/ 83.8, 13.1 (52.0, 12.6) ⁽⁵⁾	Compartmentalized Ownership (Co-ownership of Trust Beneficiary Interests) ⁽⁶⁾	(1) — (52.0) (2) — (12.6) ⁽⁶⁾	36,902.01	(1) 13,529.76 (2) 395.76	—	—
C-1	JPR Umeda Loft Bldg.	(1) May 15, 2003 (2) July 16, 2003	Ownership	100.0	Ownership	100.0	17,897.56	17,897.56	—	—
C-3	Benetton Shinsaibashi Bldg.	May 30, 2005	Ownership	100.0	Ownership	100.0	5,303.98	5,303.98	—	—
C-4	Housing Design Center Kobe	September 28, 2005	Ownership	100.0	Ownership	100.0	33,877.71	33,877.71	—	—
C-5	JPR Chayamachi Bldg.	August 30, 2006	Ownership	100.0	Ownership	100.0	3,219.36	3,219.36	—	—

Notes:

- (1) "Gross Floor Area" indicates the total floor area of the entire building (including the area owned by other co-owners and/or sectional owners).
- (2) "Area Owned or Co-owned by Us" indicates the area calculated by multiplying the "Gross Floor Area" by our ownership ratio, in the case of the following properties, rounded to the nearest decimal place: JPR Shibuya Tower Records Bldg. (A-1), JPR Daikanyama (A-2), JPR Jingumae 432 (A-3), JPR Musashikosugi Bldg. (B-4), JPR Umeda Loft Bldg. (C-1), Benetton Shinsaibashi Bldg. (C-3), Housing Design Center Kobe (C-4) and JPR Chayamachi Bldg. (C-5). In the case of Cupo-la Main Bldg. (B-3), "Area Owned or Co-owned by Us" indicates our exclusively owned area, as set out in the real estate registry book. In the case of the following properties, "Area Owned or Co-owned by Us" indicates the area calculated by multiplying our exclusively owned area, as set out in the real estate registry book (including the area owned by other co-owners and sectional owners), by our ownership ratio, rounded to the nearest decimal place: Shinjuku Sanchoe East Bldg. (A-4), Yurakucho Ekimae Bldg. (Yurakucho Itocia) (A-5), Tanashi ASTA (B-1) and Kawasaki Dice Bldg. (B-6).
- (3) The site is actually comprised of 11 parcels (ten parcels in the land registry). Two of such parcels are owned by us, and other nine parcels are owned by other owners of the compartmentalized portion of the building (and also one of such nine parcels is leased to us).
- (4) We have compartmentalized co-ownership (4.3%) with respect to 474.50 m² of the part of the building acquired on March 14, 2007 and the compartmentalized co-ownership (16.7%) with respect to 1,853.64 m² of the part of the building acquired on April 24, 2008.
- (5) The site is comprised of 13 parcels. Surface rights have been established for the entire site and space rights to the site of the building have been set in proportion to the surface rights. We have co-ownership (52.0%) of the trust beneficiary interests in real estate composed of co-owned (83.8%) surface rights and four parcels (3,895.42 m²) of the site. We also have co-ownership (12.6%) of the trust beneficiary interests in real estate composed of co-owned (13.1%) surface rights.
- (6) We have co-ownership (52.0%) of the trust beneficiary interests in the compartmentalized ownership with respect to the 1st basement floor through 10th floor (excluding a part of the 1st and 2nd floors) of the building and co-ownership (12.6%) of the trust beneficiary interests in the compartmentalized ownership of real estate with respect to the 2nd basement floor of the building.

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 22nd Fiscal Period	Amount Already Paid
Minami Azabu Bldg.	Minato Ward, Tokyo	Replacement of air conditioning units	Apr. 2013 ~ Jun. 2013	94	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	3rd phase of renewal of passenger elevators	Jul. 2011 ~ Jun. 2014	90	15	41
JPR Dojima Bldg.	Osaka City, Osaka	1st phase of replacement of air conditioning units	Apr. 2013 ~ May 2013	67	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	2nd phase of replacement of substation facilities	Oct. 2011 ~ Mar. 2013	49	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	4th and 5th phases of replacement of toilets	Aug. 2012 ~ May 2013	49	—	—
Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	Replacement of toilets	Apr. 2013 ~ May 2013	22	—	—
Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	1st phase of renewal of cubicle-type high voltage equipment on rooftop	May 2013 ~ May 2013	14	—	—

(2) Capital Expenditures during the 22nd Fiscal Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 22nd 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 388 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Niigata Ekinan Center Bldg.	Niigata City, Niigata	Replacement of air conditioning units	Apr. 2012 ~ Jul. 2012	158
Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Replacement of exterior walls	Aug. 2012 ~ Nov. 2012	36
Ginza Sanwa Bldg.	Chuo Ward, Tokyo	3rd phase of replacement of air conditioning units	Jul. 2012 ~ Dec. 2012	29
Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	2nd phase of replacement of air conditioning units	Oct. 2012 ~ Dec. 2012	28
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	3rd phase of replacement of toilets	Feb. 2012 ~ Jul. 2012	28
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Replacement of emergency power generators	Oct. 2011 ~ Oct. 2012	27
Other Properties		Repair of common areas, installation of office automation floors, replacement of air conditioning units, etc.		370
Total				679

(Note) Expenditures for repair and maintenance included 9 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	18th Fiscal Period (Jul. 1, 2010 - Dec. 31, 2010)	19th Fiscal Period (Jan. 1, 2011 - Jun. 30, 2011)	20th Fiscal Period (Jul. 1, 2011 - Dec. 31, 2011)	21st Fiscal Period (Jan. 1, 2012 - Jun. 30, 2012)	22nd Fiscal Period (Jul. 1, 2012 - Dec. 31, 2012)
Balance of deposits at beginning of current period	857	737	767	764	799
Deposits during the period	121	404	389	410	376
Amounts used from deposits during the period	241	374	410	357	365
Deposits carried forward to the next period	737	767	746	799	810

Other

(1) Notice

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
July 23, 2012	Execution of New Investment Unit Underwriting Agreement and New Investment Unit Purchase Agreement related to the Greenshoe Option	In regards to the additional issuing of investment units approved at the Board of Directors meeting on July 9, 2012, the administrative services related to the offering of these investment units were outsourced to the underwriters consisting of Mizuho Securities Co., Ltd. and 7 other firms (Note 1). To tie a greenshoe option to the additional issuing of investment units, JPR and Tokyo Realty Investment Management, Inc. executed a new Investment Unit Purchase Agreement related to the Greenshoe Option with Mizuho Securities.
October 30, 2012	Consignment of administrative services concerning the issuance of the Fifteenth Series and the Sixteenth Series of Unsecured Bonds (Note 2)	JPR consigned the administrative services related to the issuance of the Fifteenth Series and the Sixteenth Series of Unsecured Bonds to Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., SMBC Nikko Securities Inc., Daiwa Securities Co, Ltd. and Mizuho Corporate Bank, Ltd. based on the decision by the executive director to issue these bonds.

(Note 1) These seven companies consist of Merrill Lynch Japan Securities Co., Ltd., Daiwa Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Tokai Tokyo Securities Co., Ltd., Mizuho International Plc, Merrill Lynch International and Deutsche Bank AG, London Branch.

(Note 2) The comprehensive resolution regarding the issuance of these investment corporation bonds was made at the Board of Directors meeting held on April 25, 2012. The Fifteenth Series and the Sixteenth Series of Unsecured Bonds were issued on November 22, 2012 based on this resolution.

(2) Other

Unless otherwise stated, monetary amounts are rounded down and percentage figures are rounded off to the nearest specified unit in this Business Report.

Related-Party Transactions

Since January 1, 2010, the first day of our seventeenth fiscal period, we have not entered into material transactions with our executive or supervisory directors or companies with whom they have a relationship or with any of our principal unitholders or affiliates, other than those discussed below or elsewhere in this Business Report.

The following sets forth an overview of our material relationships with the Asset Manager and its shareholders, Tokyo Tatemono Co., Ltd., Taisei Corporation, Yasuda Real Estate Co., Ltd., Meiji Yasuda Life Insurance Company and Sampo Japan Insurance Inc. We believe that the terms of the transactions described below with each of these related parties were at least as favorable to us as those that we could have obtained from unrelated parties.

Transactions with Tokyo Realty Investment Management, Inc.

Satoshi Okubo has served as our substitute executive director since September 2011 and has been the CEO and Representative Director of the Asset Manager since June 2010. Our material transactions with the Asset Manager are as follows.

Asset Management and Acquisitions

We have entered into an asset management agreement with the Asset Manager with respect to the operation and management of our properties. In accordance with this agreement, we pay the Asset Manager a fixed fee of ¥12.5 million per month and three types of incentive fees. The incentive fees are based on our total revenue, retained earnings and an asset acquisition fee for real estate property or asset-backed securities acquired. Over the six fiscal periods ended December 31, 2012, we paid the Asset Manager an aggregate amount of ¥2,827 million, of which ¥2,615 million was for asset management fees.

	Fiscal Period Ended					
	June 30, 2010	December 31, 2010	June 30, 2011	December 31, 2011	June 30, 2012	December 31, 2012
	(in thousands)					
Asset management fee	¥ 447,576	¥ 421,951	¥ 415,874	¥ 421,613	¥ 443,284	¥ 465,059
Asset acquisition fee ⁽¹⁾	63,500	25,750	—	8,500	90,000	27,490
	¥ 511,076	¥ 447,701	¥ 415,874	¥ 430,113	¥ 533,284	¥ 492,549

Note:

(1) Asset acquisition fees have been capitalized in property values on the balance sheets.

Purchase of Our Units

At the time of our incorporation, we issued 40 units to the Asset Manager in return for a capital contribution of ¥20 million. Following a unit split on January 22, 2002, the number of units owned by the Asset Manager increased to 100. The number of investment units held by the Asset Manager has remained at 100 units through December 31, 2012, or 0.01% of our issued and outstanding units, with the total investment unchanged at ¥20 million.

Transactions with Tokyo Tatemono Co., Ltd.

Tokyo Tatemono Co., Ltd. currently owns 40% of the Asset Manager's issued and outstanding share capital. Our material transactions with Tokyo Tatemono Co., Ltd. are as follows.

Acquisitions

As part of our strategic replacement of assets, since January 1, 2009, we have acquired five properties from Tokyo Tatemono Co., Ltd. and from special purpose companies in which Tokyo Tatemono Co., Ltd. had equity interests: the Olinas Tower, a large scale office property in Tokyo, for the acquisition price of ¥31,300 million, the Tokyo Tatemono Kyobashi Bldg. for the acquisition price of ¥5,250 million, the Tokyo Tatemono Yokohama Bldg. for the acquisition price of ¥7,000 million, JPR Sendagaya Bldg. for the acquisition price of ¥15,050 million and Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name) for the acquisition price of ¥36,000 million. Tokyo Tatemono Co., Ltd. also acted as the selling agent with respect to our acquisition of certain properties.

We also acquired Yakuin Business Garden in August 2012 from a special purpose company in which Tokyo Tatemono Co., Ltd. has equity interest and from which it has been entrusted with asset management.

Various Services

We have appointed Tokyo Tatemono Co., Ltd. as our general tenant services agent, property transfer agent, leasing management and construction management adviser, environmental legislation adviser and property manager. In consideration of this appointment, over the six fiscal periods commencing January 1, 2010 and ended December 31, 2012, we paid Tokyo Tatemono Co., Ltd. an aggregate of ¥3,618 million in fees that are partly recognized as property management fees and partly recognized as outsourcing expenses.

Over the six fiscal periods ended December 31, 2012, we paid Tokyo Tatemono Co., Ltd. brokerage fees of ¥1,449 million. We also paid Tokyo Tatemono Real Estate Sales Co., Ltd., an affiliate of Tokyo Tatemono Co., Ltd., brokerage fees of ¥322 million, and E-State Online Co., Ltd., a wholly-owned subsidiary of Tokyo Tatemono Co., Ltd., brokerage fee of ¥5 million and advertising fees of ¥9 million over this period.

Purchase of Our Units

At the time of our incorporation, we issued 100 units to Tokyo Tatemono Co., Ltd. in return for a capital contribution of ¥50 million. On November 16, 2001, Tokyo Tatemono Co., Ltd. purchased 19,100 of our units by way of private placement for an aggregate price of ¥9,550 million. Following a unit split on January 22, 2002, the number of units owned by Tokyo Tatemono Co., Ltd. increased to 48,000 units. Tokyo Tatemono Co., Ltd. later sold 8,700 of our units on December 17, 2002 and 10,000 units on January 21, 2004. As of December 31, 2012, Tokyo Tatemono Co., Ltd. owned 29,300 units, or 3.55% of our issued and outstanding units, making it our fifth largest unitholder.

Repairs

In addition to the transactions referred to above, over the six fiscal periods commencing January 1, 2010 and ended December 31, 2012, we paid ¥2,063 million for repairs on the properties in our portfolio conducted by Tokyo Tatemono Co., Ltd. We also paid ¥506 million and ¥233 million for repairs conducted by Shinjuku Center Building Management Co., Ltd. and Tokyo Tatemono Techno-build Co., Ltd., both wholly-owned subsidiaries of Tokyo Tatemono Co., Ltd., and ¥55 million for repairs conducted by Tokyo Real Estate Management Co., Ltd., an affiliate of Tokyo Tatemono Co., Ltd.

Transactions with Taisei Corporation

Taisei Corporation currently owns 20% of the Asset Manager's issued and outstanding share capital. Our material transactions with Taisei Corporation are as follows.

Acquisitions

We acquired the Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name) in March 2012 from a special purpose company in which Tokyo Tatemono Co., Ltd. and Taisei Corporation have equity interests.

Property Management Services

Over the six fiscal periods ended December 31, 2012, we paid Taisei-Yuraku Real Estate Co., Ltd. an aggregate of ¥19 million in property management fees.

Purchase of Our Units

At the time of our incorporation, we issued 100 units to Taisei Corporation in return for a capital contribution of ¥50 million. On November 16, 2001, Taisei Corporation purchased 500 of our units by way of private placement for an aggregate price of ¥250 million. Following a unit split on January 22, 2002, the number of units owned by Taisei Corporation increased to 1,500. As of December 31, 2012, Taisei Corporation owned 1,500 of our issued and outstanding units.

Repairs

In addition to the transactions referred to above, over the six fiscal periods commencing January 1, 2010 and ended December 31, 2012, we paid ¥548 million for repairs conducted by Taisei Corporation and ¥497 thousand for repairs conducted by Taisei-Yuraku Real Estate Co., Ltd. on the properties in our portfolio.

Transactions with Yasuda Real Estate Co., Ltd.

Yasuda Real Estate Co., Ltd. currently owns 20% of the Asset Manager's issued and outstanding share capital.

General Tenant Services and Property Management Services

We appointed Yasuda Real Estate Co., Ltd. as our general tenant services agent and property manager in 2002. In consideration of this appointment, over the six fiscal periods ended December 31, 2012, we paid Yasuda Real Estate Co., Ltd. an aggregate of

¥182 million in fees that are partly recognized as property management fees and partly recognized as outsourcing expenses.

Over the six fiscal periods ended December 31, 2012 we paid Yasuda Real Estate Co., Ltd. brokerage fees of ¥3 million.

Purchase of Our Units

On November 16, 2001, Yasuda Real Estate Co., Ltd. purchased 4,000 of our units by way of private placement for an aggregate price of ¥2 billion. Following a unit split on January 22, 2002, the number of units owned by Yasuda Real Estate Co., Ltd. increased to 10,000. Yasuda Real Estate Co., Ltd. sold 5,000 of its units on January 23, 2003. As of December 31, 2012, Yasuda Real Estate Co., Ltd. owned 5,000 of our issued and outstanding units.

Repairs

In addition to the transactions referred to above, over the six fiscal periods commencing January 1, 2010 and ended December 31, 2012, we paid ¥153 million for repairs conducted by Yasuda Real Estate Co., Ltd. on the properties in our portfolio.

Transactions with Meiji Yasuda Life Insurance Company

Meiji Yasuda Life Insurance Company currently owns 10% of the Asset Manager's issued and outstanding share capital.

Purchase of Our Units

As of December 31, 2012 Meiji Yasuda Life Insurance Company owned 24,000 units, or 2.90%, of our issued and outstanding units, making it our eighth largest unitholder.

Transactions with Sompo Japan Insurance Inc.

Sompo Japan Insurance Inc. currently owns 10% of the Asset Manager's issued and outstanding share capital.

Custodian, General Administrator and Other Agents

Custodian, General Administrator and Transfer Agent

Mizuho Trust & Banking Co., Ltd., or Mizuho Trust, a Japanese trust and banking subsidiary of Mizuho Financial Group, Inc., is the custodian of our assets and our general administrator. We and Mizuho Trust are parties to a general administration and asset custody agreement. It has a two-year term, which is automatically extended for successive two-year periods unless three months' advance termination notice is provided.

Pursuant to the agreement, Mizuho Trust provides custodial, general administration and transfer agency services to us, including the following:

- administration of the unitholder registry;
- administration of issuance of our units;
- administration of our unitholders meeting and the board of directors' meeting;
- administration of accounting matters;
- administration of distributions to our unitholders;
- receipt of notification from our unitholders;
- preparation of financial documents;
- administration of tax payments; and
- custody of our assets.

Under this agreement, we pay to Mizuho Trust a general administration fee and an asset custody fee for each fiscal period payable by the end of the month immediately following the relevant fiscal period. Since September 14, 2011, the general administration fee is 0.04% per fiscal period of our total assets divided by two for the portion of our assets that is ¥200,000 million or less, 0.02% per fiscal period of our total assets divided by two for the portion of our assets that is more than ¥200,000 million but less than or equal to ¥400,000 million, 0.018% per fiscal period of our total assets divided by two for the portion of our assets that is more than ¥400,000 million but less than or equal to ¥600,000 million, and 0.016% per fiscal period of our total assets divided by two for the portion of our assets that is more than ¥600,000 million, plus a fee calculated by multiplying an amount up to ¥1 million and determined through discussions by the number of properties held directly by us (not through a trust structure). Further, under this agreement, each month we pay Mizuho Trust transfer agent fees calculated based on the number of unitholders and the amount of transfer agency services provided by Mizuho Trust. We also reimburse Mizuho Trust for certain expenses.

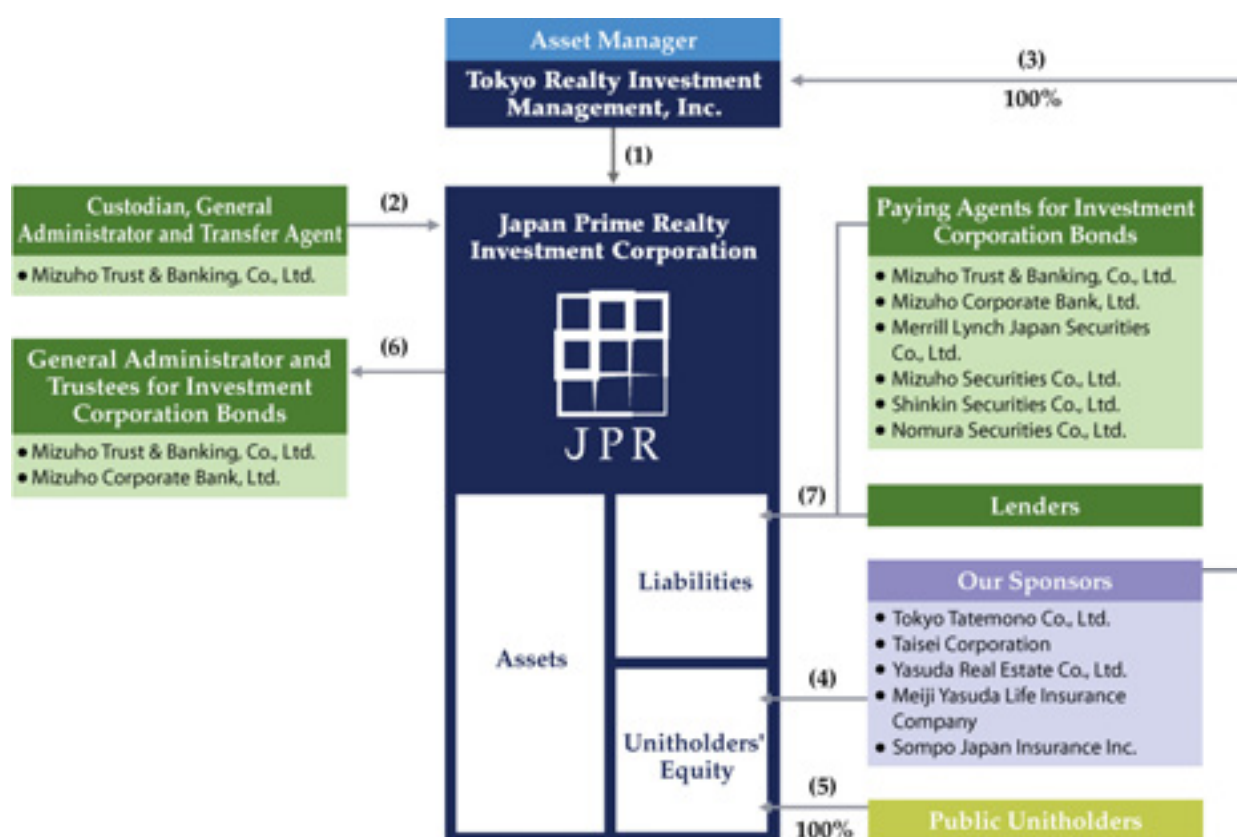
In addition, Mizuho Trust is also our special accounts administrator. We and Mizuho Trust are parties to a special accounts administration agreement with an undefined term and a customary fee arrangement. Pursuant to this agreement, Mizuho Trust provides us with special accounts administration services, including the registration and administration of account information.

General Administrators, Trustees and Paying Agents for Investment Corporation Bonds

Mizuho Trust and Mizuho Corporate Bank, Ltd., or Mizuho Corporate, a Japanese corporate banking subsidiary of Mizuho Financial Group Inc., are general administrators and trustees for certain issues of our investment corporation bonds, respectively. We and each of Mizuho Trust and Mizuho Corporate has entered into a relevant agreement with customary fee arrangements for each issue.

In addition, Mizuho Trust, Mizuho Corporate, Merrill Lynch Japan Securities Co., Ltd., Mizuho Securities Co, Ltd., Shinkin Securities Co., Ltd. and Nomura Securities Co., Ltd. are paying agents for certain issues of our investment corporation bonds, respectively. We and each of them have respectively entered into a relevant agreement with customary fee arrangements for each issue.

Structure of JPR



Notes:

- (1) We have entered into an asset management agreement with the Asset Manager. See "The Asset Manager-Asset Management Agreement."
- (2) We have entered into a general administration and asset custody agreement and a special accounts administration agreement with Mizuho Trust. See "Custodian, General Administrator, Transfer Agent, and General Administrators, Trustees and Paying Agents for Investment Corporation Bonds."
- (3) The Asset Manager is currently owned 40% by Tokyo Tatemono Co., Ltd., 20% by Taisei Corporation, 20% by Yasuda Real Estate Co., Ltd., 10% by Meiji Yasuda Life Insurance Company and 10% by Sompo Japan Insurance Inc.
- (4) As of June 30, 2012, 29,300 of our outstanding units are owned by Tokyo Tatemono Co., Ltd., 1,500 are owned by Taisei Corporation, 5,000 are owned by Yasuda Real Estate Co., Ltd., and 24,000 are owned by Meiji Yasuda Life Insurance Company.
- (5) See "Principal Unitholders" for information regarding our principal unitholders.
- (6) We and each of Mizuho Trust and Mizuho Corporate have entered into an agreement for Mizuho Trust and Mizuho Corporate to act as general administration and trustees for certain issues of our investment corporation bonds. See "Custodian, General Administrator, Transfer Agent, and General Administrators, Trustees and Paying Agents for Investment Corporation Bonds."
- (7) We have entered into an agreement with each of Mizuho Trust, Mizuho Corporate, Merrill Lynch Japan Securities Co., Ltd., Mizuho Securities Co., Ltd., Shinkin Securities Co., Ltd. And Nomura Securities Co., Ltd. to appoint each of them as paying agents for certain issues of our investment corporation bonds. See "Custodian, General Administrator, Transfer Agent, and General Administrators, Trustees and Paying Agents for Investment Corporation Bonds."

Balance Sheets

(As of June 30, 2012 and December 31, 2012)

	End of 21st Fiscal Period (as of June 30, 2012)	End of 22nd Fiscal Period (as of December 31, 2012)
		(Thousands of yen)
Assets		
Current assets		
Cash and deposits	¥12,750,078	¥8,402,885
Cash and deposits in trust	11,910,686	11,596,061
Operating accounts receivable	256,788	229,329
Prepaid expenses	153,433	203,381
Consumption taxes receivable	-	259,150
Other	4,713	5,689
Total current assets	25,075,700	20,696,498
Noncurrent assets		
Property, plant and equipment		
Buildings	51,044,234	57,328,085
Accumulated depreciation	(7,505,860)	(8,339,934)
Buildings, net	43,538,373	48,988,151
Buildings in trust	75,570,997	75,979,066
Accumulated depreciation	(20,326,948)	(21,257,423)
Buildings in trust, net	55,244,049	54,721,643
Structures	41,823	44,461
Accumulated depreciation	(7,914)	(9,160)
Structures, net	33,908	35,300
Structures in trust	109,441	111,925
Accumulated depreciation	(45,245)	(49,146)
Structures in trust, net	64,196	62,778
Machinery and equipment	577,666	720,700
Accumulated depreciation	(261,833)	(283,078)
Machinery and equipment, net	315,833	437,622
Machinery and equipment in trust	1,418,326	1,442,809
Accumulated depreciation	(956,595)	(990,861)
Machinery and equipment in trust, net	461,731	451,947
Tools, furniture and fixtures	41,588	42,589
Accumulated depreciation	(21,866)	(23,853)
Tools, furniture and fixtures, net	19,721	18,735
Tools, furniture and fixtures in trust	112,390	119,049
Accumulated depreciation	(76,099)	(80,300)
Tools, furniture and fixtures in trust, net	36,291	38,749
Land	106,669,360	111,970,153
Land in trust	158,879,372	158,879,372
Construction in progress	104,711	114,764
Construction in progress in trust	1,009	3,399
Total property, plant and equipment	365,368,560	375,722,618
Intangible assets		
Leasehold right	4,794,109	4,794,109
Other	5,956	5,359
Total intangible assets	4,800,065	4,799,469
Investments and other assets		
Lease and guarantee deposits	49,520	49,520
Long-term prepaid expenses	577,784	539,667
Total investments and other assets	627,304	589,187
Total noncurrent assets	370,795,930	381,111,275
Deferred assets		
Investment corporation bond issuance costs	146,257	176,542
Total deferred assets	146,257	176,542
Total assets	¥396,017,887	¥401,984,316

	(Thousands of yen)	
	End of 21st Fiscal Period (as of June 30, 2012)	End of 22nd Fiscal Period (as of December 31, 2012)
Liabilities		
Current liabilities		
Operating accounts payable	¥2,640,312	¥1,722,706
Short-term loans payable	20,600,000	-
Current portion of long-term loans payable	18,543,000	30,618,000
Current portion of investment corporation bonds	9,000,000	-
Accounts payable-other	809,548	581,266
Accrued expenses	302,602	211,449
Income taxes payable	605	605
Accrued consumption taxes	122,215	64,194
Advances received	2,328,074	2,461,001
Total current liabilities	54,346,358	35,659,223
Noncurrent liabilities		
Investment corporation bonds	42,500,000	49,500,000
Long-term loans payable	104,438,000	100,439,000
Tenant leasehold and security deposits	7,408,110	7,871,730
Tenant leasehold and security deposits in trust	11,289,504	11,345,751
Total noncurrent liabilities	165,635,614	169,156,482
Total liabilities	219,981,973	204,815,706
Net assets		
Unitholders' equity		
Unitholders' capital	171,339,818	192,044,238
Surplus		
Voluntary deposits		
Deposits for advanced depreciation	73,946	73,946
Total voluntary deposits	73,946	73,946
Unappropriated retained earnings (undisposed losses)	4,622,149	5,050,424
Total surplus	4,696,096	5,124,371
Total unitholders' equity	176,035,914	197,168,609
Total net assets	176,035,914	197,168,609
Total liabilities and net assets	¥396,017,887	¥401,984,316

Statements of Income and Retained Earnings

(For the fiscal periods ended June 30, 2012 and December 31, 2012)

(Thousands of yen)

	21st Fiscal Period (January 1, 2012 – June 30, 2012)	22nd Fiscal Period (July 1, 2012 – December 31, 2012)
Operating revenue		
Rent revenue-real estate	¥12,345,900	¥12,963,538
Total operating revenue	12,345,900	12,963,538
Operating expenses		
Expenses related to rent business	5,217,950	5,519,704
Asset management fee	443,284	465,059
Administrative service and asset custody fees	74,575	77,588
Directors' compensation	6,600	6,600
Trust fees	42,693	40,194
Other operating expenses	167,020	89,011
Total operating expenses	5,952,124	6,198,159
Operating income	6,393,776	6,765,379
Non-operating income		
Interest income	2,666	2,665
Income on settlement of management association accounts	54,158	5,570
Other	5,622	2,082
Total non-operating income	62,447	10,318
Non-operating expenses		
Interest expenses	1,000,168	972,379
Borrowing expenses	373,744	260,539
Interest expenses on investment corporation bonds	459,431	396,043
Amortization of investment corporation bond issuance costs	23,428	20,070
Unit-issuance costs	-	98,328
Other	2,163	2,005
Total non-operating expenses	1,858,935	1,749,367
Ordinary income	4,597,288	5,026,329
Income before income taxes	4,597,288	5,026,329
Income taxes-current	605	605
Total income taxes	605	605
Net income	4,596,683	5,025,724
Retained earnings brought forward	25,466	24,699
Unappropriated retained earnings	¥4,622,149	¥5,050,424

Statements of Unitholders' Equity

(For the fiscal periods ended June 30, 2012 and December 31, 2012)

(Thousands of yen)

	21st Fiscal Period (January 1, 2012 – June 30, 2012)	22nd Fiscal Period (July 1, 2012 – December 31, 2012)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of current period	¥171,339,818	¥171,339,818
Changes of items during the period		
Issuance of units	-	20,704,420
Total changes of items during the period	-	20,704,420
Balance at the end of current period	171,339,818	192,044,238
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		
Balance at the beginning of current period	4,226,806	4,622,149
Changes of items during the period		
Dividends from surplus	(4,201,340)	(4,597,450)
Net income	4,596,683	5,025,724
Total changes of items during the period	395,343	428,274
Balance at the end of current period	4,622,149	5,050,424
Total surplus		
Balance at the beginning of current period	4,300,752	4,696,096
Changes of items during the period		
Total changes of items during the period	395,343	428,274
Balance at the end of current period	4,696,096	5,124,371
Total unitholders' equity		
Balance at the beginning of current period	175,640,571	176,035,914
Changes of items during the period		
Total changes of items during the period	395,343	21,132,694
Balance at the end of current period	176,035,914	197,168,609
Total net assets		
Balance at the beginning of current period	175,640,571	176,035,914
Changes of items during the period		
Total changes of items during the period	395,343	21,132,694
Balance at the end of current period	¥176,035,914	¥197,168,609

Statements of Cash Flows

(For the fiscal periods ended June 30, 2012 and December 31, 2012)

(Thousands of yen)

	21st Fiscal Period (January 1, 2012 – June 30, 2012)	22nd Fiscal Period (July 1, 2012 – December 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	¥4,597,288	¥5,026,329
Depreciation and amortization	1,755,478	1,831,992
Amortization of investment corporation bond issuance costs	23,428	20,070
Unit-issuance cost	-	98,328
Interest income	(2,666)	(2,665)
Interest expenses	1,459,599	1,368,423
Decrease (increase) in operating accounts receivable	(88,424)	27,458
Decrease (increase) in consumption taxes receivable	-	(259,150)
Decrease (increase) in prepaid expenses	65,189	(49,948)
Increase (decrease) in operating accounts payable	150,308	(112,886)
Increase (decrease) in accounts payable-other	6,394	21,530
Increase (decrease) in accrued consumption taxes	(4,691)	(58,020)
Increase (decrease) in advances received	568,339	132,927
Other, net	(165,208)	25,222
Subtotal	8,365,035	8,069,613
Interest income received	2,666	2,665
Interest expenses paid	(1,494,464)	(1,459,576)
Income taxes (paid) refund	24	0
Net cash provided by (used in) operating activities	6,873,261	6,612,702
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(474,731)	(11,867,274)
Purchase of property, plant and equipment in trust	(37,520,326)	(1,122,899)
Repayments of tenant leasehold and security deposits	(210,491)	(289,918)
Proceeds from tenant leasehold and security deposits	49,124	631,339
Repayments of tenant leasehold and security deposits in trust	(277,809)	(371,566)
Proceeds from tenant leasehold and security deposits in trust	1,566,126	310,522
Net cash provided by (used in) investing activities	(36,868,108)	(12,709,796)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	38,600,000	23,600,000
Decrease in short-term loans payable	(30,400,000)	(44,200,000)
Proceeds from long-term loans payable	38,800,000	15,900,000
Repayment of long-term loans payable	(14,924,000)	(7,824,000)
Proceeds from issuance of investment corporation bonds	-	6,949,644
Redemption of investment corporation bonds	-	(9,000,000)
Proceeds from issuance of units	-	20,606,594
Dividends paid	(4,200,602)	(4,596,962)
Net cash provided by (used in) financing activities	27,875,397	1,435,276
Net changes in cash and cash equivalents	(2,119,448)	(4,661,817)
Cash and cash equivalents at the beginning of current period	26,780,213	24,660,764
Cash and cash equivalents at the end of current period	¥24,660,764	¥19,998,947

Notes to Financial Statements

(For the fiscal periods ended June 30, 2012 and December 31, 2012)

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 Financial Instrument and Exchange Act of Japan, the Act on Investment Trusts and Investment Corporations (ITA), the Companies Act 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. 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.

Summary of 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

(1) Investment Corporation Bond Issuance Costs

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

(2) Unit-Issuance Costs

Unit-issuance costs are expensed when incurred.

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 uses 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 interests in real estate as entrusted property. Taxes on property and equipment capitalized amounted to 1,214, 922 thousand yen and 25,739 thousand yen for the fiscal periods ended June 30, 2012 and December 31, 2012, respectively.

4. Cash and Cash Equivalents

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 banks 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.

5. 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.

Notes to Balance Sheets

1. Assets Pledged as Collateral and Secured Liabilities

Assets pledged as collateral are as follows:

	End of 21st Fiscal Period (as of June 30, 2012)	End of 22nd Fiscal Period (as of December 31, 2012)
Buildings (net)	¥126,377	¥124,508
Machinery and equipment (net)	3,937	3,766
Land	399,183	399,183
Total	¥529,498	¥527,458

Secured liabilities are as follows:

	End of 21st Fiscal Period (as of June 30, 2012)	End of 22nd Fiscal Period (as of December 31, 2012)
Tenant leasehold and security deposits	¥15,536	¥15,536
Total	¥15,536	¥15,536

2. Balance of Unused Commitment Line

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

	End of 21st Fiscal Period (as of June 30, 2012)	End of 22nd Fiscal Period (as of December 31, 2012)
Credit limit	¥28,000,000	¥28,000,000
Outstanding debt at end of period	-	-
Unused commitment line at end of period	¥28,000,000	¥28,000,000

3. Minimum Total Unitholders' Equity Designated in Article 67- 4 in the ITA

	End of 21st Fiscal Period (as of June 30, 2012)	End of 22nd Fiscal Period (as of December 31, 2012)
	¥50,000	¥50,000

Notes to Statements of Income and Retained Earnings

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

	(Thousands of yen)	
	21st Fiscal Period (January 1, 2012 - June 30, 2012)	22nd Fiscal Period (July 1, 2012 - December 31, 2012)
A. Rent Revenue-Real Estate		
Rent Revenue		
Rents	¥8,731,979	¥8,662,183
Land rents	844,537	1,408,500
Common charges	1,772,110	1,802,419
Parking revenues	214,479	219,381
Advertising expenses	22,065	21,936
Antenna use fees	10,948	12,221
Other	30,319	33,412
Subtotal	11,626,440	12,160,054
Other rental revenues		
Incidental income	627,775	763,264
Time-based parking revenues	5,650	5,226
Cancellation charges	29,149	12,144
Income equivalent to expenses for restoration to as is condition	43,080	4,800
Other miscellaneous income	13,804	18,048
Subtotal	719,459	803,483
Total rent revenue-real estate	¥12,345,900	¥12,963,538
B. Expenses Related to Rent Business		
Outsourcing expenses	¥496,848	¥510,545
Utilities expenses	682,325	833,900
Property and other taxes	1,031,480	1,025,198
Casualty insurance	27,475	28,033
Repairs and maintenance	347,478	378,880
Property management fees	214,971	208,729
Management association accounts	555,947	563,215
Depreciation	1,754,353	1,831,461
Other	107,069	139,740
Total expenses related to rent business	¥5,217,950	¥5,519,704
C. Profits (A-B)	¥7,127,949	¥7,443,833

Notes to Statements of Unitholders' Equity

	21st Fiscal Period (January 1, 2012 - June 30, 2012)	22nd Fiscal Period (July 1, 2012 - December 31, 2012)
Total number of authorized units	5,000,000 units	5,000,000 units
The number of units outstanding	715,000 units	825,000 units

Notes to Statements of Cash Flows

Breakdown of Cash and Cash Equivalents

	(Thousands of yen)	
	21st Fiscal Period (January 1, 2012 - June 30, 2012)	22nd Fiscal Period (July 1, 2012 - December 31, 2012)
Cash and deposits	¥12,750,078	¥8,402,885
Cash and deposits in trust	11,910,686	11,596,061
Cash and cash equivalents	¥24,660,764	¥19,998,947

Tax Effect Accounting

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

	21st Fiscal Period (January 1, 2012 – June 30, 2012)	22nd Fiscal Period (July 1, 2012 – December 31, 2012)
Effective statutory tax rate	39.33%	36.59%
(Adjustment)		
Deductible cash distributions	(39.33%)	(36.59%)
Other	0.01%	0.01%
Effective tax rate after applying tax effect accounting	0.01%	0.01%

Leases

JPR leases properties on which rental revenues are earned. At June 30, 2012 and December 31, 2012, future lease revenues under non-cancelable operating leases are summarized as follows:

	21st Fiscal Period (As of June 30, 2012)	22nd Fiscal Period (As of December 31, 2012)
Due within one year	¥6,840,868	¥6,489,594
Due after one year	25,164,877	22,043,187
Total	¥32,005,746	¥28,532,781

(Thousands of yen)

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 used in calculating those values and there may be cases where the values will vary when different assumptions, etc. are used.

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

The following are the carrying values and estimated fair values as of June 30, 2012 and December 31, 2012, 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 21st Fiscal Period (as of June 30, 2012)

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
1) Cash and deposits	¥12,750,078	¥12,750,078	¥-
2) Cash and deposits in trust	11,910,686	11,910,686	-
3) Short-term loans payable	(20,600,000)	(20,600,000)	-
4) Current portion of long-term loans payable	(18,543,000)	(18,654,887)	111,887
5) Current portion of investment corporation bonds	(9,000,000)	(9,007,799)	7,799
6) Investment corporation bonds	(42,500,000)	(43,258,083)	758,083
7) Long-term loans payable	(¥104,438,000)	(¥105,870,096)	¥1,432,096

End of 22nd Fiscal Period (as of December 31, 2012)

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
1) Cash and deposits	¥8,402,885	¥8,402,885	¥-
2) Cash and deposits in trust	11,596,061	11,596,061	-
3) Short-term loans payable	-	-	-
4) Current portion of long-term loans payable	(30,618,000)	(30,781,610)	163,610
5) Current portion of investment corporation bonds	-	-	-
6) Investment corporation bonds	(49,500,000)	(50,236,953)	736,953
7) Long-term loans payable	(¥100,439,000)	(¥102,100,426)	¥1,661,426

(Note 1) Items 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 financial instruments 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 financial instruments 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

Of the estimated fair value of these financial instruments, the fair value of long-term loans payable with floating interest rates is based on the book value, as it reflects the market interest rate within a short period of time and thus is considered to be nearly equal to the book value. The fair value of long-term loans payable with fixed interest rates is based on the method of calculating by discounting the 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 financial instruments, 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 21st Fiscal Period (as of June 30, 2012)

(Thousands of yen)

	Carrying Value
Tenant leasehold and security deposits	¥7,408,110
Tenant leasehold and security deposits in trust	¥11,289,504

End of 22nd Fiscal Period (as of December 31, 2012)

(Thousands of yen)

	Carrying Value
Tenant leasehold and security deposits	¥7,871,730
Tenant leasehold and security deposits in trust	¥11,345,751

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

End of 21st Fiscal Period (as of June 30, 2012)

(Thousands of yen)

	Due in One Year or Less
Cash and deposits	¥12,750,078
Cash and deposits in trust	¥11,910,686

End of 22nd Fiscal Period (as of December 31, 2012)

(Thousands of yen)

	Due in One Year or Less
Cash and deposits	¥8,402,885
Cash and deposits in trust	¥11,596,061

(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.

End of 21st Fiscal Period (as of June 30, 2012)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Short-term loans payable	¥20,600,000	¥-	¥-	¥-	¥-	¥-
Investment corporation bonds	9,000,000	5,000,000	24,000,000	-	7,000,000	6,500,000
Long-term loans payable	¥18,543,000	¥30,468,000	¥6,332,000	¥26,732,000	¥23,732,000	¥17,174,000

End of 22nd Fiscal Period (as of December 31, 2012)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Investment corporation bonds	¥-	¥16,000,000	¥13,000,000	¥7,000,000	¥5,000,000	¥8,500,000
Long-term loans payable	¥30,618,000	¥12,235,000	¥19,732,000	¥17,332,000	¥31,632,000	¥19,508,000

Segment Information

Segment information for the fiscal periods ended June 30, 2012 and December 31, 2012 is as follows:

(a) Operating Segment Information

Disclosure is omitted as JPR is comprised of a single reportable segment engaged in the property rental business.

(b) Enterprise-wide Disclosures

(1) Information about Products and Services

Disclosure is not required as revenues from external customers for the single segment is in excess of 90% of total revenues.

(2) Information about Geographic Areas

Revenues from Overseas Customers:

Disclosure is not required as revenues from external customers attributed to Japan are in excess of 90% of total revenues.

Tangible Fixed Assets:

Disclosure is not required as tangible fixed assets located in Japan are in excess of 90% of total tangible fixed assets.

(c) Information about Major Customers

(Thousands of yen)

Customer Name	Operating Revenue	Related Segment
Y.K. Tokyo Prime Stage	¥1,408,500	Property rental business

Investment and Rental Properties

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

End of 21st Fiscal Period (as of June 30, 2012)

(Thousands of yen)

Carrying Value			Estimated Fair Value at End of Current Period
As of January 1, 2012	Amount of Increase (Decrease) During Current Period	As of June 30, 2012	
¥332,880,621	¥37,282,613	¥370,163,234	¥347,558,000

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

(Note 2) Of the amount of increase (decrease) during the current period for investment and rental properties, the amount of increase is primarily attributable to acquisition of Otemachi 1-6 Plan (Land with Leasehold Interest) (tentative name) (38,388,259 thousand yen).

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

The income (loss) in the 21st fiscal period for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

End of 22nd Fiscal Period (as of December 31, 2012)

(Thousands of yen)

Carrying Value			Estimated Fair Value at End of Current Period
As of July 1, 2012	Amount of Increase (Decrease) During Current Period	As of December 31, 2012	
¥370,163,234	¥10,355,608	¥380,518,842	¥358,816,000

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

(Note 2) Of the amount of increase (decrease) during the current period for investment and rental properties, the amount of increase is primarily attributable to acquisition of Yakuin Business Garden (11,416,663 thousand yen).

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

The income (loss) in the 22nd fiscal period for investment and rental properties are as presented in the “Notes to Statements of Income and Retained Earnings.”

Transactions with Affiliated Parties

Transactions with Affiliated Parties are as follows:

(1) Parent Company and Major Corporation Unitholders

Fiscal period ended June 30, 2012	Not applicable
Fiscal period ended December 31, 2012	Not applicable

(2) Subsidiaries

Fiscal period ended June 30, 2012	Not applicable
Fiscal period ended December 31, 2012	Not applicable

(3) Sister Companies

Fiscal period ended June 30, 2012	Not applicable
Fiscal period ended December 31, 2012	Not applicable

(4) Directors and Major Individual Unitholders

Fiscal period ended June 30, 2012	Not applicable
Fiscal period ended December 31, 2012	Not applicable

Per Unit Information

	(Yen)	
	<u>21st Fiscal Period</u> <u>(January 1, 2012 - June 30, 2012)</u>	<u>22nd Fiscal Period</u> <u>(July 1, 2012 - December 31, 2012)</u>
Total net assets per unit	¥246,204	¥238,992
Net income per unit	¥6,428	¥6,233

(Note 1) 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 2) Net income per unit was calculated based on the following data:

	(Thousands of yen)	
	<u>21st Fiscal Period</u> <u>(January 1, 2012 - June 30, 2012)</u>	<u>22nd Fiscal Period</u> <u>(July 1, 2012 - December 31, 2012)</u>
Net income	¥4,596,683	¥5,025,724
Amounts not attributable to ordinary unitholders	-	-
Net income attributable to ordinary investment units	¥4,596,683	¥5,025,724
Average number of units	715,000 units	806,264 units

Subsequent Events

Fiscal period ended December 31, 2012

There are no material subsequent events for this fiscal period.

Details of Tangible Assets

For the six-month period ended December 31, 2012:

	(Thousands of yen)						
	Beginning Balance	Increase	Decrease	Ending Balance	Accumulated Depreciation	Depreciation for the Period	Net Property, Plant and Equipment
Buildings	¥51,044,234	¥6,283,851	¥-	¥57,328,085	¥8,339,934	¥834,073	¥48,988,151
Buildings in trust	75,570,997	408,068	-	75,979,066	21,257,423	930,474	54,721,643
Structures	41,823	2,638	-	44,461	9,160	1,246	35,300
Structures in trust	109,441	2,483	-	111,925	49,146	3,901	62,778
Machinery and Equipment	577,666	143,033	-	720,700	283,078	21,245	437,622
Machinery and Equipment in trust	1,418,326	24,482	-	1,442,809	990,861	34,266	451,947
Tools, Furniture and fixtures	41,588	1,000	-	42,589	23,853	1,987	18,735
Tools, Furniture and fixtures in trust	112,390	6,659	-	119,049	80,300	4,200	38,749
Land	106,669,360	5,300,793	-	111,970,153	-	-	111,970,153
Land in trust	158,879,372	-	-	158,879,372	-	-	158,879,372
Construction in progress	104,711	21,975	11,922	114,764	-	-	114,764
Construction in progress in trust	1,009	3,399	1,009	3,399	-	-	3,399
Total	¥394,570,924	¥12,198,385	¥12,931	¥406,756,378	¥31,033,760	¥1,831,396	¥375,722,618

(Note 1) The "Increase" is due to property acquisitions and construction works, etc.

(Note 2) The "Decrease" in construction in progress and construction in progress in trust is due to the transfer to relevant accounts as a result of property acquisitions and construction completion.

Investment Corporation Bonds

For the six-month period ended December 31, 2012:

Name	Issue Date	Beginning Balance	Decrease	Ending Balance	Coupon Rate (Per Annum)	Maturity Date	Redemption	Use	Remarks
		(Thousands of yen)							
Third Series of Investment Corporation Bonds (Note 1)	Feb. 12, 2004	¥5,000,000	¥-	¥5,000,000	2.32%	Feb. 12, 2014	Bullet repayment	Purchase of properties and repayment of loans	Unsecured
Sixth Series of Investment Corporation Bonds (Note 2)	Nov. 4, 2004	5,000,000	-	5,000,000	2.00%	Nov. 4, 2014			
Seventh Series of Investment Corporation Bonds (Note 3)	Dec. 14, 2006	4,500,000	-	4,500,000	2.90%	Dec. 14, 2026			
Eighth Series of Investment Corporation Bonds (Note 3)	Jul. 23, 2007	9,000,000	9,000,000	-	1.85%	Jul. 23, 2012		Repayment of loans	
Ninth Series of Investment Corporation Bonds (Note 3)	Jul. 23, 2007	6,000,000	-	6,000,000	2.10%	Jul. 23, 2014			
Eleventh Series of Investment Corporation Bonds (Note 3)	Mar. 12, 2010	6,000,000	-	6,000,000	1.68%	Mar. 12, 2015		Purchase of properties	
Twelfth Series of Investment Corporation Bonds (Note 3)	May 21, 2010	7,000,000	-	7,000,000	1.27%	May 21, 2015			
Thirteenth Series of Investment Corporation Bonds (Note 3)	Oct. 25, 2011	7,000,000	-	7,000,000	0.95%	Oct. 25, 2016		Redemption of investment corporation bonds and repayment of loans	
Fourteenth Series of Investment Corporation Bonds (Note 3)	Oct. 25, 2011	2,000,000	-	2,000,000	1.34%	Oct. 25, 2018			
Fifteenth Series of Investment Corporation Bonds (Note 3)	Nov. 22, 2012	-	-	5,000,000	0.68%	Nov. 22, 2017		Repayment of loans	
Sixteenth Series of Investment Corporation Bonds (Note 3)	Nov. 22, 2012	-	-	2,000,000	1.03%	Nov. 22, 2019			
Total		¥51,500,000	¥9,000,000	¥49,500,000					

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

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

(Note 3) These investment corporation bonds are equipped with the same rank rider limited among certain investment corporation bonds.

(Note 4) Amounts of investment corporation bonds to be redeemed within five years after the date of the balance sheet are as follows.

	(Thousands of yen)				
	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years
Investment corporation bonds	¥-	¥16,000,000	¥13,000,000	¥7,000,000	¥5,000,000

Status of Loans Payable

For the six-month period ended December 31, 2012:

Category	Lender	Beginning Balance	Increase	Decrease	Ending Balance	Average Interest Rate (Note 2) (Note 3)	Repayment Date	Repayment Method	Use	Remarks
		(Thousands of yen)								
Short-Term Loans Payable	Mizuho Corporate Bank, Ltd.	¥2,000,000	¥-	¥2,000,000	¥-	0.758%	Jul. 4, 2012	Principal lump sum repayment on maturity	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
		2,600,000	-	2,600,000	-	0.633%	Jul. 4, 2012			
	Mizuho Corporate Bank, Ltd. (Note 12)	-	4,600,000	4,600,000	-	0.680%	July 4, 2013			
	Mitsubishi UFJ Trust and Banking Corporation	2,000,000	-	2,000,000	-	0.758%	Jul. 4, 2012			
		2,000,000	-	2,000,000	-	0.633%	Jul. 4, 2012			
	Mitsubishi UFJ Trust and Banking Corporation (Note 12)	-	4,000,000	4,000,000	-	0.680%	July 4, 2013			
	Resona Bank, Limited.	2,000,000	-	2,000,000	-	0.758%	Jul. 4, 2012			
	Resona Bank, Limited. (Note 12)	-	2,000,000	2,000,000	-	0.680%	Jul. 4, 2013			
	Mizuho Trust & Banking Co., Ltd.	1,000,000	-	1,000,000	-	0.758%	Jul. 4, 2012			
	Mizuho Trust & Banking Co., Ltd (Note 12)	-	1,000,000	1,000,000	-	0.680%	Jul. 4, 2013			
	Aozora Bank, Ltd.	2,000,000	-	2,000,000	-	0.759%	Aug. 26, 2012			
	Aozora Bank, Ltd. (Note 12)	-	5,000,000	5,000,000	-	0.680%	July 4, 2013			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000,000	-	2,000,000	-	0.758%	Jul. 4, 2012			
		3,000,000	-	3,000,000	-	0.633%	Jul. 4, 2012			
	Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 12)	-	5,000,000	5,000,000	-	0.680%	July 4, 2013			
	Sumitomo Mitsui Banking Corporation	1,400,000	-	1,400,000	-	0.758%	Jul. 4, 2012			
		600,000	-	600,000	-	0.633%	Jul. 4, 2012			
Sumitomo Mitsui Banking Corporation (Note 12)	-	2,000,000	2,000,000	-	0.680%	Jul. 4, 2013				
Total	¥20,600,000	¥23,600,000	¥44,200,000	¥-						
Current Portion of Long-Term Loans Payable	Development Bank of Japan Inc.	¥845,000	¥-	¥25,000	¥820,000	1.740%	(Note 5)	(Note 5)	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
		200,000	100,000	100,000	200,000	3.190%	(Note 6)	(Note 6)		
	Mizuho Corporate Bank, Ltd.	200,000	100,000	100,000	200,000	2.449%	(Note 7)	(Note 7)		
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	166,000	83,000	83,000	166,000	2.390%	(Note 8)	(Note 8)		
	Sumitomo Mitsui Banking Corporation	100,000	50,000	50,000	100,000	2.440%	(Note 9)	(Note 9)		
	Meiji Yasuda Life Insurance Company	132,000	66,000	66,000	132,000	1.800%	(Note 10)	(Note 10)		
	Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	5,000,000	-	5,000,000	-	1.453%	Nov. 27, 2012	Principal lump sum repayment on maturity		
	Taiyo Life Insurance Company	-	1,000,000	-	1,000,000	1.858%	Dec. 27, 2013			
	1,000,000	-	-	1,000,000	2.035%	Jun 4, 2013				

	Daido Life Insurance Company	-	1,000,000	-	1,000,000	1.858%	Dec. 27, 2013			
	Sumitomo Life Insurance Company	-	2,000,000	-	2,000,000	1.858%	Dec. 27, 2013			
	Aozora Bank, Ltd.	900,000	-	900,000	-	2.076%	Jul. 3, 2012			
		-	1,000,000	-	1,000,000	1.322%	Sep. 30, 2013			
	The Shinkumi Federation Bank	3,000,000	-	-	3,000,000	1.376%	Feb. 4, 2013			
	Mizuho Trust & Banking Co., Ltd.	3,000,000	-	-	3,000,000	1.376%	Feb. 4, 2013			
	ORIX Bank Corporation	1,000,000	-	-	1,000,000	1.376%	Feb. 4, 2013			
		-	2,000,000	-	2,000,000	1.281%	Nov. 27, 2013			
	Mizuho Corporate Bank, Ltd.	-	3,000,000	-	3,000,000	1.279%	Nov. 27, 2013			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	3,000,000	-	3,000,000	1.279%	Nov. 27, 2013			
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	1.190%	Jun. 27, 2013			
	Shinsei Bank, Ltd.	-	2,000,000	-	2,000,000	1.070%	Sep. 24, 2013			
	The Chugoku Bank, Ltd.	-	1,000,000	-	1,000,000	1.070%	Sep. 24, 2013			
	The Hachijuni Bank, Ltd.	-	1,000,000	-	1,000,000	1.070%	Sep. 24, 2013			
	The Bank of Fukuoka, Ltd.	-	1,000,000	-	1,000,000	1.070%	Sep. 24, 2013			
	Total	¥18,543,000	¥18,399,000	¥6,324,000	¥30,618,000					
Long-Term Loans Payable (Note 1)	Taiyo Life Insurance Company	¥1,000,000	¥-	¥1,000,000	¥-	1.858%	Dec. 27, 2013	Principal lump sum repayment on maturity	(Note 4)	Unsecured/ Unguaranteed/ Non-Subordinated
		1,000,000	-	-	1,000,000	1.275%	Sep. 24, 2015			
	Daido Life Insurance Company	1,000,000	-	1,000,000	-	1.858%	Dec. 27, 2013			
		1,000,000	-	-	1,000,000	1.666%	Feb. 5, 2015			
	Sumitomo Life Insurance Company	2,000,000	-	2,000,000	-	1.858%	Dec. 27, 2013			
		2,000,000	-	-	2,000,000	2.257%	Jun. 4, 2015			
	Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	2,000,000	-	-	2,000,000	1.725%	Mar. 26, 2015			
		5,200,000	-	100,000	5,100,000	2.449%	(Note 7)	(Note 7)		
	Mizuho Corporate Bank, Ltd.	3,000,000	-	3,000,000	-	1.279%	Nov. 27, 2013	Principal lump sum repayment on maturity		
		5,000,000	-	-	5,000,000	1.414%	Feb. 4, 2016			
		7,000,000	-	-	7,000,000	1.093%	Mar. 30, 2017			
		-	2,000,000	-	2,000,000	1.027%	Dec. 5, 2019			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,336,000	-	83,000	4,253,000	2.390%	(Note 8)	(Note 8)		
		3,000,000	-	3,000,000	-	1.279%	Nov. 27, 2013	Principal lump sum repayment on maturity		
		5,000,000	-	-	5,000,000	1.198%	Mar. 25, 2016			
		-	1,000,000	-	1,000,000	1.178%	Aug. 8, 2019			
		-	1,000,000	-	1,000,000	0.948%	Aug. 8, 2017			
		-	3,000,000	-	3,000,000	0.919%	Sep. 5, 2017			
		-	1,000,000	-	1,000,000	1.027%	Dec. 5, 2019			
	Development Bank of Japan Inc.	3,200,000	-	100,000	3,100,000	3.190%	(Note 6)	(Note 6)		
Sumitomo Mitsui Banking Corporation	2,600,000	-	50,000	2,550,000	2.440%	(Note 9)	(Note 9)			
	6,400,000	-	-	6,400,000	1.093%	Mar. 30, 2017	Principal lump sum repayment on maturity			
	-	1,000,000	-	1,000,000	1.027%	Dec. 5, 2019				
American Family Life Assurance Company of Columbus (Note 12)	1,500,000	-	1,500,000	-	3.440%	Sep. 6, 2019	Principal lump sum repayment on maturity			

Aozora Bank, Ltd.	1,000,000	-	1,000,000	-	1.322%	Sep. 30, 2013				
	-	900,000	-	900,000	0.994%	Jul. 3, 2017				
	-	2,000,000	-	2,000,000	1.178%	Aug. 8, 2019				
	-	2,000,000	-	2,000,000	0.985%	Aug. 25, 2017				
	-	2,000,000	-	2,000,000	1.146%	Aug. 30, 2018				
ORIX Bank Corporation	2,000,000	-	2,000,000	-	1.281%	Nov. 27, 2013				
Shinsei Bank, Ltd.	2,000,000	-	2,000,000	-	1.070%	Sep. 24, 2013				
	5,000,000	-	-	5,000,000	1.397%	Apr. 5, 2019				
The Bank of Fukuoka, Ltd.	1,000,000	-	1,000,000	-	1.070%	Sep. 24, 2013				
	2,000,000	-	-	2,000,000	1.170%	Jul. 7, 2016				
	2,000,000	-	-	2,000,000	0.902%	Oct. 9, 2015				
The Chugoku Bank, Ltd.	1,000,000	-	1,000,000	-	1.070%	Sep. 24, 2013				
	2,000,000	-	-	2,000,000	0.902%	Oct. 9, 2015				
The Hachijuni Bank, Ltd.	1,000,000	-	1,000,000	-	1.070%	Sep. 24, 2013				
	1,000,000	-	-	1,000,000	0.902%	Oct. 9, 2015				
The Nishi-Nippon City Bank, Ltd.	3,000,000	-	-	3,000,000	1.149%	May 27, 2016				
Meiji Yasuda Life Insurance Company	3,802,000	-	66,000	3,736,000	1.800%	(Note 10)	(Note 10)			
Mitsubishi UFJ Trust and Banking Corporation	5,000,000	-	-	5,000,000	1.184%	Aug. 29, 2017	Principal lump sum repayment on maturity			
	1,000,000	-	-	1,000,000	0.924%	Aug. 31, 2015				
	1,000,000	-	-	1,000,000	0.843%	Jun. 26, 2015				
Mizuho Trust & Banking Co., Ltd.	4,000,000	-	-	4,000,000	1.093%	Mar. 30, 2017				
Resona Bank, Limited	2,000,000	-	-	2,000,000	1.093%	Mar. 30, 2017				
The Tokyo Tomin Bank, Limited (Note 11)	1,000,000	-	-	1,000,000	0.777%	Sep. 30, 2015				
The Bank of Yokohama, Ltd. (Note 11)	1,000,000	-	-	1,000,000	0.777%	Sep. 30, 2015				
The Minato Bank, Ltd. (Note 11)	800,000	-	-	800,000	0.777%	Sep. 30, 2015				
The Yamaguchi Bank, Ltd. (Note 11)	500,000	-	-	500,000	0.777%	Sep. 30, 2015				
The Chiba Kogyo Bank, Ltd. (Note 11)	100,000	-	-	100,000	0.777%	Sep. 30, 2015				
Sompo Japan Insurance Inc.	2,000,000	-	-	2,000,000	0.981%	Oct. 11, 2016				
	2,000,000	-	-	2,000,000	0.874%	Dec. 25, 2015				
The Iyo Bank, Ltd.	1,000,000	-	-	1,000,000	0.902%	Oct. 9, 2015				
Total	¥104,438,000	¥15,900,000	¥19,899,000	¥100,439,000						

(Note 1) Amounts of long-term loans payable (excluding current portion of long-term loans payable) to be repaid within five years after the date of the balance sheet are as follows.

(Thousands of yen)

	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years
Long-term loans payable	¥12,235,000	¥19,732,000	¥17,332,000	¥31,632,000

(Note 2) 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 3) Short-term loans payable are floating-rate loans payable. Long-term loans payable are fixed-rate loans payable, except those that fall under the category of Note 11.

(Note 4) Funds are mainly used for purchasing real estate or real estate beneficiary interests in trust (including accompanying expenses), repaying loans payable and redemption of investment corporation bonds.

(Note 5) The loans payable are subject to repayment of 25 million yen on June 27, 2009 and thereafter every 6 months. In addition, repayment of 820 million yen will be made on maturity date June 27, 2013.

(Note 6) The loans payable are subject to repayment of 100 million yen on December 27, 2009 and thereafter every 6 months. In addition, repayment of 2,100 million yen will be made on maturity date June 27, 2019.


- (Note 7) The loans payable are subject to repayment of 100 million yen on December 25, 2009 and hereafter every 6 months. In addition, repayment of 5,100 million yen will be made on maturity date June 27, 2014.
- (Note 8) The loans payable are subject to repayment of 83 million yen on December 27, 2009 and hereafter every 6 months. In addition, repayment of 4,253 million yen will be made on maturity date June 27, 2014.
- (Note 9) The loans payable are subject to repayment of 50 million yen on December 25, 2009 and hereafter every 6 months. In addition, repayment of 2,550 million yen will be made on maturity date June 27, 2014.
- (Note 10) The loans payable are subject to repayment of 66 million yen on June 24, 2012 and hereafter every 6 months. In addition, repayment of 3,208 million yen will be made on maturity date June 21, 2018.
- (Note 11) The loans are with floating interest rates.
- (Note 12) Of the 4,600 million yen in short-term loans payable to Mizuho Corporate Bank, Ltd. borrowed on July 4, 2012, JPR repaid 2,000 million yen on August 1, 2012 and 2,600 million yen on December 5, 2012 prior to the repayment date. On August 1, 2012, JPR repaid 4,000 million yen in short-term loans payable to Mitsubishi UFJ Trust and Banking Corporation borrowed on July 4, 2012 prior to the repayment date. On August 1, 2012, JPR repaid 2,000 million yen payable to Resona Bank, Limited borrowed on July 4, 2012 prior to the repayment date. On August 1, 2012, JPR repaid 1,000 million yen in short-term loans payable to Mizuho Trust & Banking Co., Ltd. borrowed on July 4, 2012 prior to the repayment date. Of the 5,000 million yen in short-term loans payable to Aozora Bank, Ltd. borrowed on July 19, 2012, JPR repaid 500 million yen on August 1, 2012 and 4,500 million yen on August 30, 2012 prior to the repayment date. Of the 5,000 million yen in short-term loans payable to Bank of Tokyo-Mitsubishi UFJ, Ltd. borrowed on July 4, 2012, JPR repaid 3,000 million yen on September 5, 2012 and 2,000 million yen on December 5, 2012 prior to the repayment date. On August 1, 2012, JPR repaid 2,000 million yen in short-term loans payable to Sumitomo Mitsui Banking Corporation borrowed on July 4, 2012 prior to the repayment date. On December 5, 2012, JPR repaid 1,500 million yen in long-term loans payable to American Family Life Assurance Company of Columbus borrowed on September 7, 2009 prior to the repayment date.

Distribution Information

	(Yen)	
	21st Fiscal Period	22nd Fiscal Period
	(January 1, 2012 - June 30, 2012)	(July 1, 2012 - December 31, 2012)
1. Unappropriated retained earnings	¥4,622,149,494	¥5,050,424,442
2. Distributions	4,597,450,000	5,026,725,000
(distribution per unit)	(6,430)	(6,093)
3. Retained earnings brought forward	¥24,699,494	¥23,699,442

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 4,597,450,000 yen and 5,026,725,000 yen for the 21st fiscal period and the 22nd fiscal period. This is the maximum value arrived at when the number of units outstanding 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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Independent Auditor's Report

The Board of Directors
Japan Prime Realty Investment Corporation

We have audited the accompanying financial statements of Japan Prime Realty Investment Corporation, which comprise the balance sheet as of December 31, 2012 and the related statements of income and retained earnings, unitholders' equity, and cash flows for the six-month period then ended and a summary of significant accounting policies and other explanatory information.

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 such internal control as management determines is necessary to enable 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. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls 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. 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 as of December 31, 2012 and its financial performance and cash flows for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young Shin Nihon LLC

March 18, 2013
Tokyo, Japan

A member firm of Ernst & Young Global Limited

Other Financial Information

Expenses and Liabilities

Details of Expenses Related to Management

(Thousands of yen)

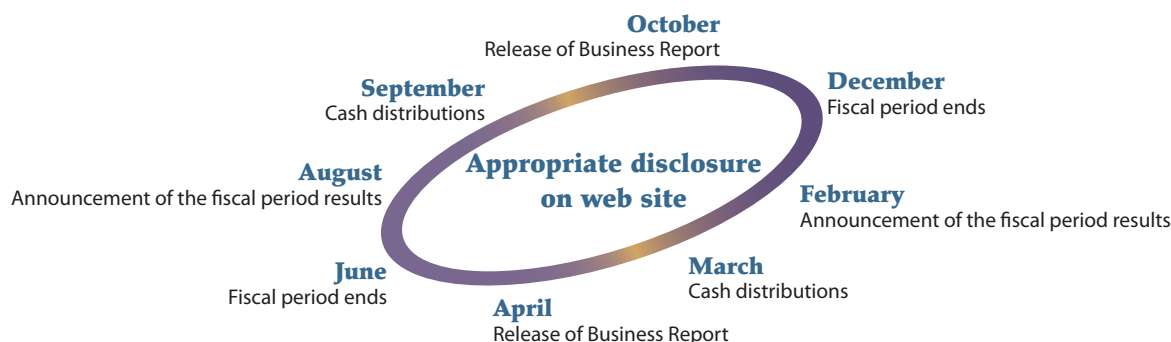
Item	21st Fiscal Period (Jan. 1, 2012- Jun. 30, 2012)	22nd Fiscal Period (Jul. 1, 2012- Dec. 31, 2012)
(a) Asset Management Fees (Note)	443,284	465,059
Fixed compensation	75,000	75,000
Incentive-based compensation 1	226,094	234,593
Incentive-based compensation 2	142,189	155,465
(b) Administrative Service and Custodian Fees	74,575	77,588
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	42,693	40,194
(e) Other Expenses	167,020	89,011
Total	734,173	678,454

(Note 1) Aside from the amounts of the asset management fees entered above, a total of 90,000 thousand yen for the 21st fiscal period and a total of 27,490 thousand yen for the 22nd fiscal period have been paid for asset management of the acquired properties and have been included in the book value of each property.

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
Contact (Tokyo Realty Investment Management, Inc.)	Tel: +81-3-3231-1051 Fax: +81-3-3274-7775

Annual Schedule (Provisional)



This document contains a translation of selected information described in the Financial Statements and Performance Information Report prepared pursuant to the Act on Investment Trusts and Investment Corporations of Japan and the Financial Instruments and Exchange Act of Japan, for the period from July 1, 2012 to December 31, 2012 of Japan Prime Realty Investment Corporation (JPR). This English language document was prepared solely for the convenience of and reference by non-Japanese investors and is not intended to constitute a disclosure document. The Japanese language Financial Statements and Performance Information Report for the aforementioned period should be referred to as the originals of this document. English translations for legal, accounting, tax and business concepts used herein may not convey precisely identical concepts of the equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English documents, the original Japanese documents will govern the meaning and interpretation. Neither JPR, Tokyo Realty Investment Management, Inc., nor any of their respective directors, officers, employees, partners, unitholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by JPR, Tokyo Realty Investment Management, Inc., or any of their respective directors, officers, employees, partners, unitholders, agents or affiliates. The financial statements of JPR have been prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP), which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions. Many provisions of this document contain information that constitute forward-looking statements. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors.

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