



Japan Prime Realty Investment Corporation

**Analyst Meeting Materials for the
16th Fiscal Period Ended December 2009**

16th

Japan Prime Realty Investment Corporation
(Securities Code: 8955 TSE)
URL: <http://www.jpr-reit.co.jp/>

Mar. 2010

CONTENTS

■ ■ **16th Fiscal Period (Ended December 2009): Financial Summary**

4. Highlights of Financial Results for the 16th Fiscal Period
5. Performance over the Past Five Fiscal Periods
6. Income Statement for the 16th Fiscal Period
7. Detailed Comparison of Actual Results and Forecasts for the 16th Fiscal Period
8. Balance Sheet as of the End of the 16th Fiscal Period

■ ■ **Forecasts for the 17th and 18th Fiscal Periods**

10. Projected Trends of Occupancy Rates (Entire Portfolio)
11. Forecasts for the 17th Fiscal Period
12. [Reference]Forecasts of Real Estate Rental Revenues and Expenses for the 18th Fiscal Period

■ ■ **Management Results of the 16th Fiscal Period**

14. Policy on Constructing Portfolio and History of Portfolio Expansion (1)
15. Policy on Constructing Portfolio and History of Portfolio Expansion (2)
16. Strategic Property Replacement and Improvement in Portfolio Quality (1)
17. Strategic Property Replacement and Improvement in Portfolio Quality (2)
18. Strategic Property Replacement and Improvement in Portfolio Quality (3)
19. Management Results
20. Financial Strategy
21. Breakdown of Interest-Bearing Liabilities
22. Overview of Issue of New Investment Units and Secondary Offering (Over-allotment)

23. Report by Thomson DealWatch (Reference)

■ ■ **Future Management Strategy**

25. Future Management Policies – Focused Investment in Office Buildings in Tokyo—
26. Office Market Conditions
27. Environmental Perception and Basic Policy for External Growth
28. Acquisition Targets
29. Internal Growth Strategy

【Appendix】

31. Historical Unitholder Composition (Number of Units by Investor Type)
32. Principal Unitholders
33. Milestones Since IPO and Historical Unit Price (June 2002-February 2010)
34. Changes in Variation Between Appraisal Value and Book Value at End of Period
35. Appraisals and Cap Rates at End of Period
36. NOI Yield by Property for the 16th Fiscal Period (Tokyo CBDs)
37. NOI Yield by Property for the 16th Fiscal Period (Greater Tokyo)
38. NOI Yield by Property for the 16th Fiscal Period (Other Cities)
39. Contracting Status of Tenants by Property for the 16th Fiscal Period
40. Office Vacancy Rates and Average Advertised Rents in Major Investment Areas
41. Overview of the Asset Manager

The contents of this document (English and Japanese) are posted on the website of Japan Prime Realty Investment Corporation

<http://www.jpr-reit.co.jp/>



Japan Prime Realty Investment Corporation

**16th Fiscal Period (Ended December 2009):
Financial Summary**

16th

Highlights of Financial Results for the 16th Fiscal Period

The cash distribution for the 16th fiscal period returned to the levels of previous periods.

■ Highlights of Financial Results for the 16th Fiscal Period

(JPY mn unless otherwise stated)	16th Period (a)	15th Period (a)	Change (a) - (b)
	Jul. 1, 2009- Dec. 31, 2009	Jan. 1, 2009- Jun. 30, 2009	
Operating Revenues	11,493	14,330	-2,837 (Change -19.8%)
Operating Profits	5,827	6,568	-740 (Change -11.3%)
Recurring Profits	4,333	5,572	-1,238 (Change -22.2%)
Net Income	4,332	2,331	2,000 (Change +85.8%)
Total Assets	332,380	329,163	3,216 (Change +1.0%)
Total Unitholders' Equity	161,058	159,057	2,000 (Change +1.3%)
Total Unitholders' Equity per Unit (JPY)	257,693	254,492	3,201 (Change +1.3%)
NAV Ratio	48.5%	48.3%	0.2% points
Distributions per Unit (JPY)	6,933	3,731	3,202 (Change +85.8%)
Total Units Outstanding (Units)	625,000	625,000	— (Change —)

(1) The total acquisition price is shown (excluding acquisition expenses, etc.), and preferred securities are excluded.

(2) Change (%) has been rounded to the first decimal place.

(3) Forecasts at the time the 15th Fiscal Period results were announced.

■ Comparison with Forecasts

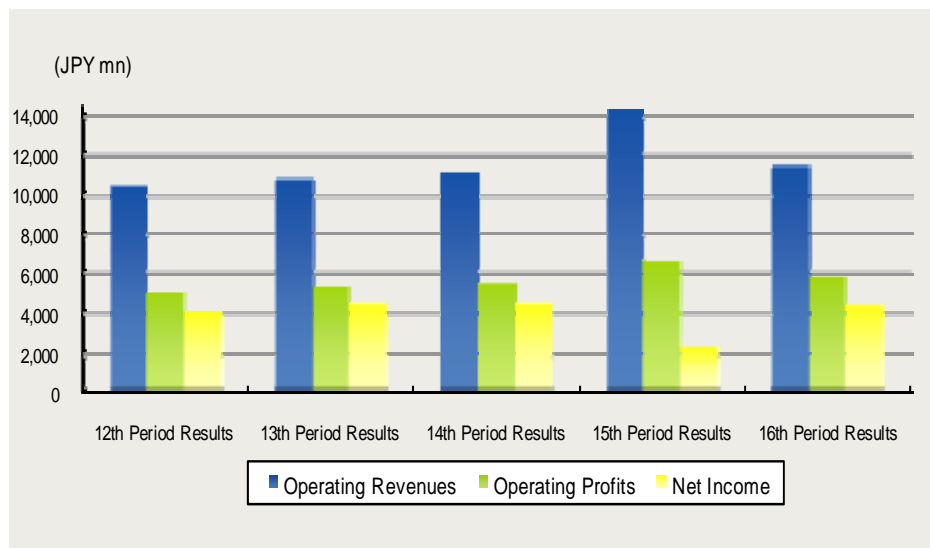
(JPY mn unless otherwise stated)	Forecasts for the 16th Fiscal Period (c) ⁽³⁾	Change from 16th Fiscal Period Forecasts (a) - (c)	(Reference) Revised Forecasts as of Nov. 30, 2009
Operating Revenues	11,502	-9 (Change -0.1%)	11,478
Operating Profits	5,597	229 (Change +4.1%)	5,764
Recurring Profits	4,063	270 (Change +6.7%)	4,219
Net Income	4,062	270 (Change +6.6%)	4,218
Distributions per Unit (JPY)	6,500	433 (Change +6.7%)	6,750
Total Units Outstanding (Units)	625,000	— (Change —)	625,000

■ Highlights of Properties

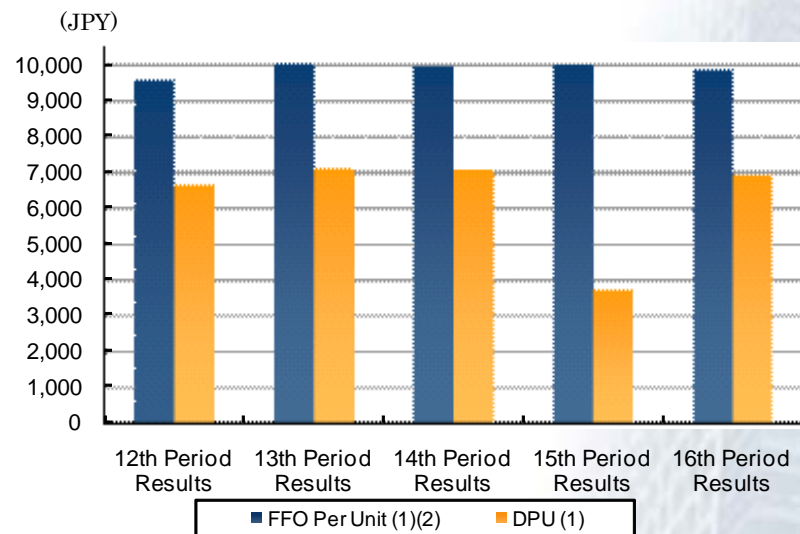
(JPR mn unless otherwise stated)	16th Period	15th Period
	Jul. 1, 2009- Dec. 31, 2009	Jan. 1, 2009- Jun. 30, 2009
Properties Owned at End of Fiscal Period	53	51
Total Acquisition Price (at period end)	310,619	299,419
(number/price of properties acquired for current period) (1)	2/11,200	1/31,300
(number/price of properties sold for current period) (1)	—/—	2/12,500
Average Monthly Occupation during Period	96.4%	96.2%

Performance over the Past Five Fiscal Periods

Operating Revenues, Operating Profits and Net Income



Changes in Distributions per Unit (DPU) and FFO per Unit



(JPY mn)

	12th Period Results	13th Period Results	14th Period Results	15th Period Results	16th Period Results
Operating Revenues	10,449	10,830	11,171	14,330	11,493
Operating Profits	5,006	5,280	5,482	6,568	5,827
Net Income	4,169	4,451	4,432	2,331	4,332

(JPY)

	12th Period Results	13th Period Results	14th Period Results	15th Period Results	16th Period Results
FFO per Unit ⁽¹⁾⁽²⁾	9,566	10,031	9,977	10,015	9,893
DPU ⁽¹⁾	6,671	7,122	7,092	3,731	6,933
Total Units Outstanding (Units)	625,000	625,000	625,000	625,000	625,000

(1) DPU and FFO per unit are calculated by dividing distributions and FFO by the total units outstanding as of the end of each fiscal period.

(2) FFO per unit = (Net income – Gains on sale of real estate – Gains on sale of investment securities – Extraordinary revenues and expenses + Depreciation + Other real estate-related depreciation) / Total units outstanding

Income Statement for the 16th Fiscal Period

Additional property acquired at the end of the 15th fiscal period made a whole-period contribution. Finance-related expenses also increased due to property acquisitions and other factors

Item		16th Fiscal Period Jul 1, 2009 – Dec. 31, 2009		15th Fiscal Period Jan 1, 2009 – Jun. 30, 2009		Change		
		Amount	%	Amount	%	Amount	%	
Recurring Profit and Loss	Operating Profit and Loss	Rental revenues	10,684	93.0%	10,218	71.3%	465	4.6%
		Other rental revenues	809	7.0%	812	5.7%	-3	-0.4%
		Real estate rental revenues (1)	11,493	100.0%	11,030	77.0%	462	4.2%
		Gain on sale of real estate	—	—	3,300	23.0%	-3,300	-100.0%
		Dividends income	—	—	—	—	—	—
		Operating revenues	11,493	100.0%	14,330	100.0%	-2,837	-19.8%
		Property and other taxes	885	7.7%	935	6.5%	-49	-5.3%
		Other rental expenses	2,274	19.8%	2,230	15.6%	44	2.0%
		Outsourcing expenses	488	4.2%	515	3.6%	-27	-5.3%
		Utilities expenses	663	5.8%	698	4.9%	-35	-5.0%
		Casualty insurance	30	0.3%	28	0.2%	1	5.9%
		Repairs and maintenance	230	2.0%	242	1.7%	-12	-5.0%
		Property management fees	214	1.9%	211	1.5%	3	1.4%
		Management association accounts	569	5.0%	463	3.2%	106	22.9%
	Others	78	0.7%	70	0.5%	8	11.5%	
	Depreciation	1,850	16.1%	1,795	12.5%	54	3.0%	
	Real estate rental expenses (2)	5,010	43.6%	4,961	34.6%	49	1.0%	
	Loss on sale of real estate	—	—	2,154	15.0%	-2,154	-100.0%	
	Loss on sale of investment securities	—	—	38	0.3%	-38	-100.0%	
	Asset management fees	416	3.6%	345	2.4%	70	20.4%	
	Adm. service/custodian fees	67	0.6%	66	0.5%	1	1.9%	
	Directors' remuneration	6	0.1%	6	0.0%	—	—	
	Trust fees	48	0.4%	69	0.5%	-21	-30.5%	
	Other operating expenses	116	1.0%	120	0.8%	-3	-3.1%	
	Operating expenses	5,665	49.3%	7,762	54.2%	-2,096	-27.0%	
	Operating profits	5,827	50.7%	6,568	45.8%	-740	-11.3%	
	Profits ((1) - (2))	6,482	56.4%	6,069	42.4%	413	6.8%	
	Net operating income (NOI)	8,332	72.5%	7,864	54.9%	467	6.0%	
Non-operating revenues	18	0.2%	71	0.5%	-53	-74.6%		
Non-operating expenses	1,511	13.2%	1,067	7.4%	444	41.7%		
Interest expenses (incl. corporate bonds)	1,420	12.4%	1,024	7.1%	396	38.7%		
Loan arrangement fees	74	0.6%	26	0.2%	48	183.3%		
Amortization of corporate bond issuance costs	12	0.1%	12	0.1%	0	1.7%		
New unit-issuance costs	—	—	—	—	—	—		
Other non-operating expenses	4	0.0%	4	0.0%	0	6.7%		
Recurring profits	4,333	37.7%	5,572	38.9%	-1,238	-22.2%		
Extraordinary losses	—	—	3,239	22.6%	-3,239	-100.0%		
Income before income taxes	4,333	37.7%	2,332	16.3%	2,000	85.8%		
Net income	4,332	37.7%	2,331	16.3%	2,000	85.8%		
Retained earnings at end of period	4,333	37.7%	2,332	16.3%	2,000	85.8%		
Distributions per unit (JPY)		6,933		3,731		3,202		

(Note) Figures were rounded off to a million yen.

(JPY mn)

1. Rental revenue

- Properties owned at end of 14th period: -199 mn yen
- Property acquired in 15th period: +1,165 mn yen
- Properties sold in 15th period: -533 mn yen
- Properties acquired in 16th period: +29 mn yen

2. Rental expenses

- Properties owned at end of 14th period: -105 mn yen
(of which, depreciation: -53 mn yen)
- Property acquired in 15th period: +404 mn yen
(of which, depreciation: +207 mn yen)
- Properties sold in 15th period: -253 mn yen
(of which, depreciation: -101 mn yen)
- Properties acquired in 16th period: +5 mn yen
(of which, depreciation: +2 mn yen)

3. Non-operating revenues

- Of which, settlement of management association accounts: -40 mn yen

4. Gains and losses accompanying asset replacement conducted in 15th period (-2,131 mn yen)

- Gain on sale of real estate: +3,300 mn yen
- Loss from sale of real estate: -2,154 mn yen
- Loss from sale of investment securities: -38 mn yen
- Extraordinary losses (cancellation penalties, etc.): -3,239 mn yen

(Reference)

In January 2002 (before the IPO), investment units (500,000 yen per unit) were split into 2.5 units (200,000 yen per unit) to make investment units easier to invest in. Therefore, the distribution per unit for the 16th fiscal period based on the pre-split level would be 17,332 yen.

Detailed Comparison of Actual Results and Forecasts for the 16th Fiscal Period

(JPY mn)

Item	16th Fiscal Period Results Jul 1, 2009 - Dec. 31, 2009		16th Fiscal Period Forecasts Jul 1, 2009 - Dec. 31, 2009		Change from 16th Period Forecasts			
	Amount	%	Amount	%	Amount	%		
Recurring Profit and Loss	Operating Profit and Loss	Rental revenues	10,684	93.0%	10,673	92.8%	10	0.1%
		Rents	8,717	75.9%	8,721	75.8%	-3	-0.0%
		Common charges	1,703	14.8%	1,688	14.7%	15	0.9%
		Other rental revenues	809	7.0%	828	7.2%	-19	-2.4%
		Incidental income	699	6.1%	780	6.8%	-80	-10.4%
		Real estate rental revenues (1)	11,493	100.0%	11,502	100.0%	-9	-0.1%
		Gain on sale of real estate	—	—	—	—	—	—
		Dividends income	—	—	—	—	—	—
		Operating revenues	11,493	100.0%	11,502	100.0%	-9	-0.1%
		Property and other taxes	885	7.7%	885	7.7%	0	0.0%
		Other rental expenses	2,274	19.8%	2,499	21.7%	-224	-9.0%
		Outsourcing expenses	488	4.2%	489	4.3%	-1	-0.3%
		Utilities expenses	663	5.8%	801	7.0%	-138	-17.2%
		Casualty insurance	30	0.3%	36	0.3%	-6	-17.1%
		Repairs and maintenance	230	2.0%	279	2.4%	-48	-17.3%
		Property management fees	214	1.9%	215	1.9%	-0	-0.4%
		Management association accounts	569	5.0%	579	5.0%	-9	-1.7%
		Others	78	0.7%	98	0.9%	-19	-20.0%
		Depreciation	1,850	16.1%	1,849	16.1%	0	0.0%
		Real estate rental expenses (2)	5,010	43.6%	5,234	45.5%	-224	-4.3%
		Loss on sale of real estate	—	—	—	—	—	—
		Loss on sale of investment securities	—	—	—	—	—	—
		Asset management fees	416	3.6%	414	3.6%	1	0.4%
		Adm. service/custodian fees	67	0.6%	69	0.6%	-1	-2.7%
		Directors' remuneration	6	0.1%	6	0.1%	—	—
		Trust fees	48	0.4%	47	0.4%	1	2.3%
		Other operating expenses	116	1.0%	132	1.2%	-15	-12.1%
Operating expenses	5,665	49.3%	5,905	51.3%	-239	-4.1%		
Operating profits	5,827	50.7%	5,597	48.7%	229	4.1%		
Profits ((1) - (2))	6,482	56.4%	6,268	54.5%	214	3.4%		
Net operating income (NOI)	8,332	72.5%	8,117	70.6%	215	2.7%		
Non-operating revenues	18	0.2%	23	0.2%	-5	-22.1%		
Non-operating expenses	1,511	13.2%	1,557	13.5%	-45	-2.9%		
Interest expenses (incl. corporate bonds)	1,420	12.4%	1,432	12.5%	-12	-0.8%		
Recurring profits	4,333	37.7%	4,063	35.3%	270	6.6%		
Extraordinary losses	—	—	—	—	—	—		
Income before income taxes	4,333	37.7%	4,063	35.3%	270	6.6%		
Net income	4,332	37.7%	4,062	35.3%	270	6.7%		
Retained earnings at end of period	4,333	37.7%	4,062	35.3%	270	6.7%		
Distributions per unit (JPY)		6,933	6,500	433				

(Note) Figures were rounded off to a million yen.

(1) Forecasts for the 16th Fiscal Period were announced at the time the 15th Fiscal Period (ended June 2009) results were announced and were calculated based on the premise of 51 properties owned at the end of the 15th Fiscal Period.

Balance Sheet as of the End of the 16th Fiscal Period

JPR used cash on hand to acquire two properties in an endeavor to make more efficient use of funds.

Item	As of Dec. 31, 2009		As of Jun. 30, 2009		Change	
	Amount	%	Amount	%	Amount	%
Total current assets	28,644	8.6%	35,917	10.9%	-7,273	-20.2%
Cash and bank deposits	13,972	4.2%	20,987	6.4%	-7,014	-33.4%
Entrusted cash and deposits	14,306	4.3%	14,015	4.3%	290	2.1%
Other current assets	364	0.1%	913	0.3%	-549	-60.1%
Total fixed assets	303,637	91.4%	293,135	89.1%	10,502	3.6%
Property and equipment	301,549	90.7%	291,066	88.4%	10,483	3.6%
Real estate	126,075	37.9%	123,227	37.4%	2,847	2.3%
Buildings and structures	43,066	13.0%	42,726	13.0%	340	0.8%
Land	83,009	25.0%	80,501	24.5%	2,507	3.1%
Entrusted real estate	175,474	52.8%	167,838	51.0%	7,635	4.5%
Buildings and structures	58,416	17.6%	58,608	17.8%	-192	-0.3%
Land	117,058	35.2%	109,229	33.2%	7,828	7.2%
Total intangible assets	1,547	0.5%	1,547	0.5%	0	0.0%
Leasehold rights	1,542	0.5%	1,542	0.5%	0	0.0%
Other intangible assets	5	0.0%	4	0.0%	0	5.3%
Total investments and other assets	540	0.2%	521	0.2%	18	3.6%
Investment securities	—	—	—	—	—	—
Deposits	49	0.0%	49	0.0%	—	—
Others	491	0.1%	472	0.1%	18	4.0%
Total deferred assets	97	0.0%	110	0.0%	-12	-11.5%
Corporate bond issuance costs	97	0.0%	110	0.0%	-12	-11.5%
Total assets	332,380	100.0%	329,163	100.0%	3,216	1.0%
Total current liabilities	33,748	10.2%	37,448	11.4%	-3,699	-9.9%
Accounts payable and accrued expenses	2,363	0.7%	2,413	0.7%	-49	-2.0%
Rent received in advance	1,416	0.4%	1,166	0.4%	250	21.4%
Short-term borrowings	16,252	4.9%	16,152	4.9%	100	0.6%
Current portion of long-term borrowings	6,716	2.0%	716	0.2%	6,000	838.0%
Current portion of corporate bonds	7,000	2.1%	17,000	5.2%	-10,000	-58.8%
Total long-term liabilities	137,572	41.4%	132,657	40.3%	4,914	3.7%
Deposits received from tenants	16,668	5.0%	16,295	5.0%	372	2.3%
Long-term borrowings	83,404	25.1%	78,862	24.0%	4,542	5.8%
Corporate bonds	37,500	11.3%	37,500	11.4%	—	—
Total liabilities	171,321	51.5%	170,105	51.7%	1,215	0.7%
Unitholders' capital	156,725	47.2%	156,725	47.6%	—	—
Retained earnings	4,333	1.3%	2,332	0.7%	2,000	85.8%
Total unitholders' equity	161,058	48.5%	159,057	48.3%	2,000	1.3%
Total liabilities and unitholders' equity	332,380	100.0%	329,163	100.0%	3,216	1.0%

(Note) Figures were rounded off to a million yen.

	(JPY mn)		
	End of 16th Fiscal Period	End of 15th Fiscal Period	Change
1. Balance of interest-bearing debt	150,872	150,230	642
Total	150,872	150,230	642
(Breakdown) Unsecured borrowings	97,189	86,547	10,642
Secured borrowings	9,183	9,183	—
Unsecured corporate bonds	44,500	54,500	-10,000

	(JPY mn)		
	End of 16th Fiscal Period	End of 15th Fiscal Period	Change (P)
2. Interest-bearing debt ratio, etc.			
(1) Interest-bearing debt ratio			
Interest-bearing debt / (Interest-bearing debt + Unitholders' capital)	49.0%	48.9%	0.1
(2) Interest-bearing debt to total assets			
① Interest-bearing debt / Total assets at end of period	45.4%	45.6%	-0.2
② Interest-bearing debt / (Total assets at end of period + Gains or losses from real estate valuation)	45.5%	44.6%	1.0
(3) Ratio of long-term fixed-rate borrowings			
Long-term fixed-rate interest-bearing debt (*) / Interest-bearing debt	80.1%	77.5%	2.7
*Total amount of long-term fixed-rate debt with over 1 year to maturity			

	(JPY mn)		
	End of 16th Fiscal Period	End of 15th Fiscal Period	Change
3. Commitment line status			
① Credit limit (total)	16,000	16,000	—
② Outstanding debt at end of period	—	—	—
③ Unused commitment line at end of period	16,000	16,000	—
④ Lenders (at the end of the 15th fiscal period)			
Mizuho Corporate Bank, The Bank of Tokyo-Mitsubishi UFJ, Resona Bank, Mitsubishi UFJ Trust and Banking			
*Agreements have been concluded separately with the respective banks listed above.			

	(JPY mn)		
	End of 16th Fiscal Period	End of 15th Fiscal Period	Change
4. Investment unit status			
① Total number of units issued and outstanding (units)	625,000	625,000	—
② Total unitholders' equity per unit (yen)	257,693	254,492	3,201

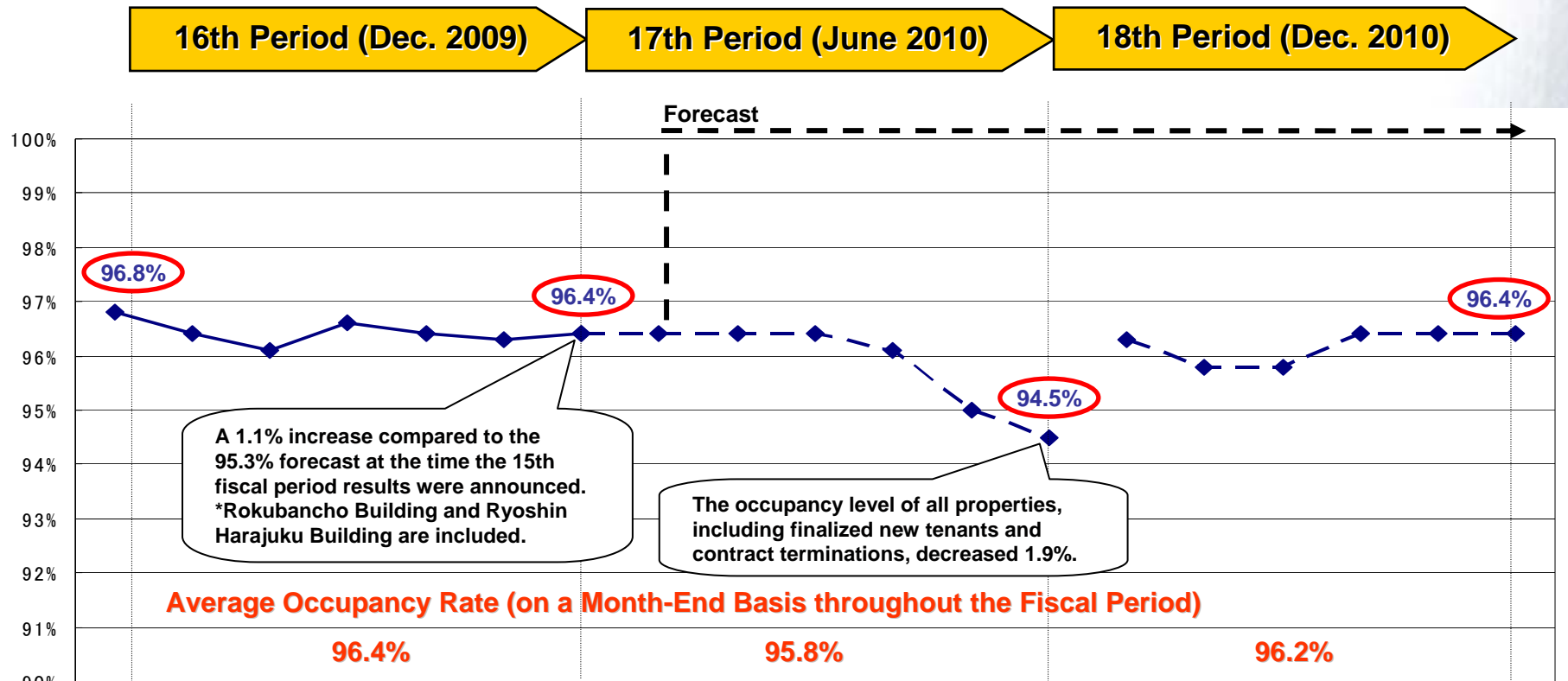


Japan Prime Realty Investment Corporation

Forecasts for the 17th and 18th Fiscal Periods

17th~

Projected Trends of Occupancy Rates (Entire Portfolio)



(Reference) Total leasable area: 400,751.87m² (end of the 16th fiscal period)

(1) The occupancy rate for the 17th fiscal period and after has been calculated based on the following:

17th Period: The occupancy rate of all 54 properties, including the planned acquisitions of the Tokyo Tatemono Kyobashi Building (scheduled for February 2010) and the JPR Sendagaya Building (scheduled for May 2010) as well as the planned sale of the JPR Nagoya Sakae Building (scheduled for March 2010)

18th Period: The occupancy rate for all 54 properties planned to be owned as of the end of the 17th fiscal period

(2) The occupancy rate for the 17th fiscal period reflects all contract terminations known as of January 31, 2010 and includes only executed contracts for scheduled new tenants.

(3) The occupancy rate for the 18th fiscal period includes some new tenants in addition to the above (2).

Forecasts for the 17th Fiscal Period

Rental revenue from existing properties may tend to decrease, but JPR will maintain its NOI through additional property acquisitions and other measures.

Assumptions for the 17th Fiscal Period Forecast

<Portfolio>

Portfolio as of end of 16th fiscal period: 53 properties

Properties to be acquired in the 17th fiscal period: 2 properties

Properties to be sold in the 17th fiscal period: 1 property

<Average Monthly Occupancy during Period>

95.8%

<Total Number of Units Outstanding>

715,000 units

<LTV Ratio>

46.1% (as of end of 17th fiscal period)

The forecasts for the 17th fiscal period were calculated based on the above "Assumptions for the 17th Fiscal Period Forecast." Actual operating revenues, recurring profits, net income and cash distributions per unit may change as a result of the acquisition of new properties or the sale of owned properties, etc. Furthermore, the forecasts are in no way a guarantee of cash distribution amounts.

For details on the assumptions for the 17th fiscal period forecasts, please refer to the "Assumptions for the 17th Fiscal Period Forecast (January 1, 2010 – June 30, 2010)" on page 10 of the "Japan Prime Realty Investment Corporation 16th Fiscal Period Results (July 1, 2009 – December 31, 2009)."

Item	16th Period Results Jul 1, 2009 - Dec. 31, 2009		17th Fiscal Period Forecasts Jan. 1, 2010 - Jun. 30, 2010		Changes from the 16th Period Results	
	Amount	%	Amount	%	Amount	Change
Rental revenues	10,684	93.0%	10,934	90.3%	249	2.3%
Other rental revenues	809	7.0%	716	5.9%	-92	-11.4%
Real estate rental revenues (1)	11,493	100.0%	11,650	96.2%	157	1.4%
Gain on sale of real estate	—	—	458	3.8%	458	—
Dividends income	—	—	—	—	—	—
Operating revenues	11,493	100.0%	12,109	100.0%	615	5.4%
Property and other taxes	885	7.7%	963	8.0%	77	8.8%
Other rental expenses	2,274	19.8%	2,374	19.6%	100	4.4%
Outsourcing expenses	488	4.2%	496	4.1%	8	1.7%
Utilities expenses	663	5.8%	738	6.1%	75	11.4%
Casualty insurance	30	0.3%	31	0.3%	1	4.9%
Repairs and maintenance	230	2.0%	219	1.8%	-11	-5.0%
Property management fees	214	1.9%	215	1.8%	1	0.7%
Management association accounts	569	5.0%	574	4.7%	5	1.0%
Others	78	0.7%	98	0.8%	19	24.7%
Depreciation	1,850	16.1%	1,874	15.5%	24	1.3%
Real estate rental expenses (2)	5,010	43.6%	5,213	43.1%	202	4.0%
Loss on sale of real estate	—	—	—	—	—	—
Loss on sale of investment securities	—	—	—	—	—	—
Asset management fees	416	3.6%	436	3.6%	20	4.9%
Adm. service/custodian fees	67	0.6%	69	0.6%	2	3.2%
Directors' remuneration	6	0.1%	6	0.1%	—	—
Trust fees	48	0.4%	48	0.4%	-0	-0.4%
Other operating expenses	116	1.0%	117	1.0%	1	1.3%
Operating expenses	5,665	49.3%	5,892	48.7%	226	4.0%
Operating profits	5,827	50.7%	6,216	51.3%	389	6.7%
Profits ((1) - (2))	6,482	56.4%	6,437	53.2%	-45	-0.7%
Net operating income (NOI)	8,332	72.5%	8,312	68.6%	-20	-0.2%
Non-operating revenues	18	0.2%	49	0.4%	31	172.5%
Non-operating expenses	1,511	13.2%	1,545	12.8%	33	2.2%
Recurring profits	4,333	37.7%	4,720	39.0%	386	8.9%
Extraordinary losses	—	—	—	—	—	—
Income before income taxes	4,333	37.7%	4,720	39.0%	386	8.9%
Net income	4,332	37.7%	4,719	39.0%	386	8.9%
Retained earnings at end of period	4,333	37.7%	4,719	39.0%	386	8.9%
Distribution per unit (JPY)	6,933		6,600		-333	

(Note) Figures were rounded off to a million yen.

(625,000 units)

(715,000 units)

(90,000 units)

1. Rental revenue

- Properties owned at end of 15th period: -265 mn yen
- Properties acquired in 16th period: +363 mn yen
- Properties to be acquired in 17th period: +186 mn yen
- Properties to be sold in 17th period: -128 mn yen

2. Gain on sale of real estate

- Part of the land of JPR Jingumae 432: +105 mn yen
- JPR Nagoya Sakae Building: +352 mn yen

3. Rental expenses

- Properties owned at end of 15th period: +109 mn yen
- Properties acquired in 16th period: +88 mn yen
- Properties to be acquired in 17th period: +59 mn yen
- Properties to be sold in 17th period: -56 mn yen

4. Non-operating revenues

- Of which, settlement of management association accounts: +31 mn yen

5. Non-operating expenses

- Interest expenses: -15 mn yen
- New investment unit issuance costs: +48 mn yen

[Reference] Forecasts of Real Estate Rental Revenues and Expenses for the 18th Fiscal Period

With a sense of bottoming out perceived in the decrease of rental revenue, JPR expects to maintain its NOI for the 18th fiscal period at largely the same level as planned for the 17th fiscal period.

(JPY mn)

Assumptions for the Forecasts of Real Estate Rental Revenues and Expenses for the 18th Fiscal Period

<Portfolio>

Portfolio as of end of 16th fiscal period: 53 properties

Properties to be acquired in 17th fiscal period: 2 properties

Properties to be sold in 17th fiscal period: 1 property

Properties to be acquired in 18th fiscal period: none

<Average Monthly Occupancy during Period>

96.2%

The forecasts of real estate rental revenues and expenses for the 18th fiscal period were calculated based on the above "Assumptions for the Forecasts of Real Estate Rental Revenues and Expenses for the 18th Fiscal Period." Actual real estate rental revenues, real estate rental expenses, real estate rental profits, NOI and NCF may change as a result of the acquisition of new properties or the sale of owned properties, etc.

Capital expenditures for the 18th fiscal period will include such major constructions as: renovation of air-conditioning systems at BYGS Shinjuku Building (184 mn yen), renewal of elevators, etc. at Shinjuku Center Building (228 mn yen) and renovation of toilets at Tokyo Tatemono Honmachi Building (182 mn yen).

Item	17th Fiscal Period Forecasts Jan. 1, 2010 - Jun. 30, 2010		Forecasts of Real Estate Rental Revenues and Expenses for the 18th Fiscal Period Jul. 1, 2010 - Dec. 31, 2010		Changes from the 17th Period Results	
	Amount	%	Amount	%	Amount	%
Rental revenues	10,934	90.3%	10,805	93.4%	-128	-1.2%
Other rental revenues	716	5.9%	760	6.6%	43	6.1%
Real estate rental revenues (1)	11,650	96.2%	11,566	100.0%	-84	-0.7%
Property and other taxes	963	8.0%	948	8.2%	-15	-1.6%
Other rental expenses	2,374	19.6%	2,384	20.6%	9	0.4%
Outsourcing expenses	496	4.1%	499	4.3%	3	0.6%
Utilities expenses	738	6.1%	738	6.4%	-0	-0.0%
Casualty insurance	31	0.3%	32	0.3%	0	1.4%
Repairs and maintenance	219	1.8%	197	1.7%	-21	-9.7%
Property management fees	215	1.8%	215	1.9%	0	0.1%
Management association accounts	574	4.7%	574	5.0%	-0	-0.0%
Others	98	0.8%	124	1.1%	26	27.3%
Depreciation	1,874	15.5%	1,888	16.3%	13	0.7%
Real estate rental expenses (2)	5,213	43.1%	5,221	45.1%	7	0.1%
Profits ((1) - (2))	6,437	53.2%	6,345	54.9%	-92	-1.4%
Net operating income (NOI)	8,312	68.6%	8,233	71.2%	-78	-0.9%
Capital expenditure	331	2.7%	896	7.8%	565	170.3%
Net cash flow (NCF)	7,980	65.9%	7,336	63.4%	-643	-8.1%

(Note) Figures were rounded off to a million yen.



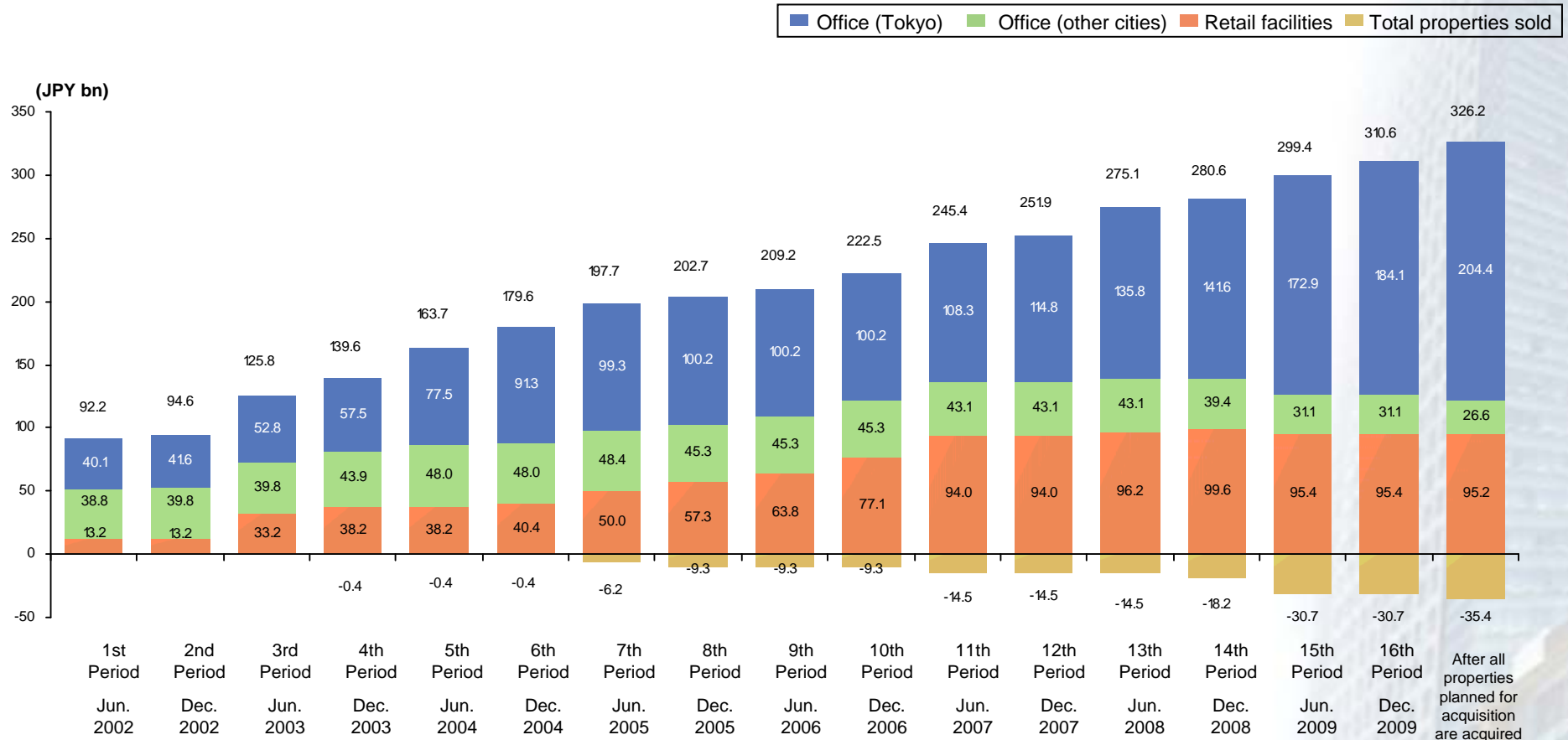
Japan Prime Realty Investment Corporation

**Management Results of the
16th Fiscal Period**

16th

Policy on Constructing Portfolio and History of Portfolio Expansion (1)

History of Expansion of Portfolio Size

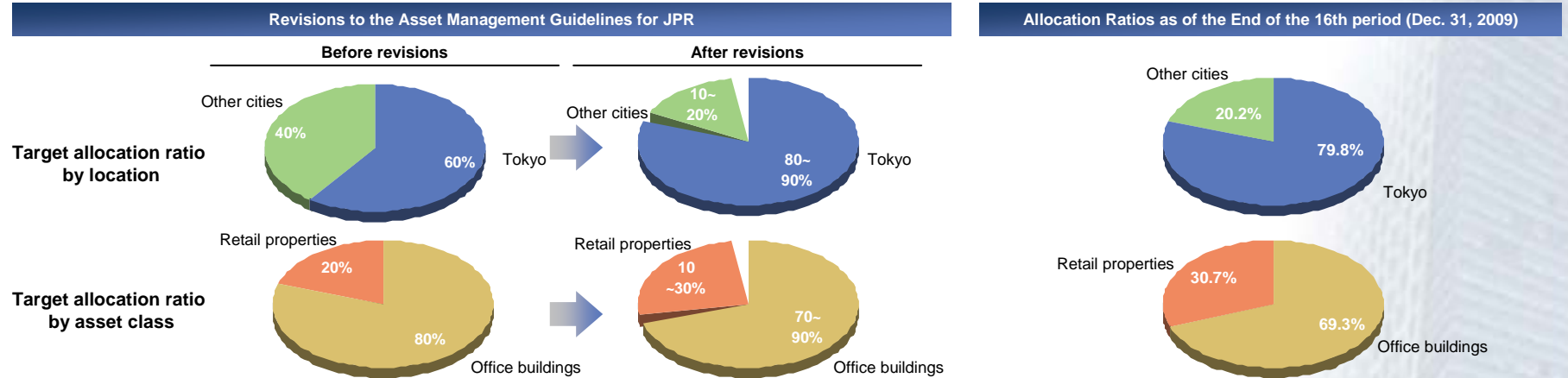


A steady expansion of the portfolio size led to 310.6 billion yen in value (total of acquisition prices) at the end of the 16th fiscal period (Dec. 31, 2009), and will amount to 326.2 billion yen after all properties planned for acquisition are acquired.

Policy on Constructing Portfolio and History of Portfolio Expansion (2)

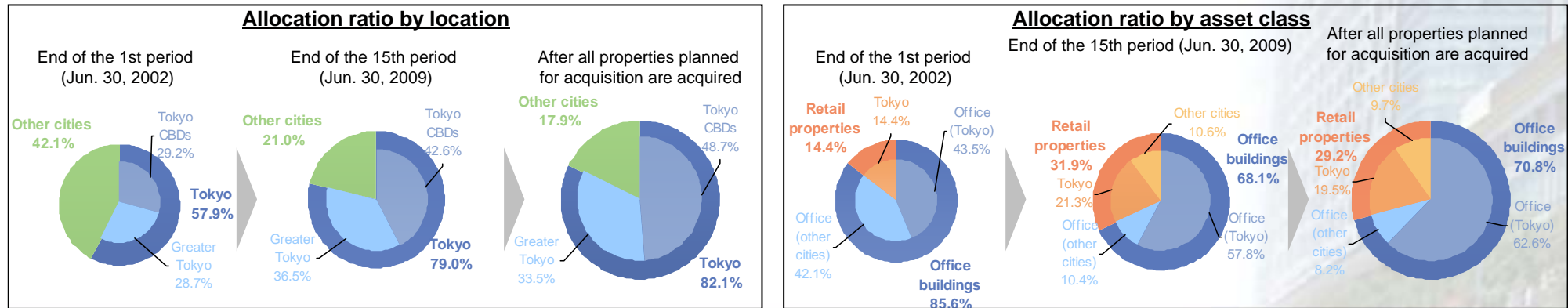
Revisions to the Asset Management Guidelines for JPR

Changes in Target Allocation Ratios



- ◆ Focus investment on office buildings located in the Tokyo area to raise the investment weight for “Office (Tokyo).”
Ex. Olinas Tower, Rokubancho Building, Ryoshin Harajuku Building and Tokyo Tatemono Kyobashi Building
- ◆ Set the ceiling to the investment ratio of retail properties at 30% to maintain the investment weight for office buildings at a high level
- ◆ There is no change in the basic policy of working to realize the advantages of diversified investment in managing the portfolio, and JPR will also invest in blue-chip properties in other cities and retail properties, through even more vigorous selections than before, that would promise relatively high profitability.

Changes in Allocation Ratios



Strategic Property Replacement and Improvement in Portfolio Quality (1)

Properties Sold by the End of the 14th Fiscal Period (December 31, 2008)

As professionals of real estate management, JPR has conducted strategic sales of properties in a manner that is well-timed to realize enhanced values and other advantages

JPR Park West Takamatsu

Sale date: March 2005
 Acquisition price: JPY 872 mn
 Sale price: JPY 842 mn
 Building age at sale: 23.6 years
 Reason for sale: Sorting of properties within the area

JPR Takamatsu Building

Sale date: April 2007
 Acquisition price: JPY 2,130 mn
 Sale price: JPY 1,530 mn
 Building age at sale: 24.6 years
 Reason for sale: Reconstruct area strategy

SK Hiroshima Building

Sale date: September 2005
 Acquisition price: JPY 947 mn
 Sale price: JPY 1,040 mn
 Building age at sale: 15.8 years
 Reason for sale: Realize enhanced value

JPR Square Hakata East / West

Sale date: March 2005
 Acquisition price: JPY 2,873 mn
 Sale price: JPY 2,923 mn
 Building age at sale: 21.1 and 18.4 years
 Reason for sale: Sorting of properties within the area

Park East Sapporo

Sale date: November 2005
 Acquisition price: JPY 2,150 mn
 Sale price: JPY 2,400 mn
 Building age at sale: 20.1 years
 Reason for sale: Realize enhanced value

NORTH33 Building

Sale date: October 2008
 Acquisition price: JPY 3,700 mn
 Sale price: JPY 3,520 mn
 Building age at sale: 16.8 years
 Reason for sale: Improve portfolio quality

JPR Ikebukuro Building

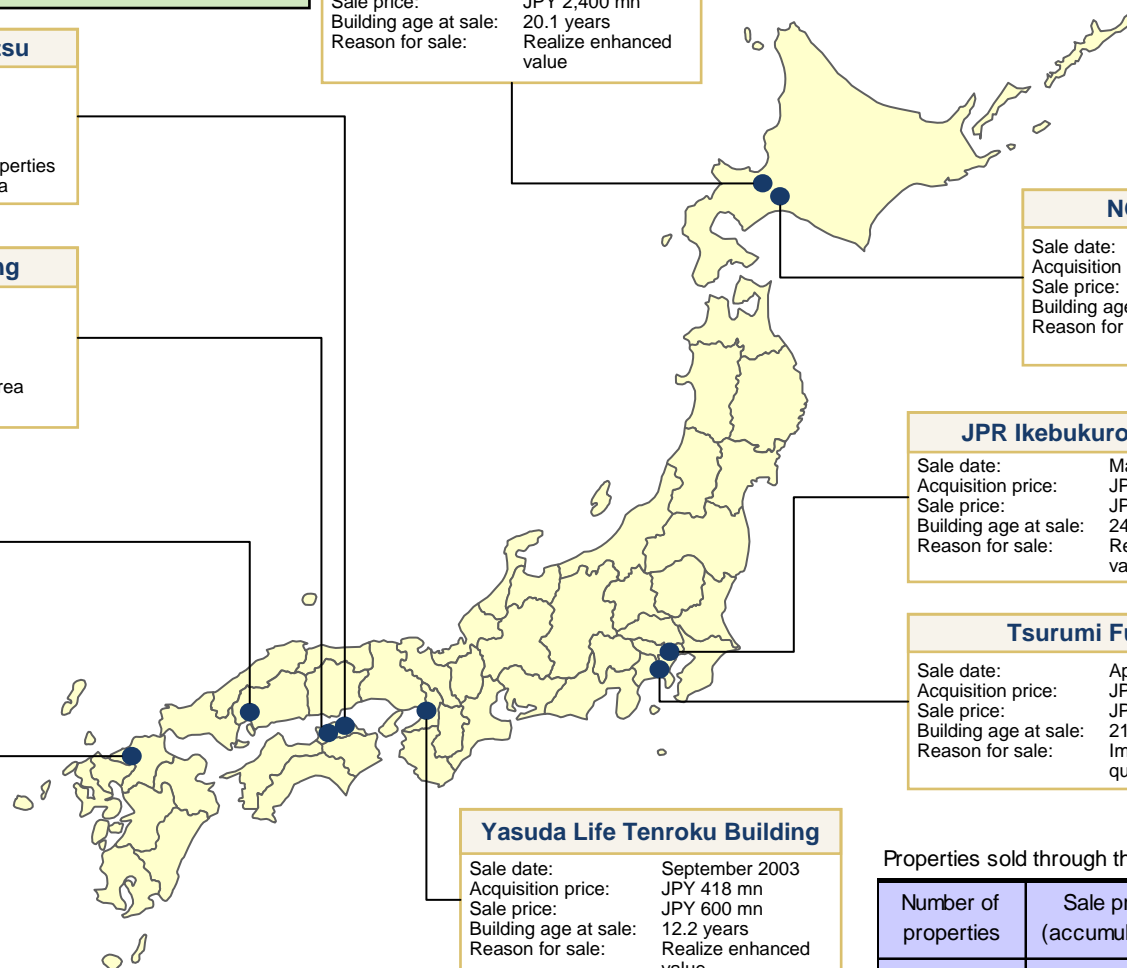
Sale date: March 2005
 Acquisition price: JPY 2,040 mn
 Sale price: JPY 3,345 mn
 Building age at sale: 24.4 years
 Reason for sale: Realize enhanced value

Tsurumi Fuga 1

Sale date: April 2007
 Acquisition price: JPY 3,040 mn
 Sale price: JPY 4,270 mn
 Building age at sale: 21.5 years
 Reason for sale: Improve portfolio quality

Yasuda Life Tenroku Building

Sale date: September 2003
 Acquisition price: JPY 418 mn
 Sale price: JPY 600 mn
 Building age at sale: 12.2 years
 Reason for sale: Realize enhanced value



Properties sold through the end of the 14th period (JPY mn)

Number of properties	Sale price (accumulated)	Book value at sale (accumulated)	Gains and losses (accumulated, net)
9 properties	20,479	18,772	1,707

Strategic Property Replacement and Improvement in Portfolio Quality (2)

- Improvement in Portfolio Quality through Property Replacement in Cooperation with Tokyo Tatemono Co., Ltd. (Conducted in the 15th fiscal period [ending June 30, 2009])
 - Conduct property replacement in cooperation with Tokyo Tatemono Co., Ltd. in order to construct a portfolio that has growth potential over the medium to long term
In June 2009, JPR conducted replacement of properties it owns in cooperation with Tokyo Tatemono Co., Ltd. with an aim to construct a portfolio that has growth potential over the medium to long term.

Property acquisition to promote focused investment in office buildings in Tokyo that have growth potential



Olinas Tower

Type of use	Office	Seller	Land: Tokyo Tatemono Co, Ltd.
Location	Sumida Ward, Tokyo		Building: Kinshicho Project Tokutei Mokuteki Kaisha
Acquisition date	June 2009	Reason for acquisition	The property is a large office building and JPR judged that it has growth potential over the medium to long term.
Acquisition price	JPY 31,300 mn		
Completion	March 2006		
Appraisal Value	JPY 31,400 mn		

Property sales intended to help improve the portfolio quality by selling retail properties as well as office buildings in cities other than Tokyo



Strasse Ichibancho



Meieki Nichome Kaihatsu SPC Preferred Securities



Meiji Yasuda Life Osaka Umeda Building

Use of supporting property	Retail property	Office building	Office building
Location of supporting property	Sendai City, Miyagi	Nagoya City, Aichi	Osaka City, Osaka
Sale date	June 2009	June 2009	June 2009
Sale price	JPY 1,800 mn	JPY 306 mn	JPY 10,600 mn
Appraisal Value	JPY 1,790 mn	-	JPY 10,600 mn
Buyer	Tokyo Tatemono Co., Ltd.	Tokyo Tatemono Co., Ltd.	Godo Kaisha Next Stage
Reason for sale	Respond to impairment risks	Respond to fluctuation risks in the office market in Nagoya	Record gain on sale and reduce the allocation ratio of properties in cities other than Tokyo in the portfolio

Properties Planned for Sale in the 17th Fiscal Period



JPR Nagoya Sakae Building

Type of use	Office
Location	Nagoya City, Aichi
Sale date (planned) ^(Note 1)	Planned to be delivered by the end of March 2010
Sale price (planned) ^(Note 2) / gain on sale	JPY 4,937 mn / JPY 352 mn
Completion ^(Note 3)	(1) January 2003 (2) December 1986
Buyer	Not disclosed (general operating company in Japan)

JPR judged that, from the perspectives of focused investment in office buildings in Tokyo and of portfolio management over the medium to long term, it is effective to use the funds from the sale of the property to acquire office buildings in Tokyo.

(Note 1) JPR concluded the basic contract concerning the sale of the property with the buyer in January 2010, and is scheduled to conclude the sale agreement in the future.

(Note 2) The sale price (planned) is the amount indicated in the basic contract concerning the sale but has been rounded off to a million yen, and excludes expenses required for the sale, consumption tax and other expenses.

(Note 3) (1) indicates the completion date of the JPR Nagoya Sakae Building and its site, while (2) indicates the completion date of the parking lot on a separate site.

**Realize disposal of properties that have impairment risks, and sell other properties that are outside JPR's strategic areas => Restrict downside risks
At the same time, acquire blue-chip properties in the Tokyo area, which should amount to more than the total of the sale prices => Implement growth strategy**

Strategic Property Replacement and Improvement in Portfolio Quality (3)

Property Acquisitions in the 16th Fiscal Period



Rokubancho Building

Type of use	Office
Location	Chiyoda Ward, Tokyo
Acquisition date	December 2009
Acquisition price	JPY 2,800 mn
Completion	October 1991
Seller	Not disclosed (special purpose company in Japan)
Total floor space	4,205.09m ²



Ryoshin Harajuku Building

Type of use	Office
Location	Shibuya Ward, Tokyo
Acquisition date	December 2009
Acquisition price	JPY 8,400 mn
Completion	March 1989
Seller	TOKYU REIT, Inc.
Total floor space	6,466.94m ²

Property Acquisitions in the 17th Fiscal Period



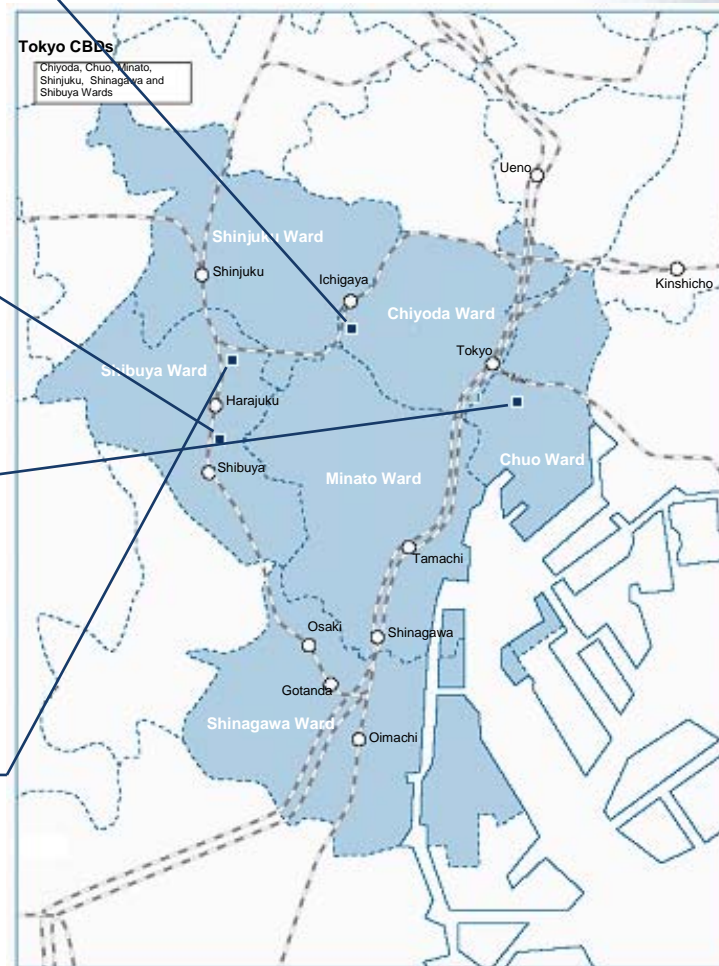
Tokyo Tatemono Kyobashi Building

Type of use	Office
Location	Chuo Ward, Tokyo
Acquisition date	February 2010
Acquisition price	JPY 5,250 mn
Completion	January 1981
Seller	Tokyo Tatemono Co., Ltd.
Total floor space	4,419.79m ²



JPR Sendagaya Building

Type of use	Office
Location	Shibuya Ward, Tokyo
Acquisition date	May 2010 (planned)
Acquisition price	JPY 15,050 mn (planned)
Completion	May 2009
Seller	Sendagaya Kaihatsu Tokutei Mokuteki Kaisha (Note 1)
Total floor space	7,683.19m ²

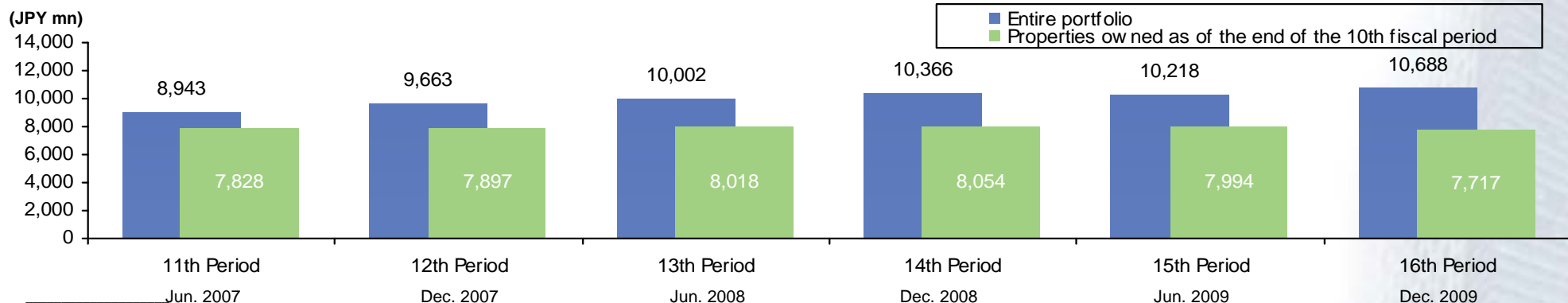


*Figures for the acquisition price, acquisition price (planned), etc. indicated above have been rounded off to a million yen.

(Note 1) The seller is a tokutei mokuteki kaisha (special purpose company) established in accordance with the Law Concerning Asset Liquidation. Tokyo Tatemono Co., Ltd. has made preferred investment in the entity, and has been entrusted with asset management operations from it.

Management Results

■ Changes in Rental Revenues

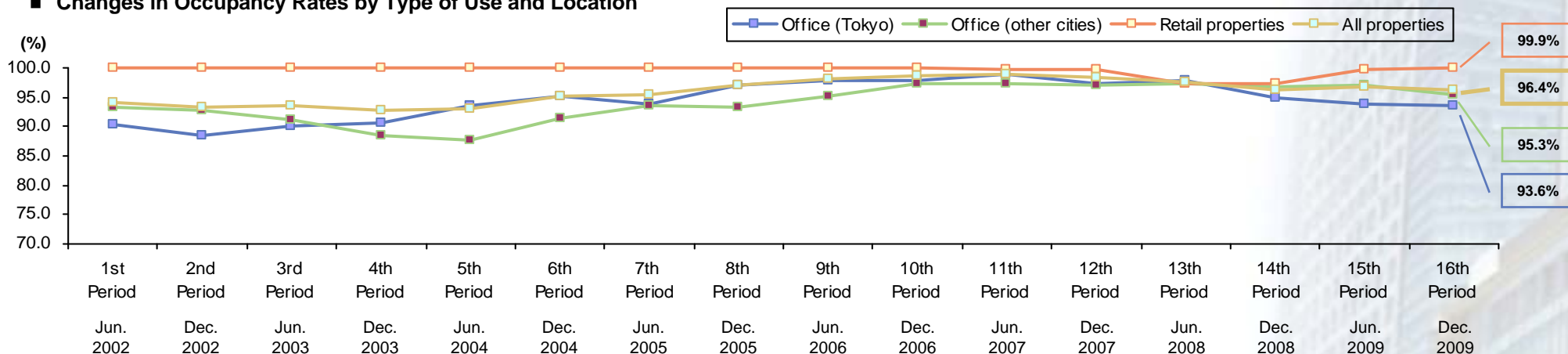


(Note 1) For properties owned at the end of the 10th fiscal period, the indicated figures are the sum of rents, common charges, parking rates and other revenues (excluding such variable revenues as incidental income) for properties JPR owned at the end of the 10th fiscal period excluding properties replaced through transactions by the 15th fiscal period.

As for the entire rental revenue, the indicated figures are the sum of rents, common charges, parking rates and other revenues (excluding such variable revenues as incidental income) for properties owned in respective fiscal periods (including properties that were sold during the periods).

(Note 2) Figures have been rounded to a million yen.

■ Changes in Occupancy Rates by Type of Use and Location



(Note 1) Figures have been rounded to the first decimal place.

(Note 2) The occupancy rates are those of properties owned as of the end of November 2009, calculated based on the lease terms as of the same date, at the same date.

Strategic property replacement has proved effective, enabling JPR to maintain a relatively high occupancy level and secure relatively stable revenues

Financial Strategy

■ Status of JPR's Ratings and Interest-Bearing Liabilities

(as of February 15, 2010)

Rating agency	Issuer ratings
R&I (issuer rating)	AA-
Moody's (issuer ratings)	A2
S&P (long-term issuer credit ratings)	A

(as of February 15, 2010)

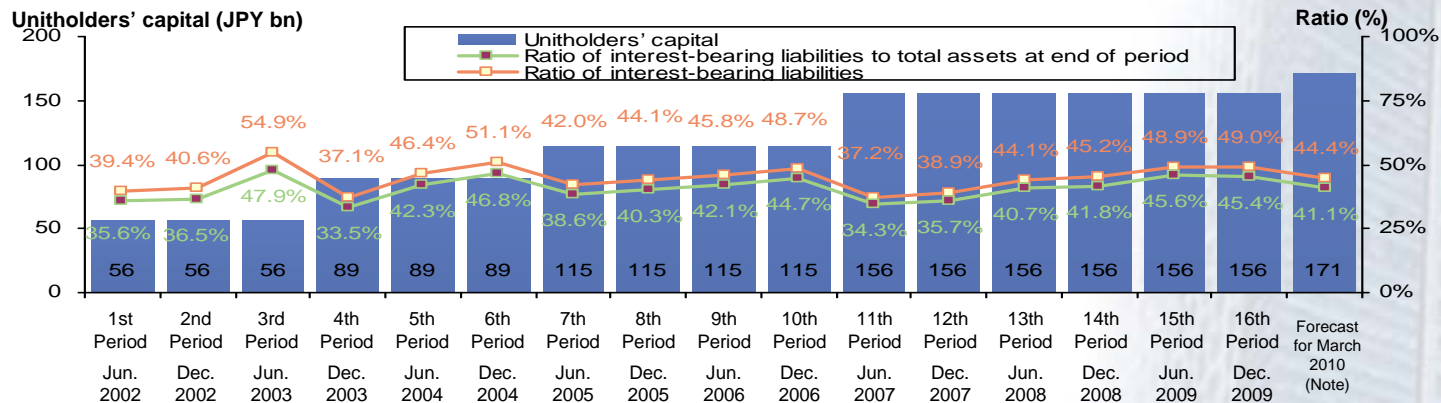
Ratio of long-term fixed-rate borrowings	81.46%
Average maturity of long-term interest-bearing liabilities	4.13 years
Average interest rate of long-term interest-bearing liabilities	2.07%
Average maturity of interest-bearing liabilities	3.44 years

(Note) Long-term interest-bearing liabilities are interest-bearing liabilities with a period of one year or more to the repayment dates

■ Overview of Commitment Line Contract

Limit	16 billion yen (total)
Maturity date (Note 1)	November 30, 2010
Lenders	Mizuho Corporate Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ, Ltd. Resona Bank, Ltd. Mitsubishi UFJ Trust and Banking Corporation

■ Changes in Unitholders' Capital, Ratio of Interest-Bearing Liabilities and Ratio of Interest-Bearing Liabilities to Total Assets at End of Period



*Ratio of interest-bearing liabilities (%) = Interest-bearing liabilities / (Interest-bearing liabilities + Unitholders' capital)

*Ratio of interest-bearing liabilities on total assets at end of period (%) = Interest-bearing liabilities / Total assets at end of period

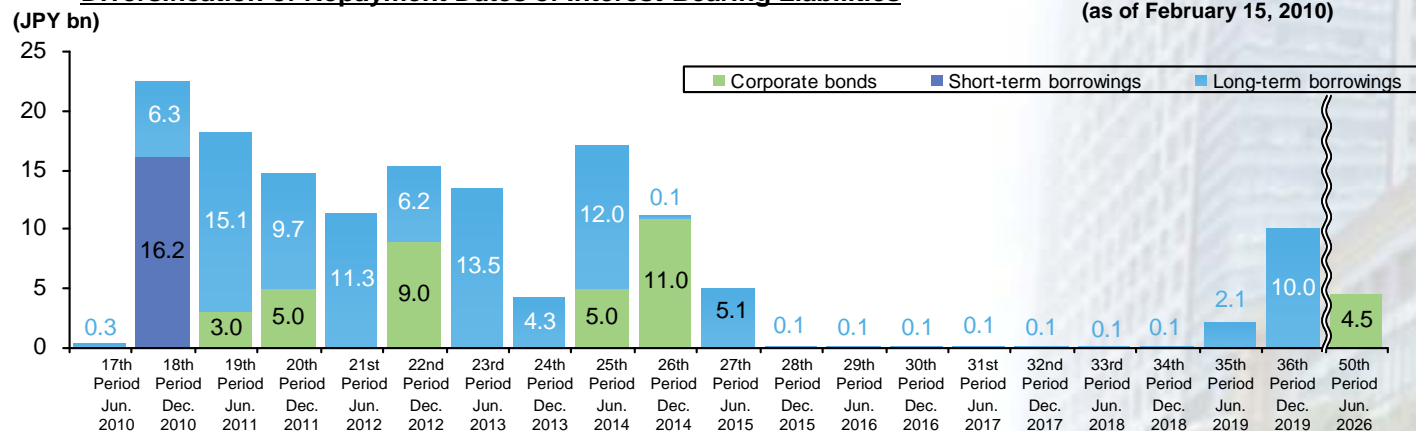
*Unitholders' capital has been rounded down to the nearest billion yen.

*The ratio of interest-bearing liabilities and the ratio of interest-bearing liabilities to total assets at end of period have been rounded to the first decimal place.

(Note) With regard to the ratio of interest-bearing liabilities on total assets for March 2010, the figure of the total assets has been calculated based on the total assets at the end of the 16th fiscal period and in consideration of proceeds paid upon the capital increase, repayment of borrowings and other factors.

■ Diversification of Repayment Dates of Interest-Bearing Liabilities

(as of February 15, 2010)



*Figures have been rounded down to the nearest 100 million yen.

Realize conservative financial operations by endeavoring to increase the ratio of long-term, fixed-rate borrowings and to diversify repayment dates by fiscal period, thereby maintaining a high credit rating level

Breakdown of Interest-Bearing Liabilities

Work to further diversify fund procurement methods and sources,
and elaborately construct relationships with lenders

■ Breakdown of balance of borrowings by type of interest-bearing liabilities and lender

(JPY mn)

Lenders		Balance as of June 30, 2009	Balance as of December 31, 2009	Balance as of February 15, 2010	Security
Short-term borrowings	Mitsubishi UFJ Trust and Banking Corporation	2,280	4,280	4,280	Unsecured / Unguaranteed / Non-subordinated
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	4,000	4,000	4,000	
	Resona Bank, Limited	4,000	4,000	4,000	
	Mizuho Corporate Bank, Ltd.	3,972	3,972	3,972	
	Sumitomo Mitsui Banking Corporation	1,000	-	-	
	Aozora Bank, Ltd.	900	-	-	
Total short-term borrowings		16,152	16,252	16,252	
Lenders		Balance as of June 30, 2009	Balance as of December 31, 2009	Balance as of February 15, 2010	Security
Long-term borrowings	Mizuho Corporate Bank, Ltd.	11,000	10,900	10,900	Unsecured / Unguaranteed / Non-subordinated
	American Family Life Assurance Company of Columbus	-	10,000	10,000	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,000	9,917	9,917	
	Mitsubishi UFJ Trust and Banking Corporation	7,000	7,000	7,000	
	The Norinchukin Bank	7,000	7,000	7,000	
	Development Bank of Japan Inc.	4,995	4,870	4,870	
	Aozora Bank, Ltd.	3,400	4,300	4,300	
	Sompo Japan Insurance Inc.	4,000	4,000	4,000	
	Sumitomo Life Insurance Company	4,000	4,000	4,000	
	The Bank of Fukuoka, Ltd.	3,000	3,000	3,000	
	The Chugoku Bank, Ltd.	3,000	3,000	3,000	
	Shinsei Bank, Limited	3,000	3,000	3,000	
	Mizuho Trust & Banking Co., Ltd.	-	-	3,000	
	The Shinkumi Federation Bank	-	-	3,000	
	Sumitomo Mitsui Banking Corporation	3,000	2,950	2,950	
	The Hachijuni Bank, Ltd.	2,000	2,000	2,000	
	Taiyo Life Insurance Company	2,000	2,000	2,000	
	Daido Life Insurance Company	2,000	2,000	2,000	
	The Iyo Bank, Ltd.	1,000	1,000	1,000	
	ORIX Trust and Banking Corporation	-	-	1,000	
Meiji Yasuda Life Insurance Company	9,183	9,183	9,183	Secured / Unguaranteed / Non-subordinated	
Total long-term borrowings		79,578	90,120	97,120	
Total borrowings		95,730	106,372	113,372	
Lenders		Balance as of June 30, 2009	Balance as of December 31, 2009	Balance as of February 15, 2010	Security
Total corporate bonds		54,500	44,500	37,500	Unsecured / Unguaranteed / Non-subordinated
Lenders		Balance as of June 30, 2009	Balance as of December 31, 2009	Balance as of February 15, 2010	
Total interest-bearing liabilities		150,230	150,872	150,872	

Overview of Issue of New Investment Units and Secondary Offering (Over-Allotment)

Successfully created strong demand that was 4.8 times the total number of units issued from retail investors, 21 times the total number of units issues from institutional investors and 12 times the total number of units issued from all investors.

Type of offerings	Issue of new investment units via public offering in Japan and secondary offering (over-allotment)		
Total number of issued investment units	625,000		
Total number of units offered/rate of dilution	90,000	14.4% of issued investment units	
Of which, via public offering	82,000		
Of which, via secondary offering (over-allotment)	8,000		
Total amount of offerings	15,129 million yen	Total procured amount	14,614 million yen (estimate)
Of which, via public offering	13,784 million yen	Of which, via public offering	13,315 million yen
Of which, via secondary offering (over-allotment)	1,345 million yen	Of which, via third-party allotment in greenshoe option	1,299 million yen (estimate)
Portion	55% by general investors and 45% by institutional investors		
Issue price (offer price)	168,101 yen (closing price on the pricing date: 173,300 yen)		
Purchase price	162,382 yen		
Resolution date	January 21, 2010 (Thursday)		
Pricing date	February 1, 2010 (Monday)		
Payment date/additional listing date	February 8, 2010 (Monday)	February 9, 2010 (Tuesday)	
Underwriters	Mizuho Securities and Merrill Lynch Japan Securities (collectively referred to as the joint lead managers), Nomura Securities (manager), Daiwa Securities Capital Markets, Nikko Cordial Securities, Mitsubishi UFJ Securities and Tokai Tokyo Securities (collectively referred to as the syndicated underwriters)		

■ Undervalued Price Encourages Demand for Japan Prime Realty (JPR)

Book building started with a plan to allocate 55% of the new issue to retail investors and 45% to institutional investors, and resulted in demand that was stronger than expected by “4.8 times for retail investors, 21 times for institutional investors and around 12 times overall” (according to a concerned party). The strong demand was generated because “the issue price was much lower than the value” (by multiple concerned parties), as the dividend yield calculated from the issue price was high at 7.3% while the P/B (price-to-book) ratio was around 0.7. In addition, the strength of the main sponsor Tokyo Tatemono also caused the demand, as many voiced. There seemed to be no particularly strong criticism of the fact that the new issue was priced at a discount to the market price, with the P/B ratio at less than 1. Rather, “JPR has successfully demonstrated its ability to acquire properties, and thus highly appraised by the market” (by a market participant), with multiple sources sharing this opinion. It was also perceived that demand from overseas investors remained strong. “Some global real estate funds participated in the deal,” as a concerned party pointed out, while it appeared that “non-speculative investors holding long positions also submitted bids” (by another concerned party). Moreover, some in the REIT industry appreciated the fact that retail investors also showed strong demand for JPR’s new issue.

JPR will use the procured funds to acquire the Tokyo Tatemono Kyobashi Building (planned acquisition price: 5.25 billion yen; appraisal value as of the end of November 2009: 5.25 billion yen) and to repay short-term borrowings. The seller of the property is Tokyo Tatemono, the main sponsor. Built in 1981, the property has ten floors above ground and a basement floor, and enjoys a good location as it stands one minute on foot from Kyobashi Station on the Tokyo Metro Ginza Line. Its assumed NOI yield is 5.4%. INAX is the major tenant, using the property as its offices as well as a showroom. Meanwhile, repayment of short-term borrowings is expected to lower JPR’s LTV, based on total assets at period end, from 45.4% as of the end of the previous fiscal period to “41% to 42%,” according to JPR. JPR anticipates that the lowered LTV will increase its capacity to acquire properties by “around 40 billion yen.” The issuer says “the volume of property information has been soaring since June 2009,” and sees “an excellent opportunity” to acquire properties it targets – office buildings in the Tokyo metropolitan area.

Given the resolution of the public offering, JPR revised its forecast dividend for the 17th fiscal period (January through June 2010) to 6,600 yen per unit. The fund’s dividend per unit had significantly dropped to 3,731 yen for the 15th period from 7,092 yen for the preceding period, caused by the recording of extraordinary losses due to the payment of penalties for canceling a forward commitment contract. However, it recovered for the 16th period to the 6,000-yen level. JPR has pronounced that it “wants to maintain stable dividends at this level.”

	Dividend	Period-on-period change
14th period (July – Dec. 2008) results	7,092 yen	-0.4%
15th period (Jan. – June 2009) results	3,731 yen	-47.4%
16th period (July – Dec. 2009) forecast	6,750 yen	+80.9%
17th period (Jan. – June 2010) forecast	6,600 yen	-2.2%

The investment unit price of JPR decreased gradually after the resolution, temporarily dropping to 170,300 yen on the pricing date (February 1) – down 13,100 yen (-7.1%) compared with the closing price on the resolution day. However, the decrease remained within the range of the dilution ratio (13.1%), and the issuer explained that “the drop rate was within our assumption. Concerns over dilution due to the capital increase had restricted the rise of the investment unit price, but instead the price rose on a rebound after the conditions were finalized.” In fact, JPR’s investment unit price rose to 183,000 yen on the day following the pricing date, up 9,700 yen (up 5.6%) from the previous day, and continued to rise on after-market trading.

(Translated from the DealWatch report / Thomson Reuters)



Japan Prime Realty Investment Corporation

Future Management Strategy

17th~

External Growth Strategy (Return to a Growth Track)

- Focused investment in office buildings in Tokyo with growth potential
 - The present situation provides great opportunities for acquiring office buildings in Tokyo at relatively high yields
- Decrease the LTV ratio by procuring funds from the capital market
- Make sure to seize good property acquisition opportunities and secure excellent properties at an early stage
 - Return to proactive external growth by making good use of the additional 40 billion yen that became available as a result of the capital increase

Internal Growth Strategy (Focus on Maintaining Rental Profits)

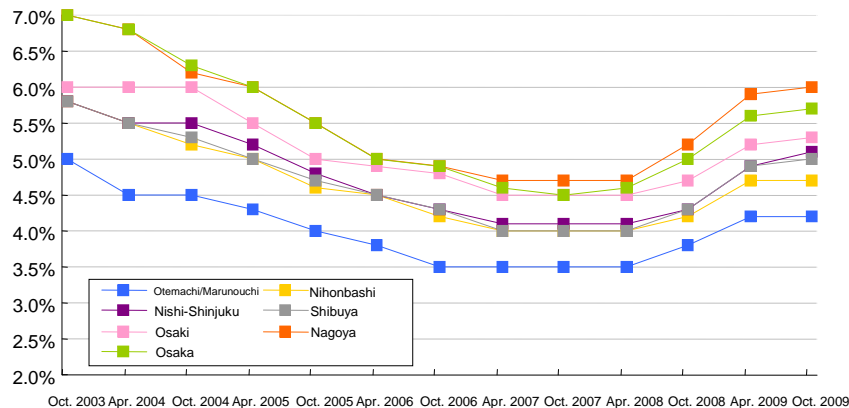
- Endeavor to conduct flexible property operations with a focus on occupancy rates, and avoid prolonged downtime in terms of rental revenues
- With regard to the contract status of tenants at existing properties, the number of cases of contract cancellations and reduced rents will tend to decline after peaking in the 16th fiscal period ending December 31, 2009.
- Conduct operations with a focus on profits by controlling rental expenses (outsourcing expenses, utilities expenses and repairs and maintenance)

Financial and IR Strategies (Reduce Procurement Costs of Debt Financing)

- Release deposits from tenants in an aim to enhance capital efficiency, while continuing conservative financial operations
- Work to reduce procurement costs of debt financing by diversifying procurement methods, such as issuance of corporate bonds, in an effort to increase distributions
- Keep implementing IR activities continuously. Take a proactive approach toward IR for foreign investors and retail investors who showed great demand for the latest capital increase by JPR

Office Market Conditions

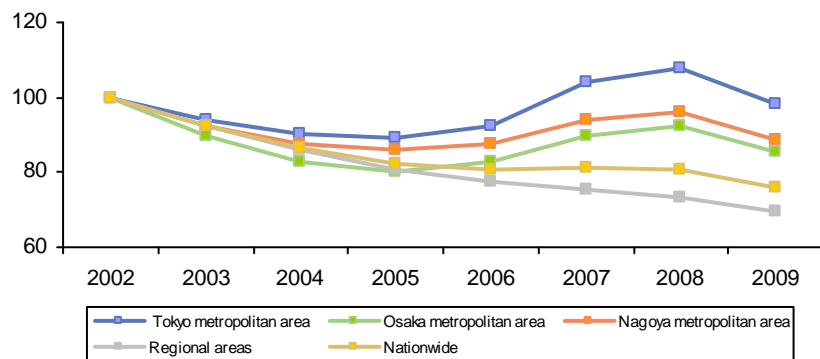
Changes in Cap Rates of Offices



(Note) Prepared based on the "Cap Rate of Average-Sized Class A Office Building" in "The Japanese Real Estate Investor Survey" by Japan Real Estate Institute

Cap rate levels stayed almost flat from April through October 2009

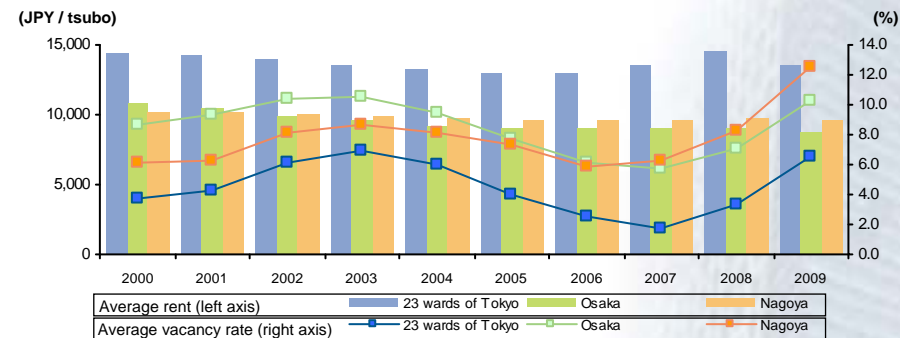
Changes in Land Prices of Commercial Districts



(Note 1) Prepared based on the "Land Price Survey by Prefecture" disclosed by the Ministry of Land, Infrastructure, Transport and Tourism
 (Note 2) The graph shows the changes in land price with the figure of 2002 set at 100.

Land prices in Tokyo remained stable at a relatively high level, and showed a high rate of increase when the trend was reversed

Changes in Average Rent and Average Vacancy Rate of Offices



(Note) Prepared based on the "OFFICE MARKET REPORT" by CB Richard Ellis, with average rents covering the data of January through December each year up to 2007 and of October through December for 2008 and 2009. Average vacancy rates indicate the data at the end of December each year.

Office (Tokyo): high rents / vacancy rates at low levels

Demand and Supply Forecast for Office Buildings in Tokyo

- Outlook for supply
 - New supply in 2010 is expected to slightly surpass that of 2009 in volume. For 2011 and 2012, the supply volume is forecast not to be very large as some projects apparently have not yet started construction as scheduled.
- Outlook for demand
 - Total demand in 2009 decreased significantly, but is expected to turn to an increase in 2010. In 2011 and 2012, economic and employment recovery, as well as relatively low rent levels, are expected to generate demand that will surpass forecast supply. Financial and insurance industries, as well as information and communication industries, which are concentrated in Tokyo, will likely boost demand.

(Note) Tokyo Realty Investment Management, Inc. prepared the comments on the demand and supply forecast for office buildings in Tokyo, as indicated above, based on the "Real Estate Market Research Report" (surveyed in September 2009) by STB Research Institute Co., Ltd.

New demand for office buildings in Tokyo is expected to surpass new supply in volume in 2011

Environmental Perception and Basic Policy for External Growth

Present Status of the Real Estate Transaction Market

Deterioration seen in the fund procurement capabilities of players such as privately placed funds, which had boasted price competitiveness based on high leverage

Presently, although the debt procurement environment has become less strict, lenders that give credit to privately placed funds are still limited.

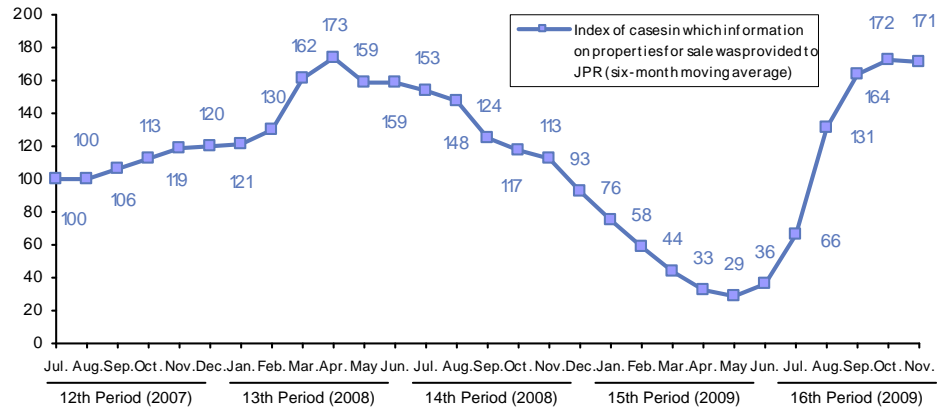


Advantage Factors in the Transaction Market

Investors with stronger fund procurement capabilities have greater advantages in conducting transaction negotiations (as payment is more secure)

Investment judgments from a long-term perspective will find advantages in J-REITs, railway companies and other entities that have strong fund procurement capabilities

Changes in the Number of Cases in Which Information on Properties for Sale Was Provided to JPR



(Note) The figures in the above graph represent the moving average (index) of the number of cases in which the Asset Manager received information on properties for sale, in accordance with the standards it has established, during the six months preceding each calculation date, with the figure of July 2007 set at 100.

Property replacements JPR conducted in June 2009, as well as the shift of its asset management policy, helped spread the perception that JPR is a “REIT that can buy properties”, leading to a significantly increased number of cases in which information on properties for sale was provided.

Although information on properties that might become JPR’s targets is limited, there is a strong possibility that JPR can obtain such properties under consideration, as the number of competing buyers is also limited for the moment.

The number of participants in the transaction market gradually increased, starting in the latter half of 2009, given the changes in the outlook of the rental market for office buildings in Tokyo.
The competitive advantage may possibly decrease quickly (especially over office buildings in Tokyo) if the factors that have caused the deterioration of fund procurement capabilities of privately placed funds are removed.

Secure excellent office buildings in Tokyo, which should be the next growth driver, as early as possible by making good use of the additional 40 billion yen that will become available as a result of the capital increase

Acquisition Targets

External Growth Strategy Based on the Perspective of Management over the Medium to Long Term

- “Rigorously selected investments” focusing on location and future potential
 - Properties that allow expectations for increased rents over the medium to long term
【Expected to contribute to the growth of distribution per unit】

Properties that allow expectations for increased rents over the medium to long term

- Recently built large-scale office buildings in Tokyo
- Medium-sized or larger office buildings located in Tokyo CBDs, equipped with a certain level of facilities
- Office buildings and retail properties that are judged to allow expectations for increased rents as much as or even larger than the office buildings mentioned above

- Properties that allow expectations for increased property values over the medium to long term
【Expected to contribute to the increase in NAV per unit】

Properties that allow expectations for increased property values over the medium to long term

- Properties that can be acquired at relatively low prices for their values
- Properties that allow expectations for increased values through their management after acquisition
- Excellent properties, such as large-scale development projects, with expected growth potential in the future
- Excellent properties that can be acquired at reasonable price levels by cooperating with the sponsors (companies holding shares of the Asset Manager) to avoid excessive competition in the market

Adjustments in the rental market for office buildings in Tokyo are continuing, though the decreasing trend has been slowing. Given this situation, JPR will implement rigorously selected investments by fully discerning the change in contract status of rent levels of respective tenants and other factors.

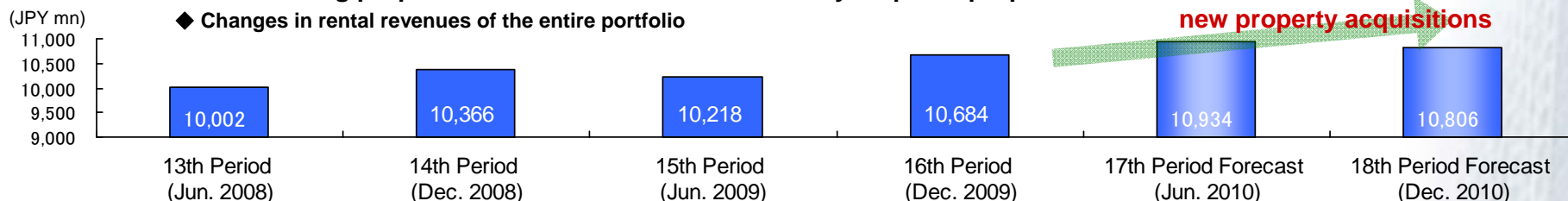
Specific Investment Targets

- Properties that belong to class A properties and are positioned at lower ranks in terms of their size, location and specifications [A-] (Ex.: Ryoshin Harajuku Building)
- Properties that belong to class B properties and are positioned at higher ranks in terms of their size, location and specifications [B+] (Ex.: Rokubancho Building)
- Properties, both in the class A and class B categories, that can be acquired at relatively low prices for their values due to such factors as the sellers wanting to sell them as soon as possible.
- Target acquisitions primarily of properties located in the six wards of Tokyo CBDs. With regard to investment in properties in Greater Tokyo, JPR will carefully examine such individual factors as their locations and areas.
- Acquire properties of a profitability that, on average, surpasses the profitability of the entire portfolio. Since office buildings in Tokyo have a higher ratio of land in the proportion of land and building, JPR will aim at properties that should contribute to increased cash distributions, paying attention to the level of property ROA after deducting depreciation.

Internal Growth Strategy

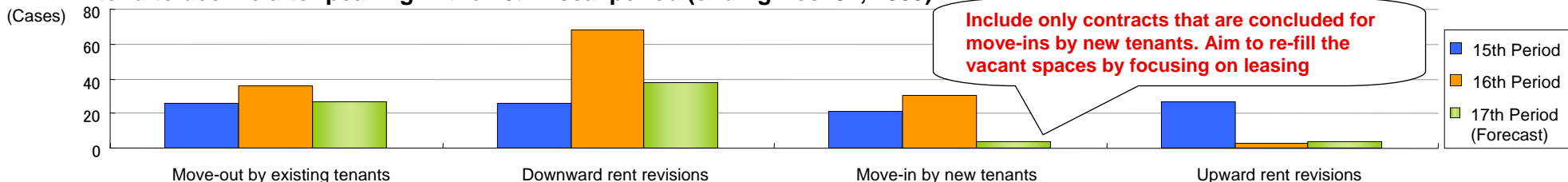
Flexible Property Operations with a Focus on Occupancy Rates

- Rental revenues from existing properties have continuously exhibited a decreasing trend through the fiscal period ending December 2010 and are forecast to become flat from the fiscal period ending June 2011. For the moment, JPR will aim to complement the decrease in rental income from existing properties with rental income from newly acquired properties. **Aim to increase revenues through new property acquisitions**



Changes in Contracting Status of Tenants at Existing Properties

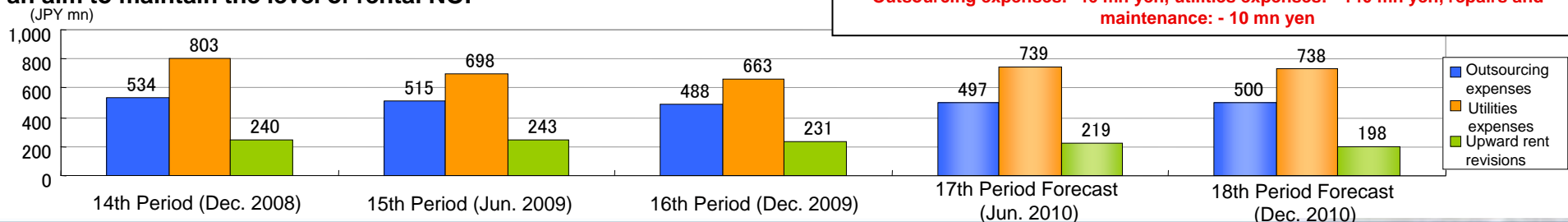
- With regard to the contracting status of tenants at existing properties, the number of cases of contract cancellations and reduced rents will tend to decline after peaking in the 16th fiscal period (ending Dec. 31, 2009).



Operations with a Focus on Profits by Controlling Rental Expenses

- Realize flattening and greater efficiency of various rental revenues with an aim to maintain the level of rental NOI

Results of cost reductions in the 16th fiscal period (compared with the 14th period)
 Outsourcing expenses: -46 mn yen, utilities expenses: -140 mn yen, repairs and maintenance: -10 mn yen





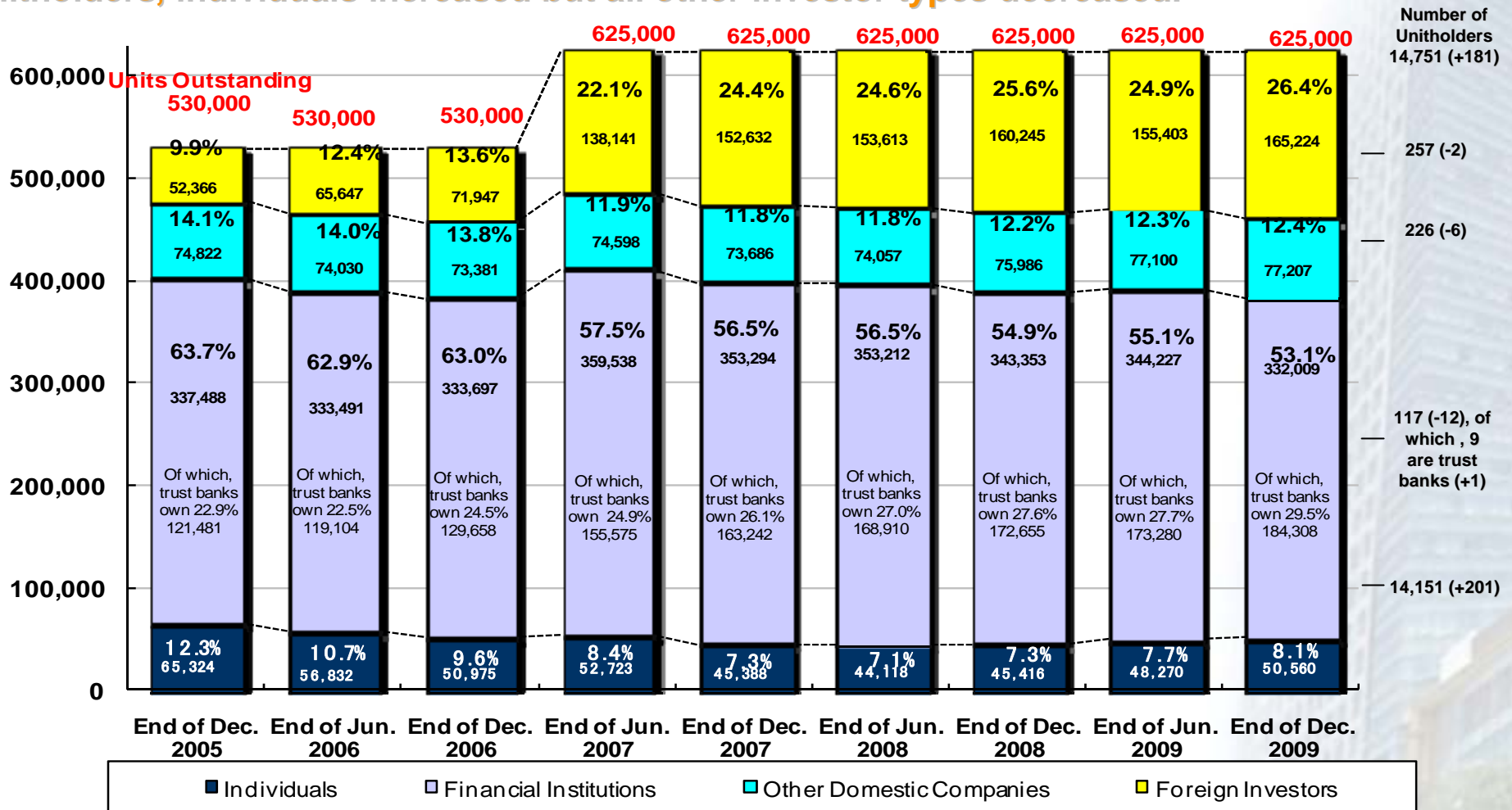
Japan Prime Realty Investment Corporation

Appendix

16th~

Historical Unitholder Composition (Number of Units by Investor Type)

In the number of units held, the ratio of financial institutions fell while individuals and other domestic companies increased. Investment trusts have continued to rise. In the number of unitholders, individuals increased but all other investor types decreased.



*The composition ratio has been rounded to the first decimal place.

Principle Unitholders

16th Fiscal Period (Ended December 2009)			15th Fiscal Period (Ended June 2009)		
Name	Number of Units Owned	% of Units Outstanding*	Name	Number of Units Owned	% of Units Outstanding*
NikkoCity Trust and Banking Corporation (Investment Trust Account)	50,463	8.07%	NikkoCity Trust and Banking Corporation (Investment Trust Account)	53,438	8.55%
Japan Trustee Services Bank, Ltd. (Trust Account)	48,359	7.73%	Japan Trustee Services Bank, Ltd. (Trust Account)	39,368	6.29%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	34,858	5.57%	Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	37,554	6.00%
Tokyo Tatemono Co., Ltd.	29,300	4.68%	Tokyo Tatemono Co., Ltd.	29,300	4.68%
Northern Trust Company (AVFC), Account Singapore Clients (Standing Proxy: The Hongkong and Shanghai Banking Corporation Ltd., Tokyo Branch)	27,300	4.36%	Northern Trust Company (AVFC), Account Singapore Clients (Standing Proxy: The Hongkong and Shanghai Banking Corporation Ltd., Tokyo Branch)	27,246	4.35%
The Master Trust Bank of Japan, Ltd. (Trust Account)	25,714	4.11%	Kawasaki Gakuen	25,000	4.00%
Kawasaki Gakuen	25,000	4.00%	The Master Trust Bank of Japan, Ltd. (Trust Account)	24,644	3.94%
Meiji Yasuda Life Insurance Company	24,000	3.84%	Meiji Yasuda Life Insurance Company	24,000	3.84%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	19,699	3.15%	North Pacific Bank, Ltd.	13,546	2.16%
The Bank of Ikeda, Ltd.	13,234	2.11%	The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	13,384	2.14%
Total	297,927	47.66%	Total	287,480	45.99%

*For the percentages of units outstanding, figures after the second decimal place have been rounded off.

Milestones Since IPO and Historical Unit Price (June 2002 – February 2010)



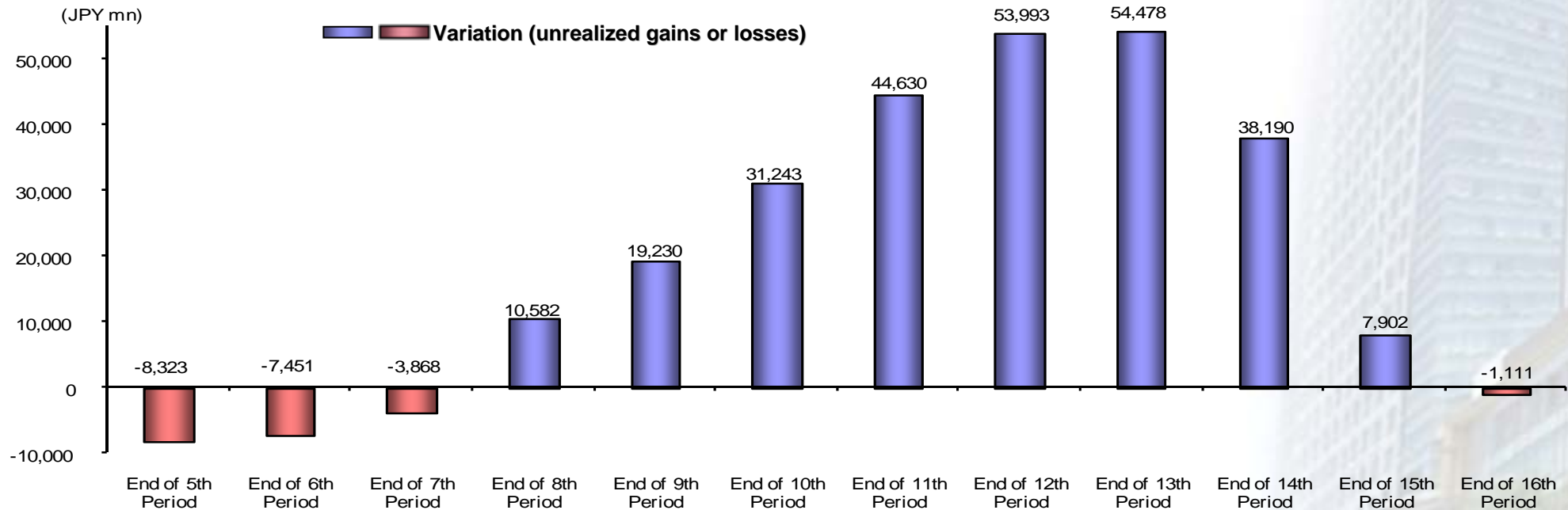
Fiscal Period	1st Period	2nd Period	3rd Period	4th Period	5th Period	6th Period	7th Period	8th Period	9th Period	10th Period	11th Period	12th Period	13th Period	14th Period	15th Period	16th Period
	Jun. 2002	Dec. 2002	Jun. 2003	Dec. 2003	Jun. 2004	Dec. 2004	Jun. 2005	Dec. 2005	Jun. 2006	Dec. 2006	Jun. 2007	Dec. 2007	Jun. 2008	Dec. 2008	Jun. 2009	Dec. 2009
DPU	JPY2,545	JPY6,912	JPY6,873	JPY5,738	JPY6,081	JPY6,671	JPY6,370	JPY6,411	JPY6,509	JPY6,873	JPY6,996	JPY6,671	JPY7,122	JPY7,092	JPY3,731	JPY6,933

Changes in Variation Between Appraisal Value and Book Value at End of Period

Net assets per unit after including variation between the appraisal value and book value (unrealized gains or losses) were 255,916 yen (Note 1).

	End of 5th Period Jun. 2004	End of 6th Period Dec. 2004	End of 7th Period Jun. 2005	End of 8th Period Dec. 2005	End of 9th Period Jun. 2006	End of 10th Period Dec. 2006	End of 11th Period Jun. 2007	End of 12th Period Dec. 2007	End of 13th Period Jun. 2008	End of 14th Period Dec. 2008	End of 15th Period Jun. 2009	End of 16th Period Dec. 2009
Number of properties	38	42	42	42	44	46	48	49	50	52	51	53
Appraisal value at end of period (JPY mn)	155,061	171,526	191,905	210,601	224,773	249,366	285,176	299,995	322,984	311,513	300,509	301,979
Book value (JPY mn)	163,384	178,977	195,773	200,019	205,543	218,123	240,546	246,002	268,506	273,323	292,607	303,090
Variation (unrealized gains: JPY mn)	-8,323	-7,451	-3,868	10,582	19,230	31,243	44,630	53,993	54,478	38,190	7,902	-1,111
Ratio of unrealized gains or losses*	-5.1%	-4.2%	-2.0%	5.3%	9.4%	14.3%	18.6%	21.9%	20.3%	14.0%	2.7%	-0.4%

*Ratio of unrealized gains or loss = Variation / book value x 100



(Note1) Net assets per unit after including unrealized gains = (Net assets at end of period + Unrealized gains or losses) / Number of outstanding units issued at end of period

Appraisals and Cap Rates at End of Period

No.	Property Name	End of 16th Period		End of 15th Period	
		Appraisal Value (*2)	Cap Rate (*3)	Appraisal Value (*2)	Cap Rate (*3)
1	Kanematsu Building	12,300,000	4.80%	13,600,000	4.80%
2	Kanematsu Building Annex	2,330,000	5.10%	2,800,000	5.10%
3	JPR Ningyo-cho Building	2,540,000	5.30%	2,540,000	5.30%
4	Shin-Kojimachi Building	3,240,000	5.00%	3,230,000	5.00%
5	JPR Crest Takebashi Building	3,640,000	4.80%	3,720,000	4.80%
6	MS Shibaura Building	14,700,000	5.00%	16,000,000	5.00%
7	Gotanda First Building	2,850,000	5.10%	2,910,000	5.00%
8	Fukuoka Building	3,240,000	4.60%	3,240,000	4.60%
9	JPR Ichigaya Building	5,100,000	4.70%	5,280,000	4.70%
10	Oval Court Ohsaki Mark West	4,320,000	4.80%	4,310,000	4.80%
11	Shinjuku Square Tower	9,795,000	4.60%	11,155,000	4.50%
12	BYGS Shinjuku Building	10,900,000	4.80%	11,100,000	4.70%
13	Across Shinkawa Building Annex	965,000	5.60%	1,030,000	5.50%
14	Shinjuku Center Building	13,700,000	4.30%	15,000,000	4.40%
15	Minami Azabu Building	3,000,000	5.10%	3,070,000	5.10%
16	Shinagawa Canal Building	1,640,000	5.10%	1,800,000	5.20%
17	Rokubancho Building	3,010,000	6.00%	-	0.00%
18	Ryoshin Harajuku Building	8,480,000	4.50%	-	0.00%
19	JPR Shibuya Tower Records Building	12,600,000	4.50%	12,600,000	4.50%
20	JPR Daikanyama	1,310,000	5.00%	1,350,000	5.00%
21	JPR Jingumae 432	4,200,000	3.40%	4,300,000	3.40%
22	Shinjuku Sanchome East Building	2,350,000	4.50%	2,380,000	4.50%
23	Yurakucho Ekimae Building (Yurakucho Itocia)	2,660,000	4.20%	2,750,000	4.10%
24	Arca East	5,900,000	4.80%	6,620,000	4.80%
25	JPR Chiba Building	1,620,000	6.10%	1,670,000	6.00%
26	JPR Yokohama Nihon Odori Building	2,470,000	5.70%	2,550,000	5.60%
27	Shinyokohama 2nd Center Building	925,000	6.20%	1,190,000	6.20%
28	Kawaguchi Center Building	9,520,000	6.10%	9,480,000	6.10%
29	JPR Ueno East Building	5,190,000	5.20%	5,290,000	5.20%
30	Tachikawa Business Center Building	3,390,000	5.70%	3,400,000	5.70%
31	Rise Arena Building	6,020,000	5.50%	6,040,000	5.50%
32	Yume-ooka Office Tower	5,640,000	5.50%	5,870,000	5.50%
33	Olinas Tower	31,500,000	4.80%	31,400,000	4.80%
34	Tanashi ASTA	12,200,000	5.80%	12,200,000	5.80%
35	Cupo-la Main Building	2,480,000	5.90%	2,480,000	5.90%
36	JJPR Musashikosugi Building	5,940,000	5.20%	6,140,000	5.10%

No.	物件名	End of 16th Period		End of 15th Period	
		Appraisal Value (*2)	Cap Rate (*3)	Appraisal Value (*2)	Cap Rate (*3)
37	Musashiurawa Shopping Square	3,890,000	5.40%	3,990,000	5.30%
38	Kawasaki Dice Building	14,664,000	4.70%	14,664,000	4.70%
39	Niigata Ekinan Center Building	2,090,000	6.70%	2,090,000	6.70%
40	Tokyo Tatemono Honmachi Building	3,660,000	7.00%	3,970,000	6.80%
41	JPR Hakata Building	2,970,000	6.00%	3,020,000	6.00%
42	JPR Naha Building	1,600,000	6.80%	1,610,000	6.80%
43	Sompo Japan Sendai Building	3,460,000	6.40%	3,680,000	6.40%
44	Sompo Japan Wakayama Building	1,820,000	7.50%	1,830,000	7.50%
45	Tenjin 121 Building	2,590,000	5.70%	2,730,000	5.70%
46	JPR Nagoya Sakae Building	5,000,000	5.20%	5,380,000	5.10%
47	JPR Dojima Building	2,450,000	5.40%	2,680,000	5.40%
48	JPR Hakata-chuo Building	1,830,000	5.70%	1,860,000	5.70%
49	Mitsubishi UFJ Lease & Finance Nagoya Head Office Building	3,420,000	6.00%	3,440,000	6.00%
50	JPR Umeda Loft Building	15,100,000	4.70%	15,200,000	4.60%
51	Benetton Shinsaibashi Building	4,590,000	4.80%	4,650,000	4.80%
52	Housing Design Center Kobe	6,540,000	6.30%	6,520,000	6.20%
53	JPR Chayamachi Building	4,640,000	5.00%	4,700,000	5.00%
Total		301,979,000	-	300,509,000	-

(*2) At end of period (1,000 yen)

(*3) Direct Capitalization Method

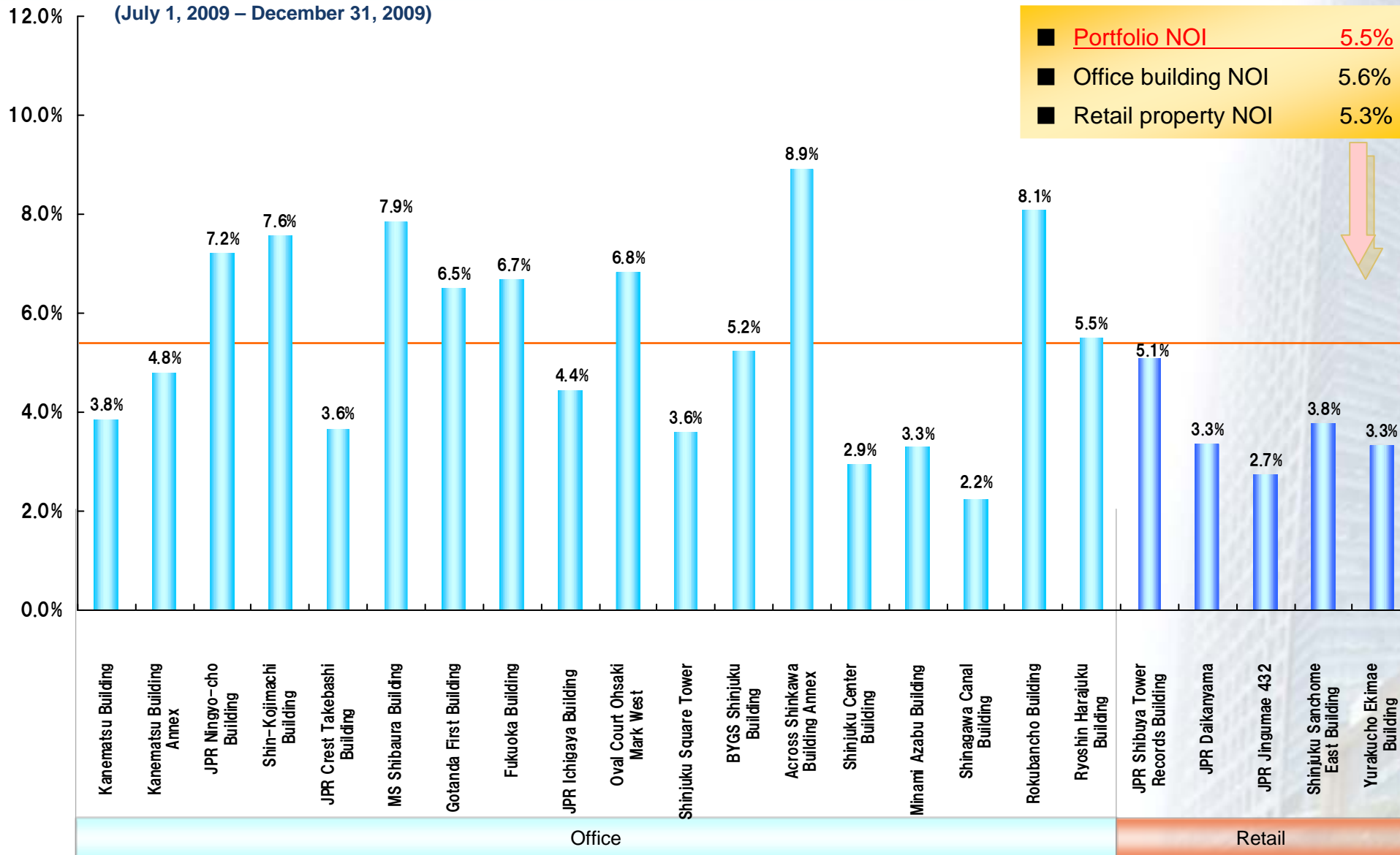
- Properties whose appraisal values decreased by 10% or more compared with those at the end of the 15th period
- Properties whose appraisal values increased compared with those at the end of the 15th period

Japan Real Estate Institute	Property No.	3.4.6.7.14.15.16.17.19.22.23.24.29.30.32.33.35.40.43.44.45.47.48
Tanizawa Sogo Appraisal	Property No.	39.41.42
Nippon Tochi-Tatemono	Property No.	1.2.20.27.28
CB Richard Ellis	Property No.	31.49.51.52.53
Daiwa Real Estate Appraisal Co., Ltd.	Property No.	5.8.9.10.12.13.25.26.34.46
Nihon LCR	Property No.	11.5
A Square	Property No.	21.38
HIRO & REAS Network	Property No.	18.36.37

(*1) The Direct Capitalization Method is a method for determining income using the capitalization method (a method that determines the asset price of targeted real estate by determining the sum of the current price of the net income that the targeted real estate is expected to produce in the future), which discounts the net income for a set period using the cap rate.

NOI Yield by Property for the 16th Fiscal Period (Tokyo CBDs)

(July 1, 2009 – December 31, 2009)



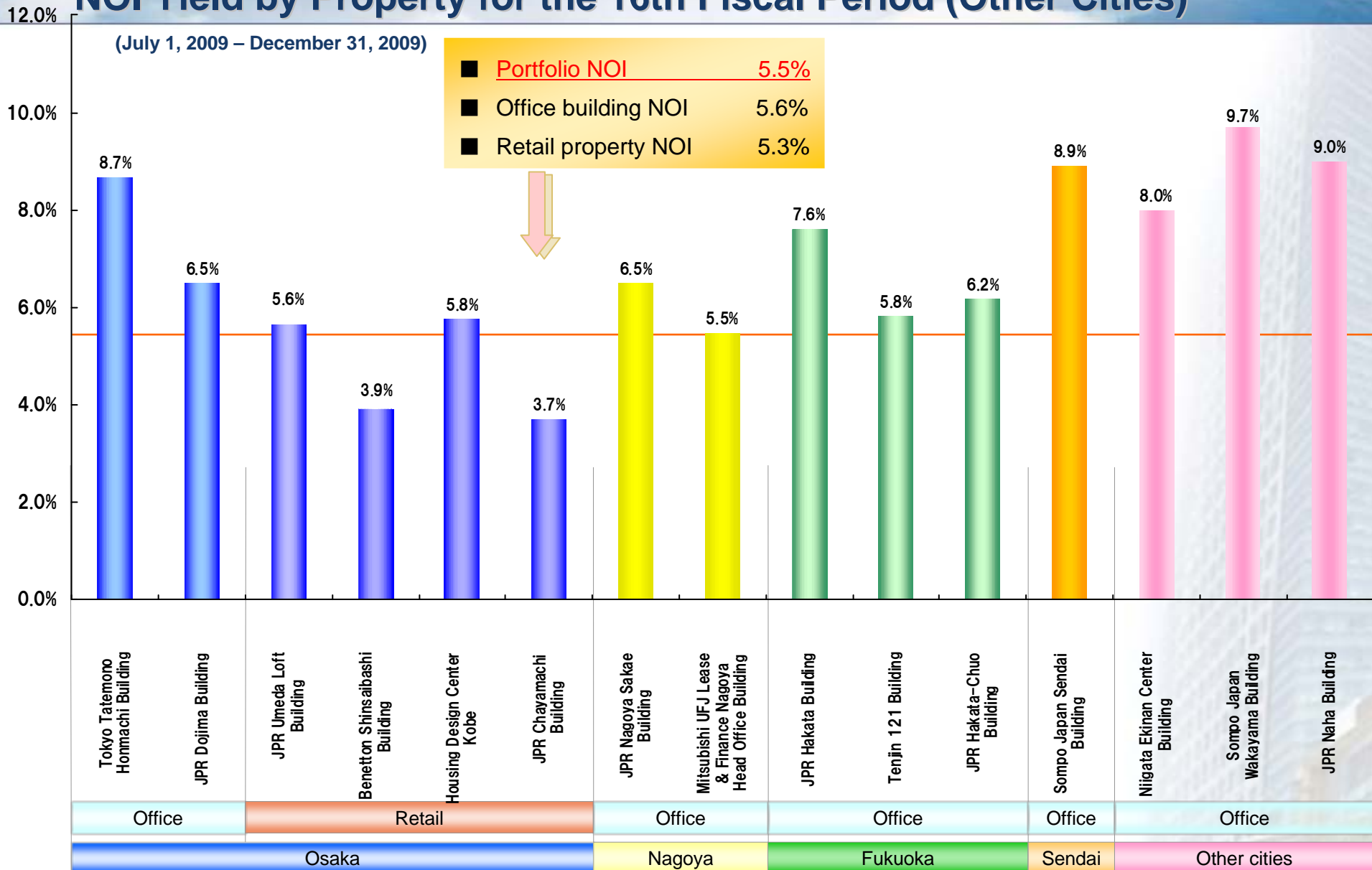
(Note) NOI yield = (Rental revenues - Rental expenses + Depreciation) x 365 / 184 ÷ Acquisition price. However, for properties acquired during the fiscal period, the annualized NOI yield has been calculated on a daily pro rata basis. The entered properties are those owned as of the end of the 16th fiscal period.

NOI Yield by Property for the 16th Fiscal Period (Greater Tokyo)



(Note) NOI yield = (Rental revenues - Rental expenses + Depreciation) x 365 / 184 ÷ Acquisition price. However, for properties acquired during the fiscal period, the annualized NOI yield has been calculated on a daily pro rata basis. The entered properties are those owned as of the end of the 16th fiscal period.

NOI Yield by Property for the 16th Fiscal Period (Other Cities)

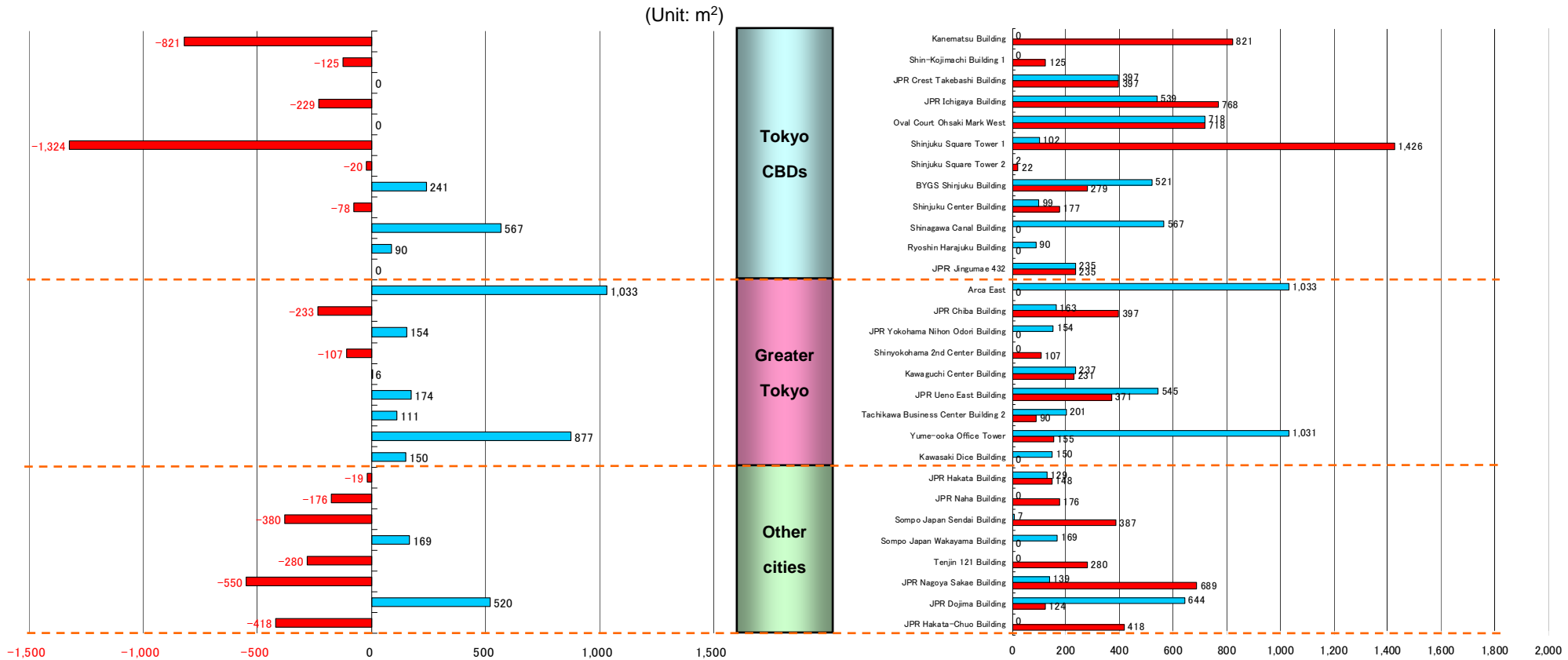


(Note) NOI yield = (Rental revenues - Rental expenses + Depreciation) x 365 / 184 ÷ Acquisition price. However, for properties acquired during the fiscal period, the annualized NOI yield has been calculated on a daily pro rata basis. The entered properties are those owned as of the end of the 16th fiscal period.

Contracting Status of Tenants by Property for the 16th Fiscal Period

■ Net Increase / Decrease of Floor Space by Property (Occupied-Vacated)

■ Occupied / Vacated Floor Space by Property

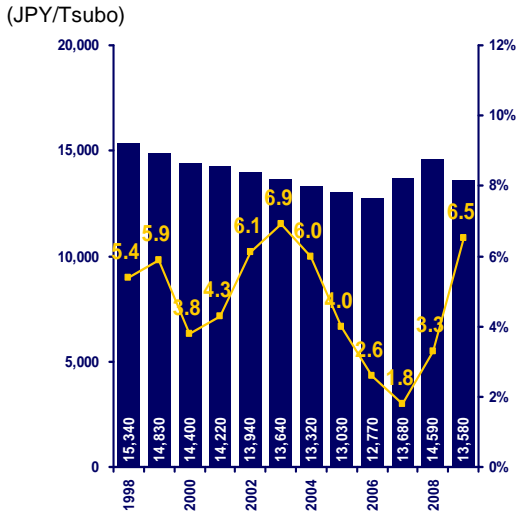


	Occupied (m ²)	Vacated (m ²)	Net (m ²)
Office (Tokyo CBDs)	3,033	4,732	-1,699
Office (Greater Tokyo)	3,363	1,350	2,013
Office (Other cities)	1,088	2,221	-1,133
Retail	386	235	150
Total	7,870	8,539	-669

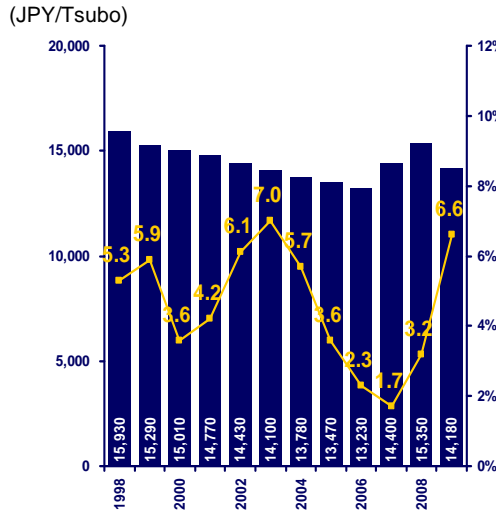
*The above graphs exclude properties at which there were no changes in tenants during the 16th fiscal period, but include changes in tenants from the amendment of lease contracts.

Office Vacancy Rates and Average Advertised Rents in Major Investment Areas

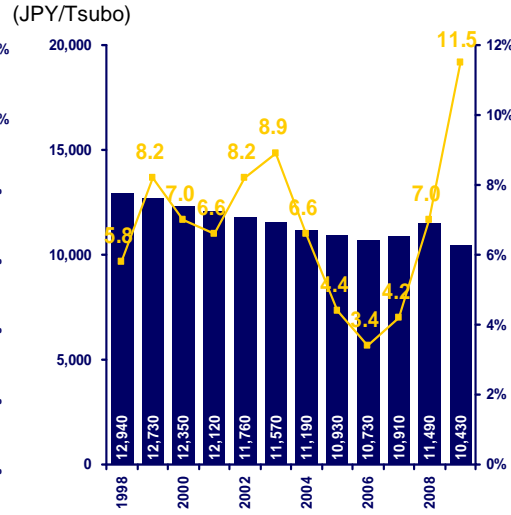
23 Wards of Tokyo



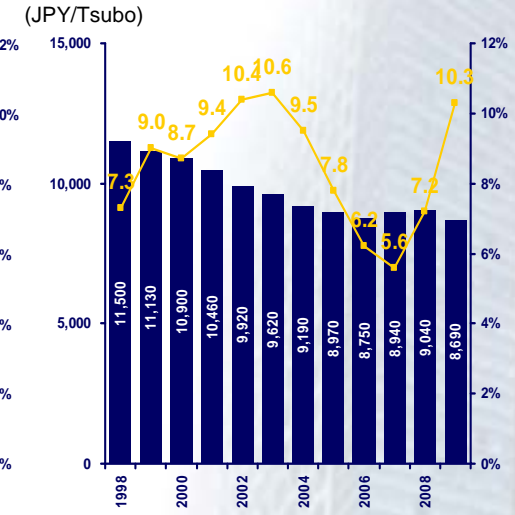
5 Wards of Tokyo



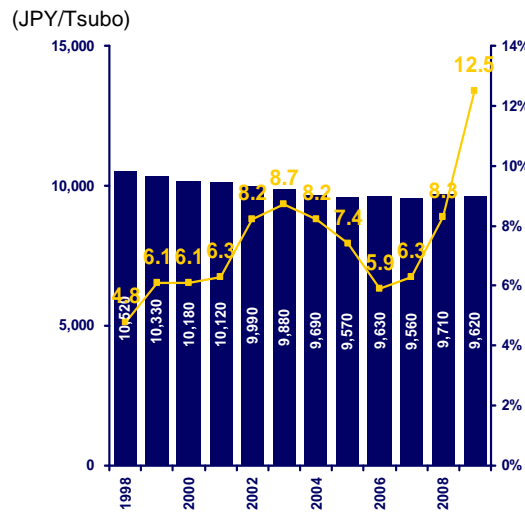
Yokohama City



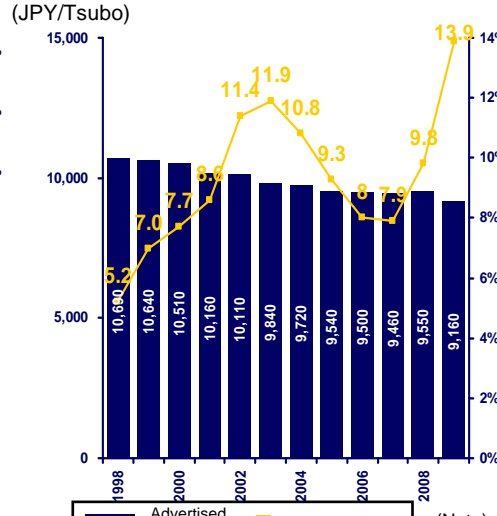
Osaka City



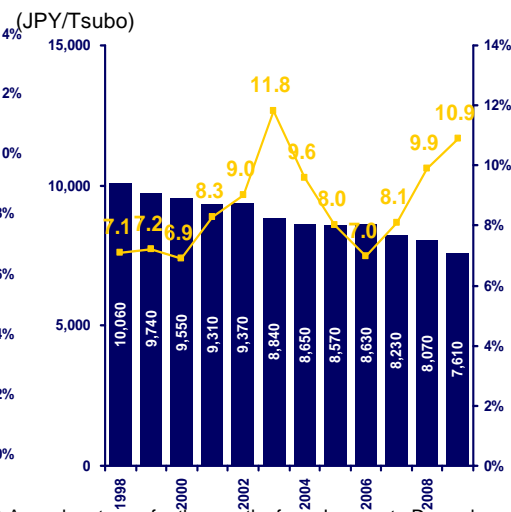
Nagoya City



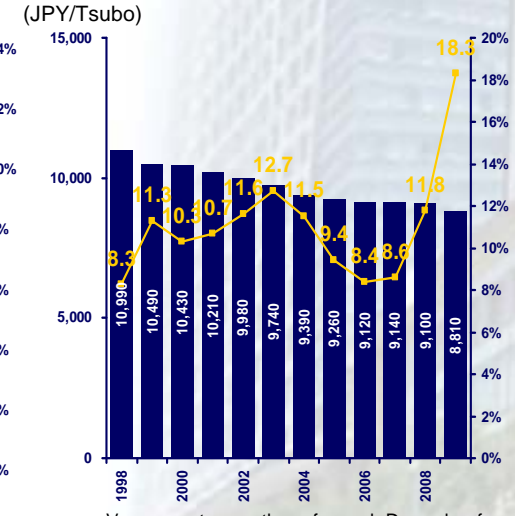
Fukuoka City



Sapporo City



Sendai City



Source: Office Market Report (CB Richard Ellis)

■ Advertised Rents ● Vacancy Rate

(Note) Annual rents are for the months from January to December every year. Vacancy rates are those for each December from 1998 to 2009.

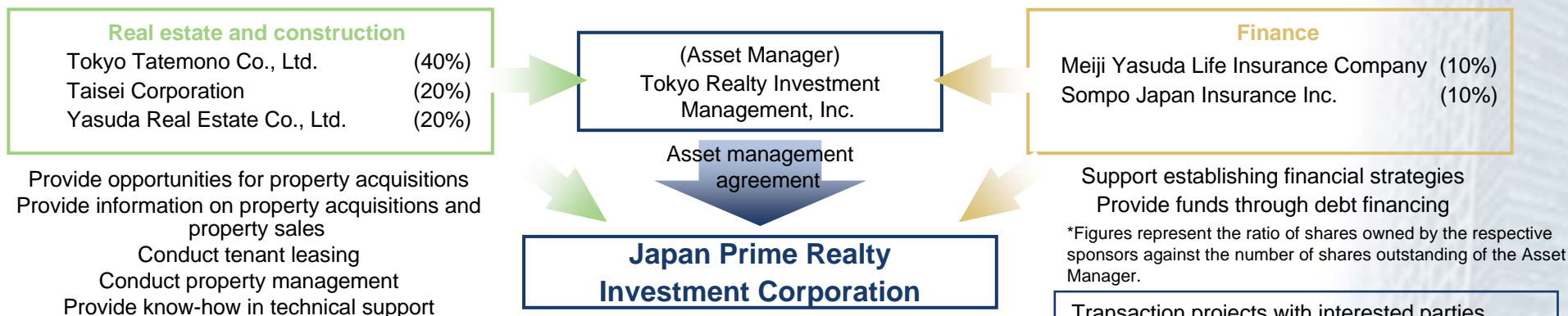
Overview of the Asset Manager

■ Overview of Tokyo Realty Investment Management, Inc.

Name:	Tokyo Realty Investment Management, Inc.
Capitalization:	350 million yen
Business description:	Asset management for investment corporation

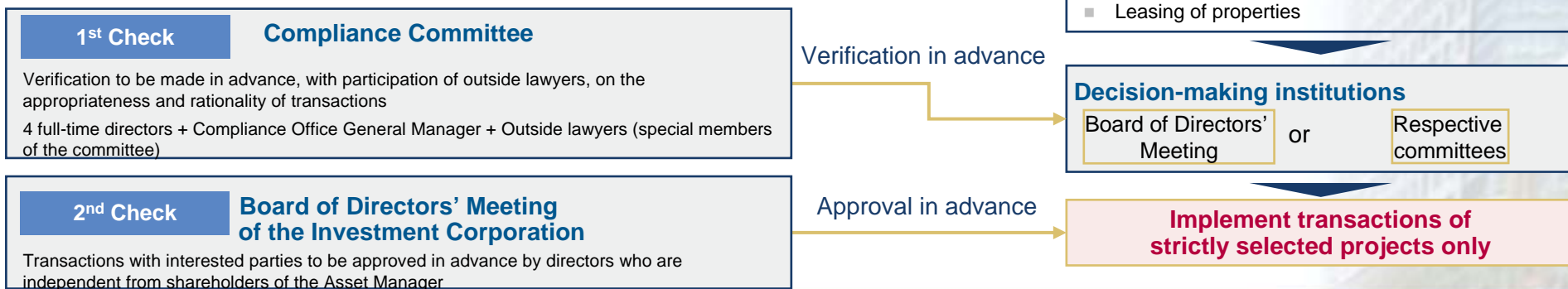
Take advantages of the strengths of the respective sponsors

The asset manager takes full advantage of the strengths in the real estate and construction areas of Tokyo Tatemono Co., Ltd., Taisei Corporation and Yasuda Real Estate Co., Ltd., and the strengths held by Meiji Yasuda Life Insurance Company and Sompo Japan Insurance Inc. as financial institutions, while also utilizing the know-how of the respective sponsors and conducting operations in a well-balanced manner.



■ Corporate governance system of the Asset Manager

The Asset Manager has established a rigorous monitoring system concerning transaction projects with interested parties of the investment corporation, such as property acquisitions from the sponsors, through internal and external checks and controls.



Disclaimer Regarding Forward-Looking Statements

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

This material is solely for the purpose of providing information and it is not intended for the purpose of offering or soliciting investment, or as a recommendation to purchase or sell any specific product. Please refer any inquiries for possible purchases of units or other products of Japan Prime Realty Investment Corporation to a securities dealer.

Although Japan Prime Realty Investment Corporation takes all possible measures to ensure the accuracy of the content provided in this material (including references to legislation and taxation), it makes no guarantee as to the accuracy of the content. Furthermore, the content may be subject to change without prior notification.

Please further note that this English material is a provisional translation of the original Japanese material.