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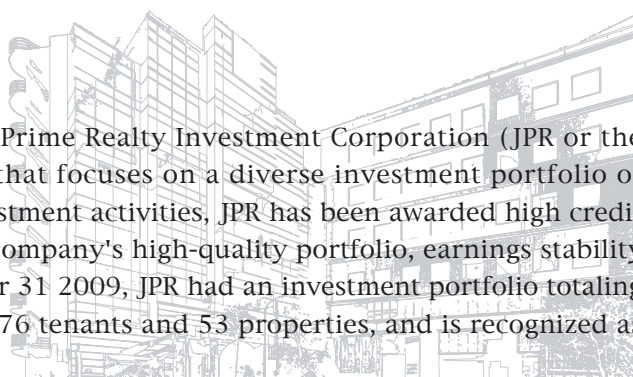


Sixteenth Fiscal Period Business Report  
July 1, 2009 – December 31, 2009  
Japan Prime Realty Investment Corporation



## Corporate Profile

Established on September 14, 2001, Japan Prime Realty Investment Corporation (JPR or the Company) is a closed-end corporate fund that focuses on a diverse investment portfolio of office and retail properties. Through its investment activities, JPR has been awarded high credit ratings from rating agencies, reflecting the Company's high-quality portfolio, earnings stability and sound financial standing. As of December 31 2009, JPR had an investment portfolio totaling 310.61 billion yen on an acquisition basis, 476 tenants and 53 properties, and is recognized as one of the top diversified REITs in Japan.



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# Investment Highlights

## *Portfolio Overview*

- Top-ranked diversified J-REIT
- Focusing on high-quality office buildings and high-profile retail properties
- Sponsored by major real estate developers, a general contractor, financial institutions

## *Policy on Constructing Portfolio*

- Revisions to the Asset Management Guidelines
  - Changes in target allocation ratios
    - Target allocation ratio of location
      - Tokyo: 80~90%, Other cities: 10~20%
    - Target allocation ratio of type
      - Office buildings: 70~90%, Retail properties: 10~30%
- 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, and will amount to 326.2 billion yen after all properties planned for acquisition are acquired.

## *Acquisition Targets*

- “Rigorously selected investments” focusing on location and future potential
  - Properties that allow expectations for increased rents over the medium to long term
  - Properties that allow expectations for increased property values over the medium to long term





## Message to Our Unitholders

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We are delighted to have this opportunity to provide an overview of the asset management and financial results of Japan Prime Realty Investment Corporation (JPR) for its 16th fiscal period (July 1, 2009 – December 31, 2009).

With regard to the portfolio, JPR acquired the Rokubancho Building (2.8 billion yen on an acquisition price basis) and the Ryoshin Harajuku Building (8.4 billion yen on an acquisition price basis) for a total of 11.2 billion yen. As a result, JPR's portfolio consisted of 53 properties, or 310.6 billion yen on an acquisition price basis, as of the end of the fiscal period.

As for financing, JPR has continued to secure a stable financial status through such measures as procurement of 10.0 billion yen in long-term borrowings in September 2009 to fund the redemption of corporate bonds.

With regard to the financial results of the 16th fiscal period, due to factors such as in-period contributions from properties acquired during the period, as well as full-period occupancy of the property acquired in the previous period, JPR recorded 11,493 million yen in operating revenues, 4,333 million yen in ordinary income and 4,332 million yen in net income.

As a result, the cash distribution per unit came to 6,933 yen.

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

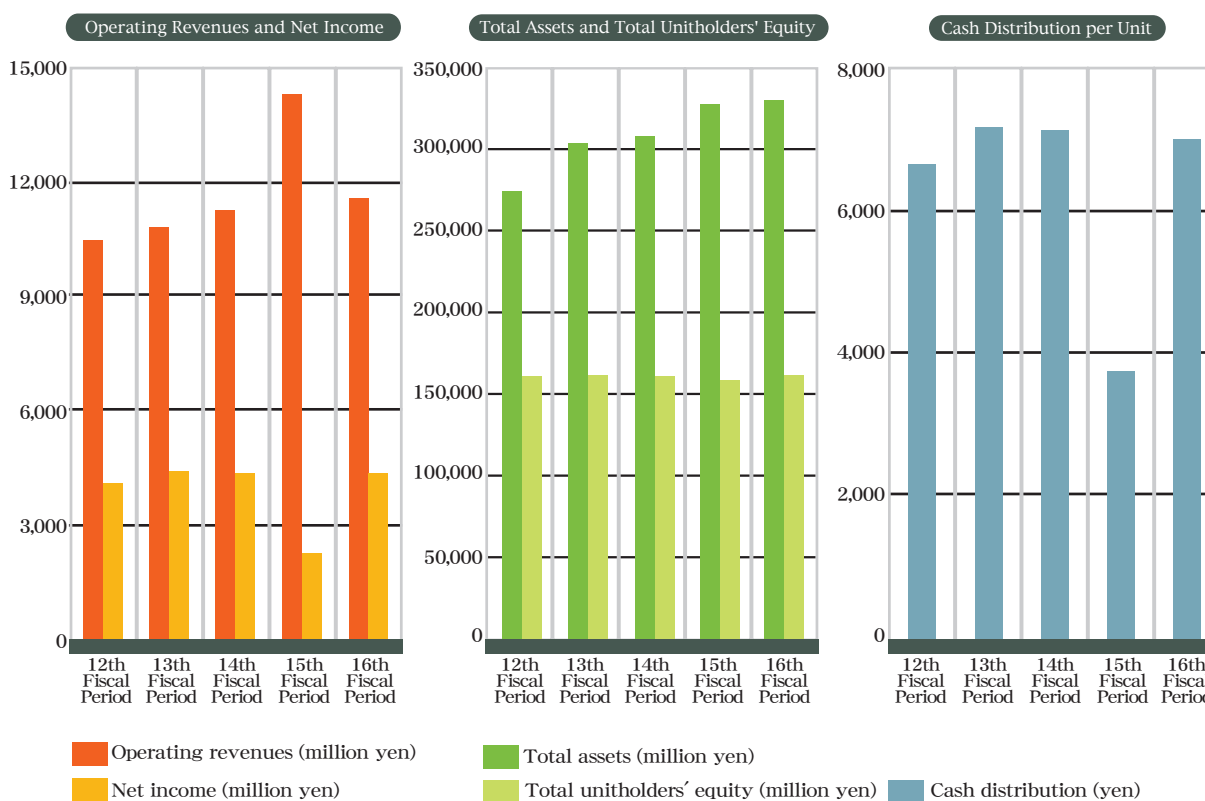
We ask for your continued understanding and support of our operations.

**Hirohito Kaneko**  
**Executive Officer**  
**Japan Prime Realty Investment Corporation**

## Account Highlights

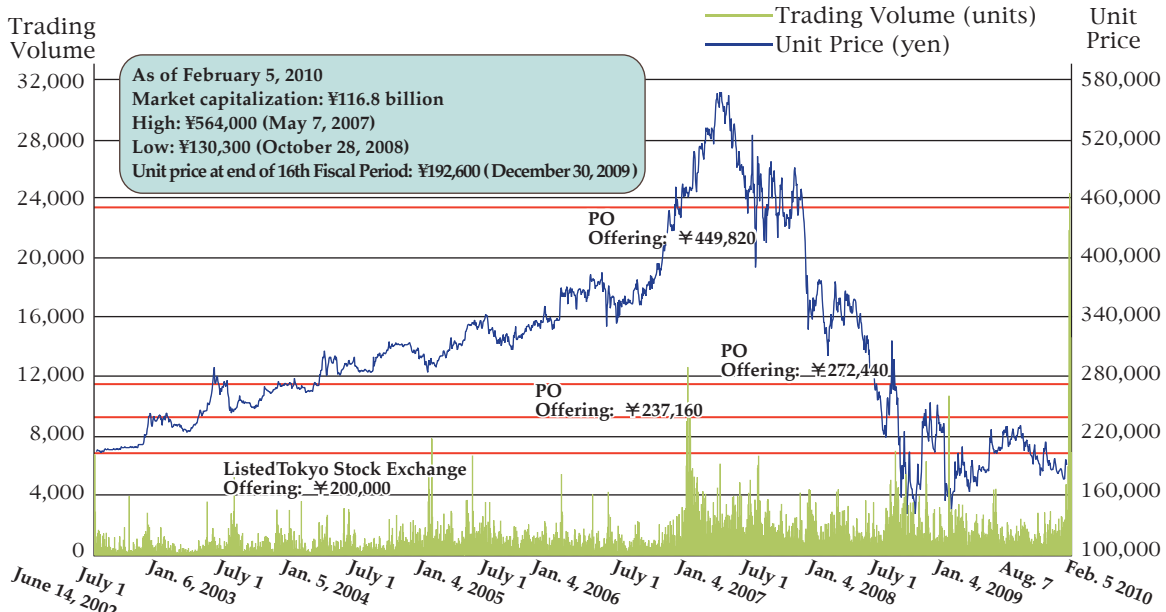
(All amounts in millions of yen unless otherwise stated)

	12th Fiscal Period ended December 2007	13th Fiscal Period ended June 2008	14th Fiscal Period ended December 2008	15th Fiscal Period ended June 2009	16th Fiscal Period ended December 2009
Operating revenues	10,449	10,830	11,171	14,330	11,493
Recurring profits	4,170	4,452	4,433	5,572	4,333
Net income	4,169	4,451	4,432	2,331	4,332
Total cash distributions	4,169	4,451	4,432	2,331	4,333
Total assets	278,842	303,459	309,253	329,163	332,380
Total unitholders' equity	160,895	161,177	161,158	159,057	161,058
Equity ratio (%)	57.7	53.1	52.1	48.3	48.5
Unitholders' equity per unit (yen)	257,432	257,883	257,853	254,492	257,693
Cash distribution per unit (yen)	6,671	7,122	7,092	3,731	6,933



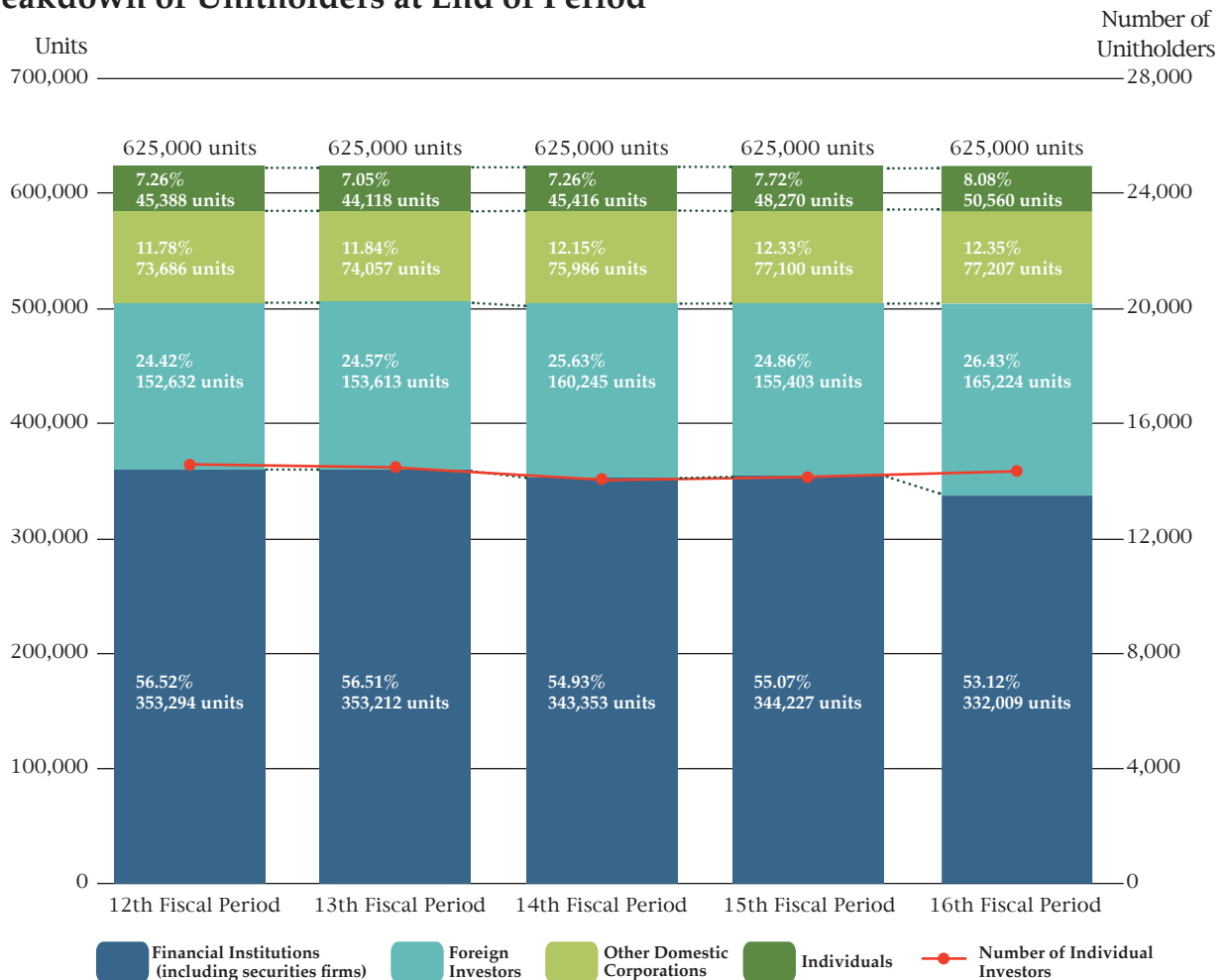
# Investment Unit Status

## Historical Unit Price



(Note) Unit prices are based on closing prices.

## Breakdown of Unitholders at End of Period



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

## New Acquisitions during the 16th Fiscal Period and After

### Properties Acquired in the 16th Fiscal Period

#### Rokubancho Building

A 17

(Office)



Location  
Chiyoda Ward, Tokyo

Acquisition Date  
December 2, 2009

Acquisition Price  
¥2,800 million

Site Area  
716.95m<sup>2</sup>

Total Floor Space  
4,205.09m<sup>2</sup>

Structure Floors  
SRC B3/7F

Completed  
October 1991

#### Ryoshin Harajuku Building

A 18

(Office)



Location  
Shibuya Ward, Tokyo

Acquisition Date  
December 25, 2009

Acquisition Price  
¥8,400 million

Site Area  
1,205.07m<sup>2</sup>

Total Floor Space  
6,466.94m<sup>2</sup>

Structure Floors  
SRC B1/9F

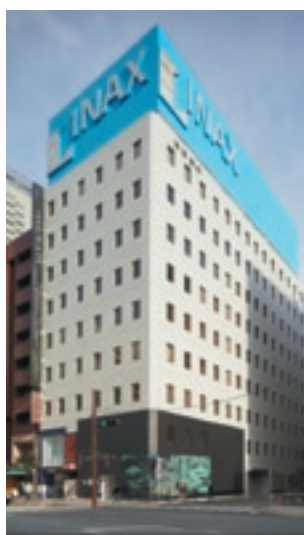
Completed  
March 1989

### Property Acquired in the 17th Fiscal Period

#### Tokyo Tatemono Kyobashi Building

A 19

(Office)



Location  
Chuo Ward, Tokyo

Acquisition Date  
February 12, 2010

Acquisition Price  
¥5,250 million

Site Area  
547.10m<sup>2</sup>

Total Floor Space  
4,419.79m<sup>2</sup>

Structure Floors  
SRC/S B1/10F

Completed  
January 1981

### Property to be Acquired in the 17th Fiscal Period

#### JPR Sendagaya Building

A -

(Office)



Location  
Shibuya Ward, Tokyo

Acquisition Date  
May 2010 (planned)

Acquisition Price  
¥15,050 million (Note)

Site Area  
2,217.49m<sup>2</sup>

Total Floor Space  
7,683.19m<sup>2</sup>

Structure Floors  
S 8F

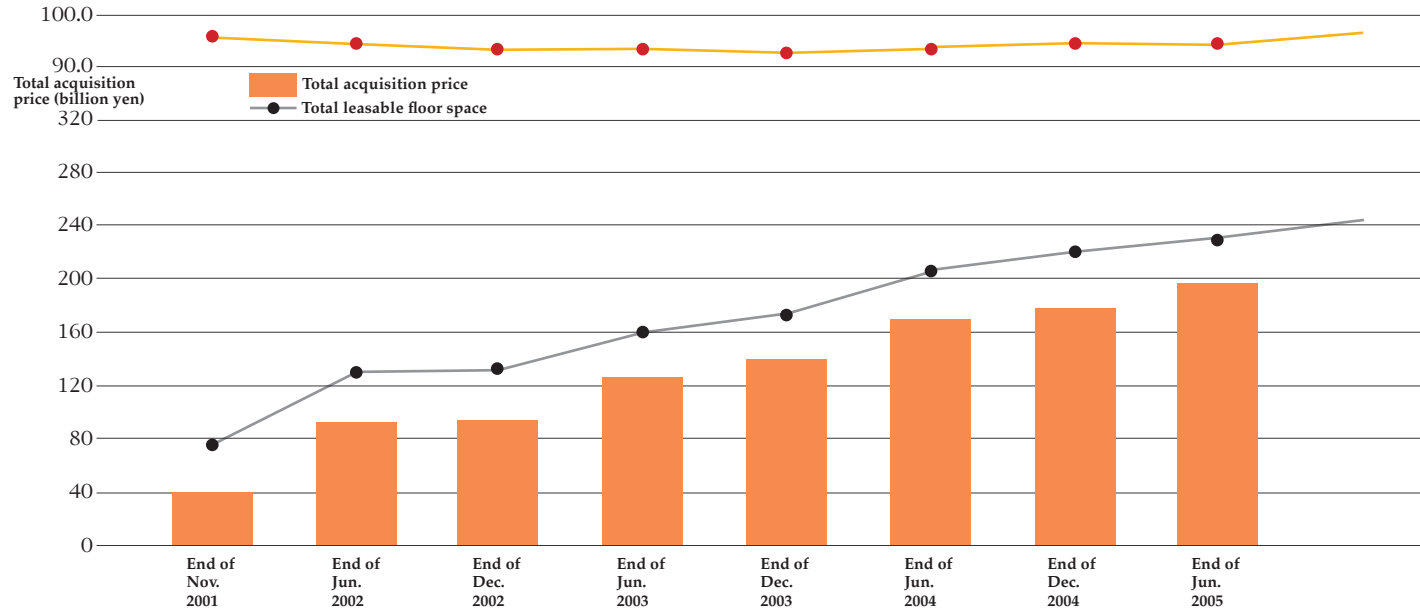
Completed  
May 2009

Note: In the event profitability improves as a result of efforts by the seller to attract tenants, etc. the acquisition price is subject to revision to a maximum of 16,500 million yen based on a predetermined formula.

# Portfolio Topics

## Portfolio Growth

Occupancy rate (%) ●—



Total acquisition price (billion yen)	40.73	92.18	94.59	125.79	139.64	163.65	179.62	197.65
Total leasable floor space (m <sup>2</sup> )	94,935.49	162,739.50	168,987.78	201,808.72	218,734.67	256,329.13	273,330.52	281,408.97
Occupancy rate (%)	96.3	94.1	93.4	93.5	92.7	93.2	95.1	95.4
Properties	13	25	27	30	32	38	42	42
Total number of tenants	133	281	311	324	357	437	496	459

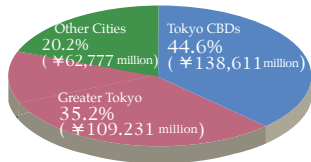
(Note 1) When a single tenant leases multiple rooms in the same property, the tenant is counted as one. If the leased rooms are in multiple buildings, the tenant is counted in plural.

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

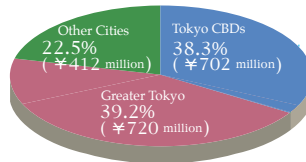
## Portfolio Diversification by Region

■ Tokyo CBDs ■ Greater Tokyo ■ Other Cities

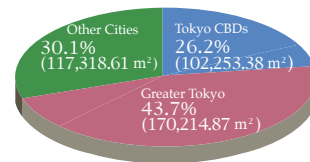
Value breakdown by acquisition price



Value breakdown by monthly rental revenue at period end



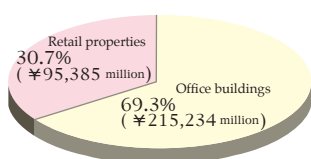
Value breakdown by leased floor space at period end



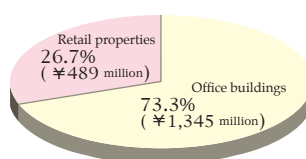
## Portfolio Diversification by Asset Class

■ Office buildings ■ Retail properties

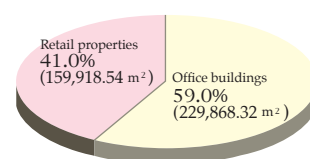
Value breakdown by acquisition price



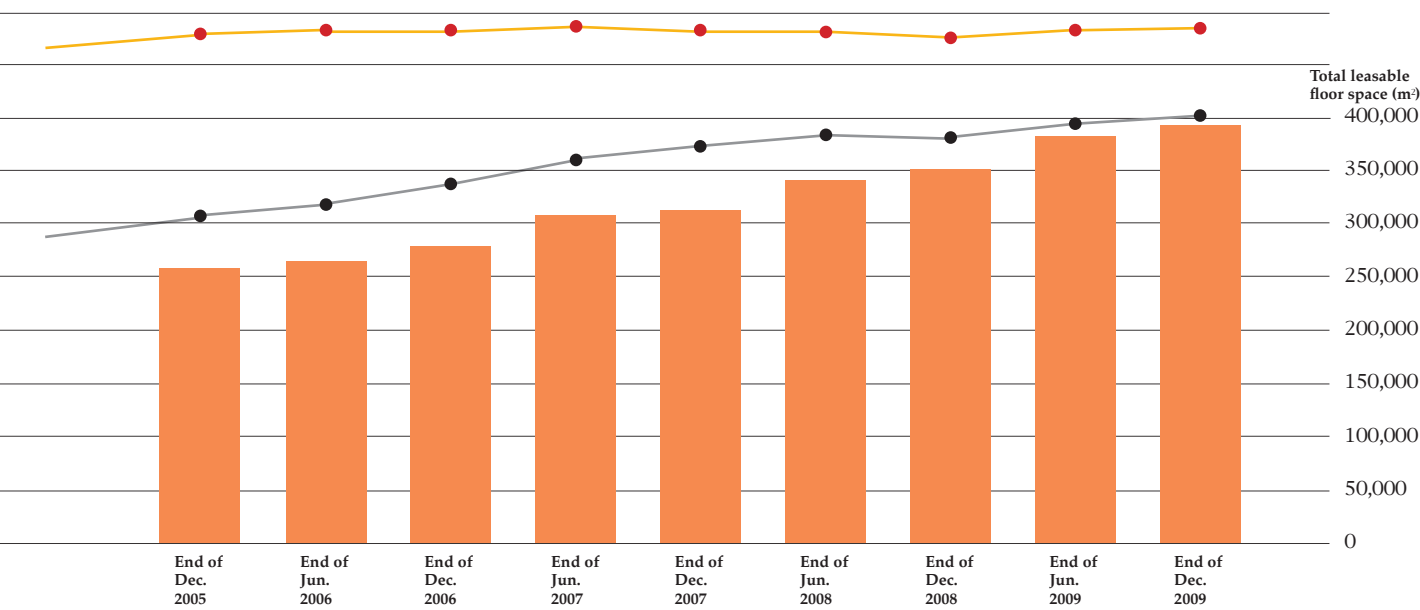
Value breakdown by monthly rental revenue at period end



Value breakdown by leased floor space at period end







	202.66	209.22	222.48	245.39	251.90	275.10	280.61	299.41	310.61
	308,205.26	315,156.84	337,382.05	361,574.77	373,609.99	383,491.03	383,215.57	393,532.31	400,751.87
	97.2	98.0	98.6	99.0	98.4	97.5	96.4	96.8	96.4
	42	44	46	48	49	50	52	51	53
	441	462	479	491	517	537	499	476	476

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

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

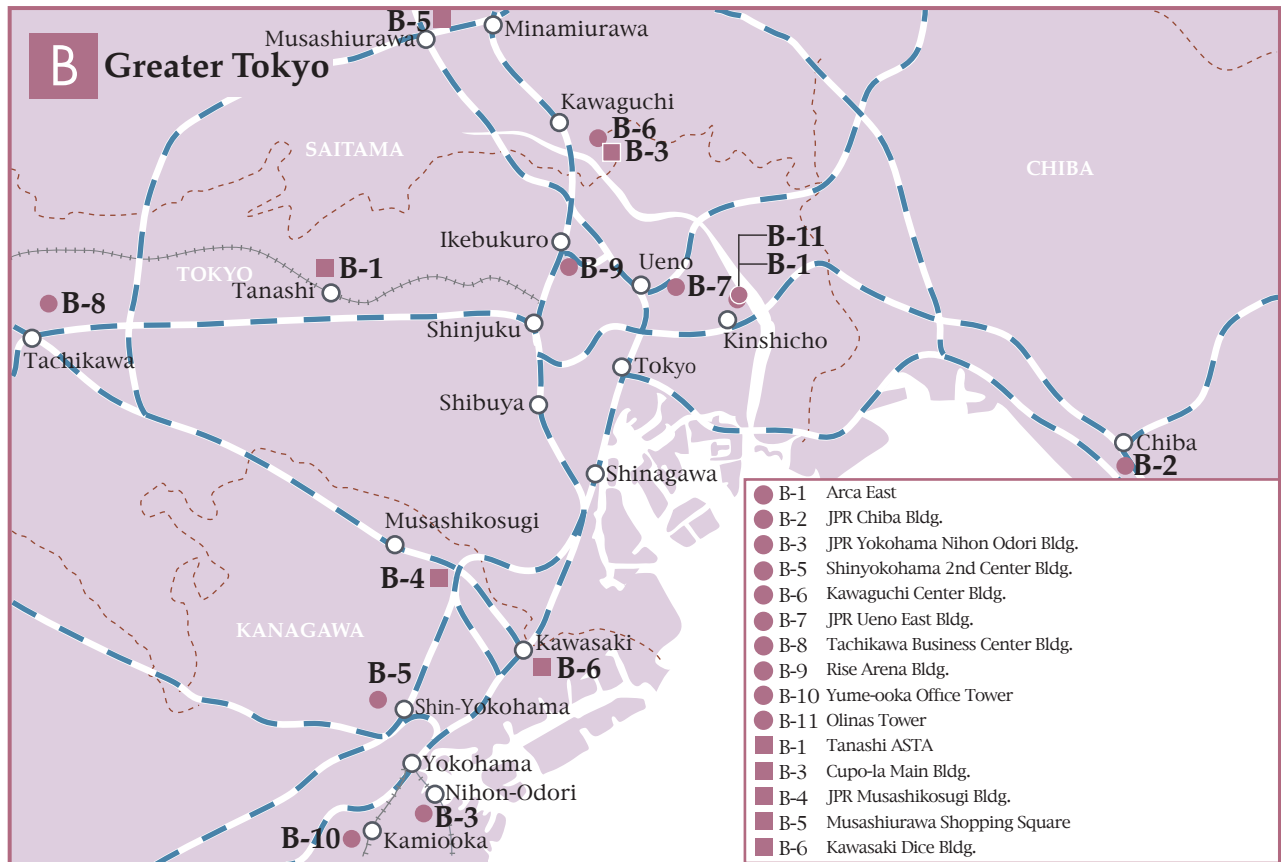
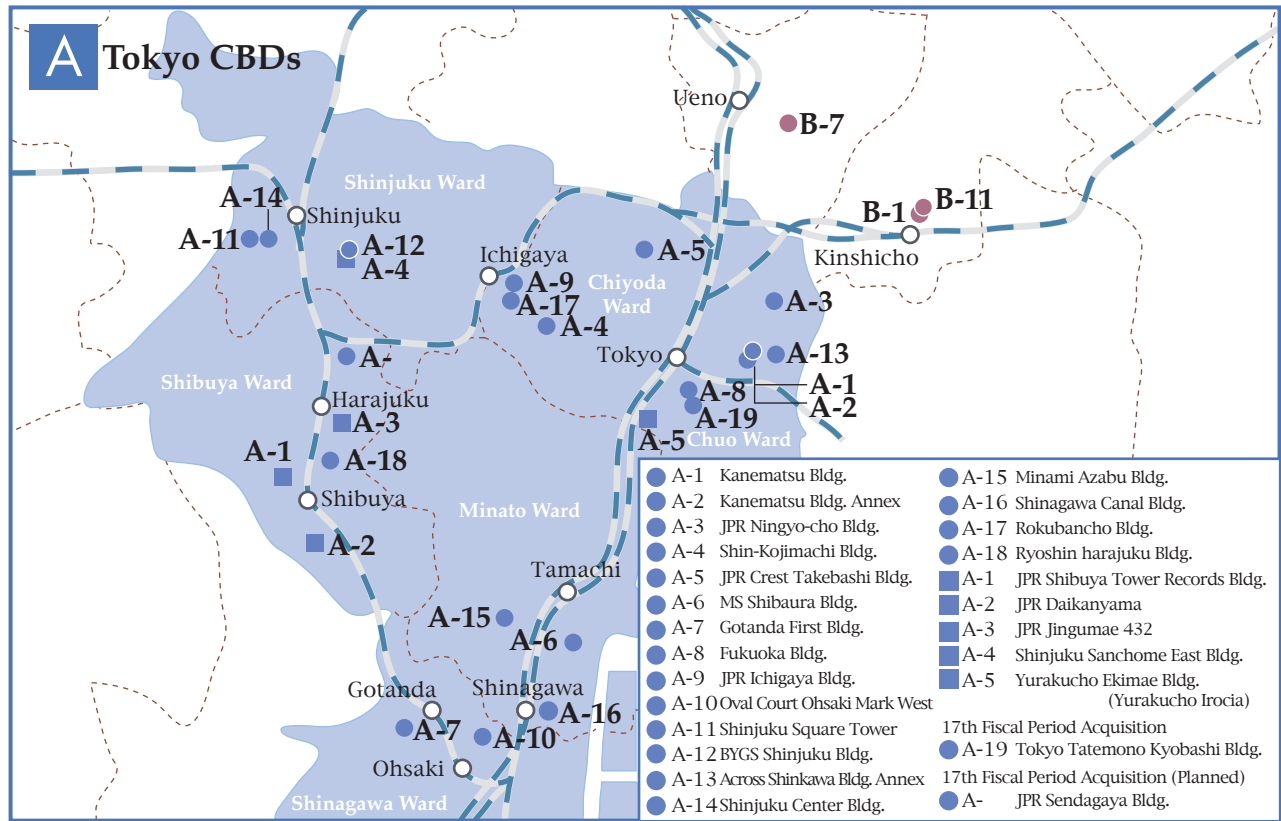
## Major Tenants

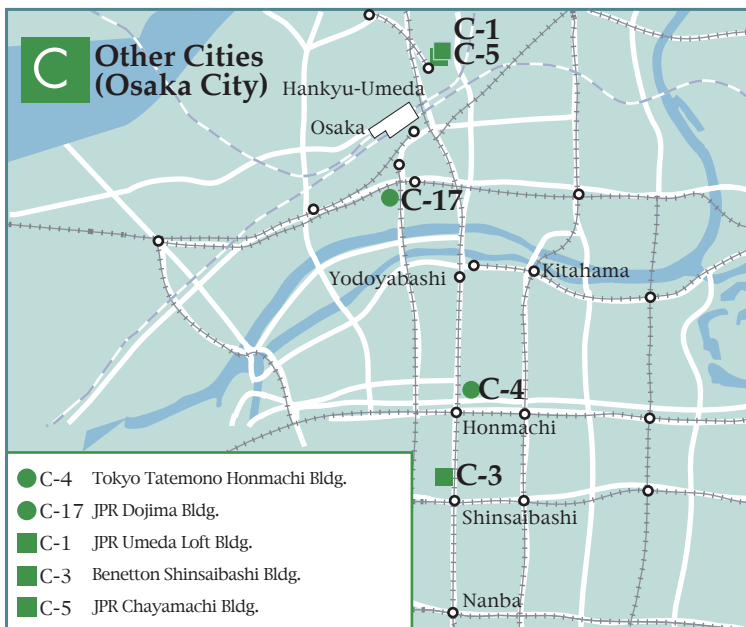
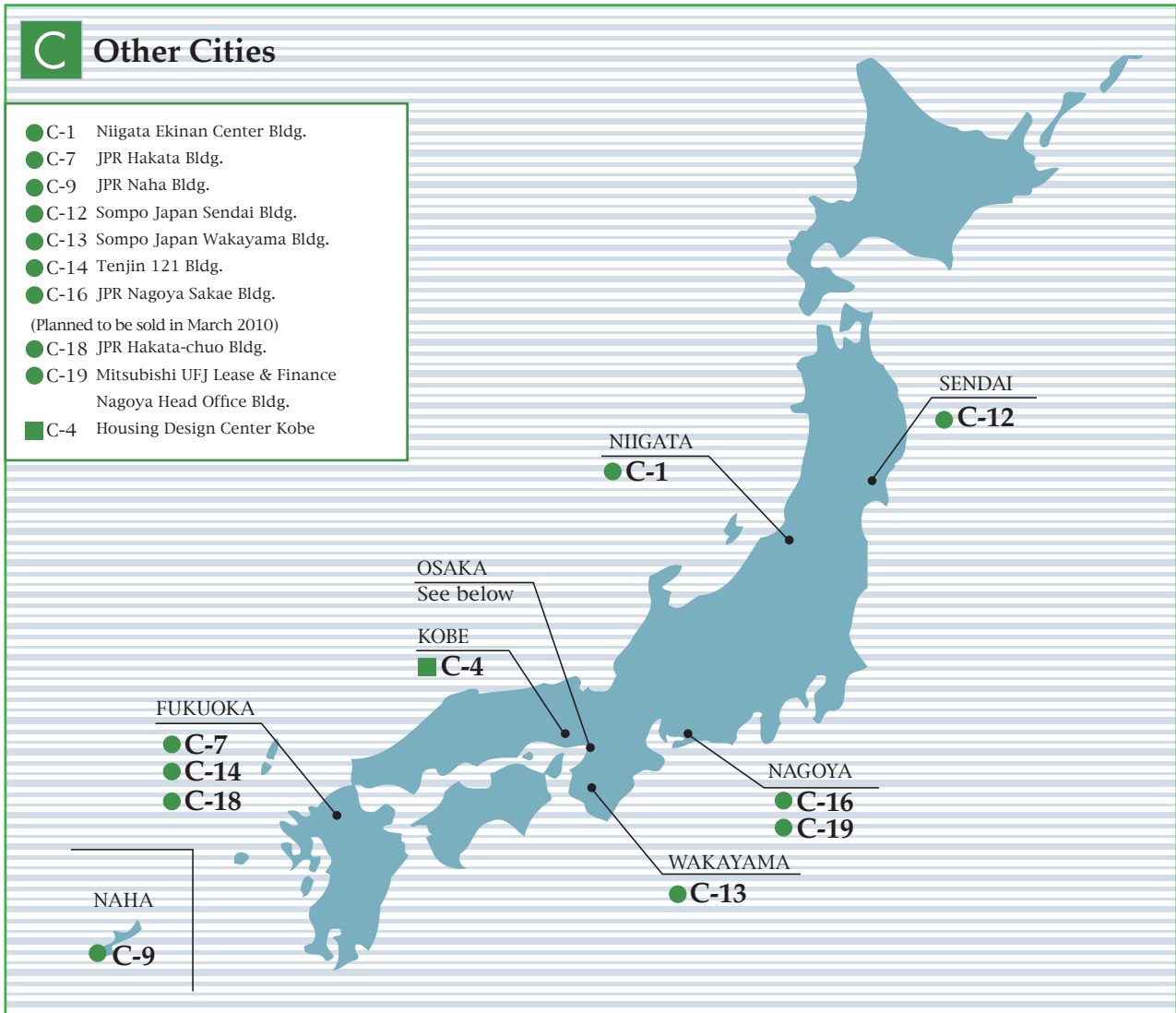
(As of December 31, 2009)

#	Tenant	Name of Property	Leased floor area at period end (m <sup>2</sup> )	Percentage of total leased floor area at period end
1	ABC Development Corporation	Housing Design Center Kobe	35,444.13	9.1%
2	The Seiyu, Ltd.	Tanashi ASTA	31,121.71	8.0%
3	Tokyo Tatemono Co., Ltd.	Shinjuku Center Building, Arca East, Kawasaki Dice Bldg.	22,181.66	5.7%
4	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	5.1%
5	The Loft Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	4.8%
6	Shinjuku Square Tower Management Co., Ltd.	Shinjuku Square Tower	11,268.27	2.9%
7	Olympic Corporation	Musashiurawa Shopping Square	9,558.51	2.5%
8	Tower Records Japan, Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	2.1%
9	Mitsubishi UFJ Lease & Finance Co., Ltd.	JPR Chiba Bldg., Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	7,287.86	1.9%
10	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg., Yume-ooka Office Tower, Sompo Japan Sendai Bldg., Sompo Japan Wakayama Bldg.	7,254.12	1.9%

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

# Property Portfolio





<b>A</b>	Chiyoda Ward Chuo Ward Minato Ward Shinjuku Ward Shinagawa Ward Shibuya Ward
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<b>B</b>	All other areas of Tokyo and Chiba, Kanagawa and Saitama Prefectures
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<b>C</b>	All other areas in Japan
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Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-2	Kanematsu Bldg. Annex	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-3	JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	1989.12	2001.11	
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	1984.10	2001.11 2002.11 2004.11	
	Office	A-5	JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	1999.9	2002.6	
	Office	A-6	MS Shibaura Bldg.	Minato Ward, Tokyo	1988.2	2003.3	
	Office	A-7	Gotanda First Bldg.	Shinagawa Ward, Tokyo	1989.7	2003.7	
	Office	A-8	Fukuoka Bldg.	Chuo Ward, Tokyo	1990.5	2003.10 2005.4	
	Office	A-9	JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	1989.3	2004.5	
	Office	A-10	Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	2001.6	2004.6	
	Office	A-11	Shinjuku Square Tower	Shinjuku Ward, Tokyo	1994.10	2004.7 2008.9	
	Office	A-12	BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	1985.4	2004.11 2005.4	
	Office	A-13	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	1994.6	2004.11	
	Office	A-14	Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	1979.10	2008.3	
	Office	A-15	Minami Azabu Bldg.	Minato Ward, Tokyo	1992.6	2008.7	
	Office	A-16	Shinagawa Canal Bldg.	Minato Ward, Tokyo	2008.7	2008.12	
	Office	A-17	Rokubancho Bldg.	Chiyoda Ward, Tokyo	1991.10	2009.12	
	Office	A-18	Ryoshin Harajuku Bldg.	Shibuya Ward, Tokyo	1989.3	2009.12	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	1992.2	2003.6	
	Retail	A-2	JPR Daikanyama	Shibuya Ward, Tokyo	2002.7	2004.10	
	Retail	A-3	JPR Jingumae 432	Shibuya Ward, Tokyo	2006.2	2006.3	
	Retail	A-4	Shinjuku Sanchome East Bldg.	Shinjuku Ward, Tokyo	2007.1	2007.3 2008.4	
	Retail	A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda Ward, Tokyo	2007.10	2008.8	
Subtotal (23 Properties)							

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

(As of December 31, 2009)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m <sup>2</sup> )	Total Leasable Floor Space (m <sup>2</sup> ) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	16,276	5.2	79.4	1,751.13	7,976.30	84.9	7	459,969
	2,874	0.9	79.4	679.06	2,291.13	100.0	1	98,353
	2,100	0.7	100.0	550.06	2,791.88	100.0	4	106,580
	2,420	0.8	77.2	657.80	2,105.44 901.36 312.53 3,319.33	94.1 100.0 100.0	10	82,269 32,103 12,969
	4,000	1.3	100.0	636.90	3,265.34	89.2	8	119,388
	11,200	3.6	58.0	8,992.18	14,385.84	99.0	8	580,532
	2,920	0.9	59.6	1,551.19	4,243.58	100.0	2	137,042
	2,920	0.9	26.2	1,302.17	1,250.06 687.34 1,937.40	100.0 100.0	1	87,356 38,973
	5,100	1.6	100.0	1,058.04	4,212.25	82.8	7	162,667
	3,500	1.1	23.9	4,006.00	4,088.44	100.0	3	182,138
	10,180	3.3	38.8	8,409.52	10,982.03 168.74 11,150.77	80.9 80.9	20	247,138 3,797
	11,821	3.8	75.0	3,522.46	11,350.62	94.1	22	466,698
	710	0.2	35.5	858.48	1,253.39	84.0	3	44,792
	21,000	6.8	8.6	14,917.11	8,041.63	85.1	19	510,410
	3,760	1.2	100.0	778.09	3,405.73	100.0	1	(Note 5)
	1,870	0.6	45.6	828.82	1,700.57	81.4	3	36,755
	2,800	0.9	100.0	716.95	2,488.36	100.0	1	(Note 5)
	8,400	2.7	100.0	1,205.07	4,760.13	100.0	8	9,843
	12,000	3.9	100.0	1,010.47	8,076.85	100.0	1	345,576
	2,160	0.7	100.0	277.12	651.29	100.0	4	41,822
	4,460	1.4	100.0	218.21	1,027.33	100.0	5	88,581
	2,740	0.9	12.5	2,578.69	2,347.81	100.0	1	78,306
	3,400	1.1	1.9	6,808.12	1,101.92	100.0	1	(Note 5)
	138,611	44.6	—	—	105,867.89	—		—

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

MS Shibaura Building: The above site area indicates the area of the property and Trinity Shibaura that has been developed in an integrated manner

Shinjuku Square Tower: The above site area and total leasable floor space indicate the area of the entire redevelopment project

Rise Arena Building: The above site area and total leasable floor space indicate the site area and floor space of the entire redevelopment project including the residential tower

Olinas Tower: The above site area and total leasable floor space indicate the area including the commercial building and the residential building.

Cupo-la Main Bldg.: The above site area indicates the area of the entire redevelopment project

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

Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Greater Tokyo	Office	B-1	Arca East	Sumida Ward, Tokyo	1997.3	2001.11	
	Office	B-2	JPR Chiba Bldg.	Chiba City, Chiba	1991.1	2001.12	
	Office	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	1989.10	2001.11	
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	1991.8	2002.9	
	Office	B-6	Kawaguchi Center Bldg.	Kawaguchi City, Saitama	1994.2	2004.2	
	Office	B-7	JPR Ueno East Bldg.	Taito Ward, Tokyo	1992.10	2004.3	
	Office	B-8	Tachikawa Business Center Bldg.	Tachikawa City, Tokyo	1994.12	2005.9 2007.2	
	Office	B-9	Rise Arena Bldg.	Toshima Ward, Tokyo	2007.1	2007.3	
	Office	B-10	Yume-ooka Office Tower	Yokohama City, Kanagawa	1997.3	2007.7	
	Office	B-11	Olinas Tower	Sumida Ward, Tokyo	2006.2	2009.6	
	Retail	B-1	Tanashi ASTA	Nishitokyo City, Tokyo	1995.2	2001.11	
	Retail	B-3	Cupo-la Main Bldg.	Kawaguchi City, Saitama	2006.1	2006.3	
	Retail	B-4	JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	1983.3	2006.9	
	Retail	B-5	Musashiurawa Shopping Square	Saitama City, Saitama	2005.10	2007.3	
	Retail	B-6	Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	2003.8	2007.4	
Subtotal (15 Properties)							
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata City, Niigata	1996.3	2001.11	
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	1970.2	2001.11	
	Office	C-7	JPR Hakata Bldg.	Fukuoka City, Fukuoka	1985.6	2001.11	
	Office	C-9	JPR Naha Bldg.	Naha City, Okinawa	1991.10	2001.11	
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai City, Miyagi	1997.12	2002.6	
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	1996.7	2002.6	
	Office	C-14	Tenjin 121 Bldg.	Fukuoka City, Fukuoka	2000.7	2002.6	
	Office	C-16	JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	Ⓑ2003.1 ⒫1986.12	2003.9	
	Office	C-17	JPR Dojima Bldg.	Osaka City, Osaka	1993.10	2004.1	
	Office	C-18	JPR Hakata-Chuo Bldg.	Fukuoka City, Fukuoka	1993.2	2004.6	
	Office	C-19	Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya City, Aichi	1991.3	2005.3	
	Retail	C-1	JPR Umeda Loft Bldg.	Osaka City, Osaka	1990.4	2003.5-7	
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka City, Osaka	2003.2	2005.5	
	Retail	C-4	Housing Design Center Kobe	Kobe City, Hyogo	1994.6	2005.9	
	Retail	C-5	JPR Chayamachi Bldg.	Osaka City, Osaka	1994.6	2006.8	
Subtotal (15 Properties)							
Total (53 Properties)					ⒷBuilding ⒫Parking		

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

(As of December 31, 2009)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m <sup>2</sup> )	Total Leasable Floor Space (m <sup>2</sup> ) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	5,880	1.9	38.3	3,755.01	7,022.76	100.0	6	259,457
	2,350	0.8	100.0	1,382.35	5,568.35	78.7	28	118,287
	2,927	0.9	100.0	1,100.59	6,066.53	97.3	12	135,056
	920	0.3	50.0	841.71	2,641.19	89.7	11	69,412
	8,100	2.6	86.5	4,524.61	15,461.98	97.0	38	473,357
	3,250	1.0	100.0	1,242.97	6,467.59	94.3	7	206,812
	3,188	1.0	47.9	2,047.22	1,747.13 2,980.90 4,728.03	100.0 81.4	18	62,153 83,977
	5,831	1.9	25.2	9,377.28	6,023.39	100.0	1	242,751
	6,510	2.1	48.8	12,011.00	12,011.07	86.3	31	320,643
	31,300	10.1	23.3	27,335.29	23,987.40	100.0	12	1,178,783
	10,200	3.3	43.6	12,326.30	31,121.71	100.0	1	596,400
	2,100	0.7	16.7	15,008.28	5,963.00	100.0	1	(Note 5)
	7,260	2.3	100.0	4,761.62	19,740.95	100.0	1	(Note 5)
	4,335	1.4	50.0	8,317.99	14,960.69	100.0	3	129,061
	15,080	4.9	46.6	4,475.45	13,089.96	99.2	20	478,422
	109,231	35.2	—	—	174,854.60	—	—	—
	2,140	0.7	32.9	2,706.99	5,326.89	100.0	10	133,216
	4,150	1.3	72.0	1,432.64	7,210.25	98.7	9	247,626
	2,900	0.9	100.0	1,214.63	6,581.15	96.6	27	160,079
	1,560	0.5	100.0	959.87	3,946.98	93.8	17	105,108
	3,150	1.0	100.0	1,895.67	7,141.65	94.7	14	201,173
	1,670	0.5	100.0	1,128.45	4,874.91	100.0	17	123,169
	2,810	0.9	52.2	1,164.39	3,281.12	91.5	12	122,218
	4,550	1.5	100.0	992.31	5,461.90	85.3	17	223,563
	2,140	0.7	100.0	668.11	3,930.21	93.2	7	113,168
	1,920	0.6	100.0	680.63	3,331.78	87.5	5	87,554
	4,137	1.3	100.0	1,610.38	7,123.07	100.0	1	189,817
	13,000	4.2	100.0	3,518.68	18,586.97	100.0	1	402,423
	5,430	1.7	100.0	609.31	5,303.98	100.0	1	(Note 5)
	7,220	2.3	100.0	3,994.47	35,444.13	100.0	1	(Note 5)
	6,000	1.9	100.0	592.45	2,484.39	100.0	7	141,970
	62,777	20.2	—	—	120,029.38	—	—	—
	310,619	100.0	—	—	400,751.87	96.4	476	11,493,470

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

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

(5) The Benetton Shinsaibashi Bldg. and the Housing Design Center Kobe are leased to single tenants. JPR was unable to obtain the tenants' approval to disclose rental information.

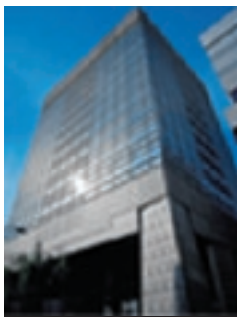
# Overview of Portfolio Properties

New Acquisitions during the 16th Fiscal Period and after are on page 5

## Tokyo CBDs

### Kanematsu Bldg.

A 1



Chuo Ward, Tokyo

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

### Kanematsu Bldg. Annex

A 2



Chuo Ward, Tokyo

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

### JPR Ningyo-cho Bldg.

A 3



Chuo Ward, Tokyo

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

### Shin-Kojimachi Bldg.

A 4



Chiyoda Ward, Tokyo

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

### JPR Crest Takebashi Bldg.

A 5



Chiyoda Ward, Tokyo

Acquisition Price  
¥4,000 million  
Site Area  
636.90m<sup>2</sup>  
Total Floor Space  
4,790.68m<sup>2</sup>  
Structure/Floors  
SRC B1/9F  
Completed  
September 1999

### MS Shibaura Bldg.

A 6



Minato Ward, Tokyo

Acquisition Price  
¥11,200 million  
Site Area  
8,992.18m<sup>2</sup>  
Total Floor Space  
31,020.21m<sup>2</sup>  
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  
1,551.19m<sup>2</sup>  
Total Floor Space  
10,553.34m<sup>2</sup>  
Structure/Floors  
SRC/RC B2/11F  
Completed  
July 1989

### Fukuoka Bldg.

A 8



Chuo Ward, Tokyo

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



JPR Ichigaya Bldg.

A 9



Chiyoda Ward, Tokyo

Acquisition Price  
 ¥5,100 million  
 Site Area  
 1,058.04m<sup>2</sup>  
 Total Floor Space  
 5,888.82m<sup>2</sup>  
 Structure/Floors  
 SRC B1/9F  
 Completed  
 March 1989

Oval Court Ohsaki Mark West

A 10

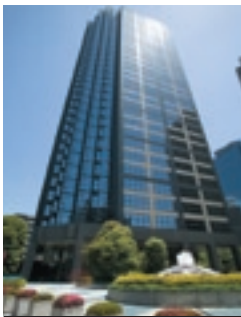


Shinagawa Ward, Tokyo

Acquisition Price  
 ¥3,500 million  
 Site Area  
 4,006.00m<sup>2</sup>  
 Total Floor Space  
 28,575.80m<sup>2</sup>  
 Structure/Floors  
 S/SRC B2/17F  
 Completed  
 June 2001

Shinjuku Square Tower

A 11



Shinjuku Ward, Tokyo

Acquisition Price  
 ¥10,180 million  
 Site Area  
 8,409.52m<sup>2</sup>  
 (entire redevelopment project)  
 Total Floor Space  
 78,796.00m<sup>2</sup>  
 (entire redevelopment project)  
 Structure/Floors  
 S/RC/SRC B4/30F  
 Completed  
 October 1994

BYGS Shinjuku Bldg.

A 12



Shinjuku Ward, Tokyo

Acquisition Price  
 ¥11,821 million  
 Site Area  
 3,522.46m<sup>2</sup>  
 Total Floor Space  
 25,733.10m<sup>2</sup>  
 Structure/Floors  
 SRC B2/14F  
 Completed  
 April 1985

Across Shinkawa Bldg. Annex

A 13



Chuo Ward, Tokyo

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

Shinjuku Center Bldg.

A 14



Shinjuku Ward, Tokyo

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

Minami Azabu Building

A 15

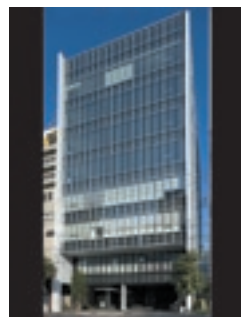


Minato Ward, Tokyo

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

Shinagawa Canal Building

A 16



Minato Ward, Tokyo

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

JPR Shibuya Tower Records Bldg. (Retail) **A 1**



Shibuya Ward, Tokyo

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

JPR Daikanyama (Retail) **A 2**



Shibuya Ward, Tokyo

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

JPR Jingumae 432 (Retail) **A 3**



Shibuya Ward, Tokyo

Acquisition Price  
¥4,460 million  
Site Area  
218.21m<sup>2</sup>  
Total Floor Space  
1,066.81m<sup>2</sup>  
Structure/Floors  
S/SRC B1/7F  
Completed  
February 2006

Shinjuku Sanchome East Bldg. (Retail) **A 4**



Shinjuku Ward, Tokyo

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

\*Include 20.11m<sup>2</sup> of land scheduled to be transferred to Tokyo Metropolitan Government

Greater Tokyo

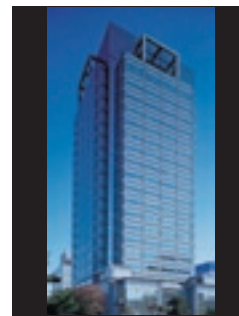
Yurakucho Ekimae Building (Yurakucho Itocia)(Retail) **A 5**



Chiyoda Ward, Tokyo

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

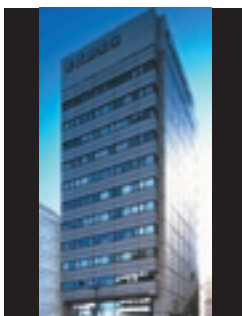
Arca East **B 1**



Sumida Ward, Tokyo

Acquisition Price  
¥5,880 million  
Site Area  
3,755.01m<sup>2</sup>  
Total Floor Space  
34,281.86m<sup>2</sup>  
Structure/Floors  
S/SRC B3/19F  
Completed  
March 1997

JPR Chiba Bldg. **B 2**



Chiba City, Chiba

Acquisition Price  
¥2,350 million  
Site Area  
1,382.35m<sup>2</sup>  
Total Floor Space  
9,072.57m<sup>2</sup>  
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  
1,100.59m<sup>2</sup>  
Total Floor Space  
9,146.52m<sup>2</sup>  
Structure/Floors  
SRC B1/11F  
Completed  
October 1989

### Shinyokohama 2nd Center Bldg. **B 5**



Yokohama City, Kanagawa

Acquisition Price  
¥920 million  
Site Area  
841.71m<sup>2</sup>  
Total Floor Space  
7,781.93m<sup>2</sup>  
Structure/Floors  
S/SRC B2/12F  
Completed  
August 1991

### Kawaguchi Center Bldg. **B 6**



Kawaguchi City, Saitama

Acquisition Price  
¥8,100 million  
Site Area  
4,524.61m<sup>2</sup>  
Total Floor Space  
28,420.85m<sup>2</sup>  
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  
1,242.97m<sup>2</sup>  
Total Floor Space  
8,490.44m<sup>2</sup>  
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  
2,047.22m<sup>2</sup>  
Total Floor Space  
14,706.36m<sup>2</sup>  
Structure/Floors  
S/SRC B1/12F  
Completed  
December 1994

### Rise Arena Bldg. **B 9**

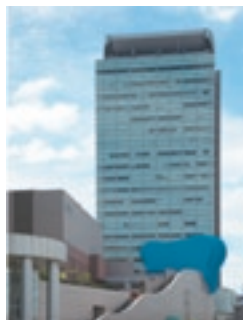


Toshima Ward, Tokyo

Acquisition Price  
¥5,831 million  
Site Area  
9,377.28m<sup>2</sup>  
(entire redevelopment project)  
Total Floor Space  
91,280.94m<sup>2</sup>  
(including residential tower)  
Structure/Floors  
RC/SRC/S B3/42F \*  
Completed  
January 2007

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

### Yume-ooka Office Tower **B 10**



Yokohama City, Kanagawa

Acquisition Price  
¥6,510 million  
Site Area  
12,011.00m<sup>2</sup>  
Total Floor Space  
185,974.87m<sup>2</sup>  
Structure/Floors  
S/SRC/RC B3/27F  
Completed  
March 1997

### Olinas Tower **B 11**

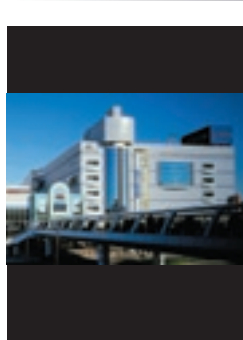


Sumida Ward, Tokyo

Acquisition Price  
¥31,300 million  
Site Area  
27,335.29m<sup>2</sup>  
Total Floor Space  
257,842.41m<sup>2</sup>  
Structure/Floors  
SRC/RC/S B2/45F \*  
Completed  
February 2006

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

### Tanashi ASTA (Retail) **B 1**



Nishitokyo City, Tokyo

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

Cupo-la Main Bldg. (Retail)

**B 3**



Kawaguchi City, Saitama

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

JPR Musashikosugi Bldg. (Retail)

**B 4**



Kawasaki City, Kanagawa

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

Musashiurawa Shopping Square (Retail)

**B 5**



Saitama City, Saitama

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

Kawasaki Dice Bldg. (Retail)

**B 6**



Kawasaki City, Kanagawa

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

Other Cities

Niigata Ekinan Center Bldg.

**C 1**

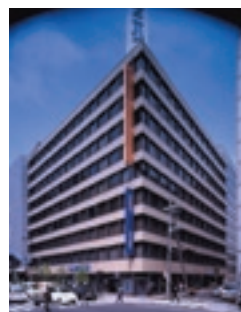


Niigata City, Niigata

Acquisition Price  
¥2,140 million  
Site Area  
2,706.99m<sup>2</sup>  
Total Floor Space  
19,950.42m<sup>2</sup>  
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  
1,432.64m<sup>2</sup>  
Total Floor Space  
14,619.52m<sup>2</sup>  
Structure/Floors  
SRC B3/9F  
Completed  
February 1970

JPR Hakata Bldg.

**C 7**



Fukuoka City, Fukuoka

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

JPR Naha Bldg.

**C 9**



Naha City, Okinawa

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

Sompo Japan Sendai Bldg. **C 12**



Sendai City, Miyagi

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

Sompo Japan Wakayama Bldg. **C 13**



Wakayama City, Wakayama

Acquisition Price  
¥1,670 million  
Site Area  
1,128.45m<sup>2</sup>  
Total Floor Space  
6,715.07m<sup>2</sup>  
Structure/Floors  
S 9F  
Completed  
July 1996

Tenjin 121 Bldg. **C 14**



Fukuoka City, Fukuoka

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

JPR Nagoya Sakae Bldg. **C 16**



Nagoya City, Aichi

Acquisition Price  
¥4,550 million  
Site Area  
992.31m<sup>2</sup>  
Total Floor Space  
7,340.18m<sup>2</sup>  
Structure/Floors  
Building S/ B1/11F  
Parking S 1F  
Completed  
Building January 2003  
Parking December 1986

JPR Dojima Bldg. **C 17**



Osaka City, Osaka

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

JPR Hakata-Chuo Bldg. **C 18**



Fukuoka City, Fukuoka

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

Mitsubishi UFJ Lease & Finance  
Nagoya Head Office Bldg. **C 19**



Nagoya City, Aichi

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

JPR Umeda Loft Bldg. (Retail) **C 1**



Osaka City, Osaka

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

Benetton Shinsaibashi Bldg. (Retail) **C 3**

Osaka City, Osaka



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

Housing Design Center Kobe (Retail) **C 4**

Kobe City, Hyogo



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

JPR Chayamachi Bldg. (Retail) **C 5**

Osaka City, Osaka



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



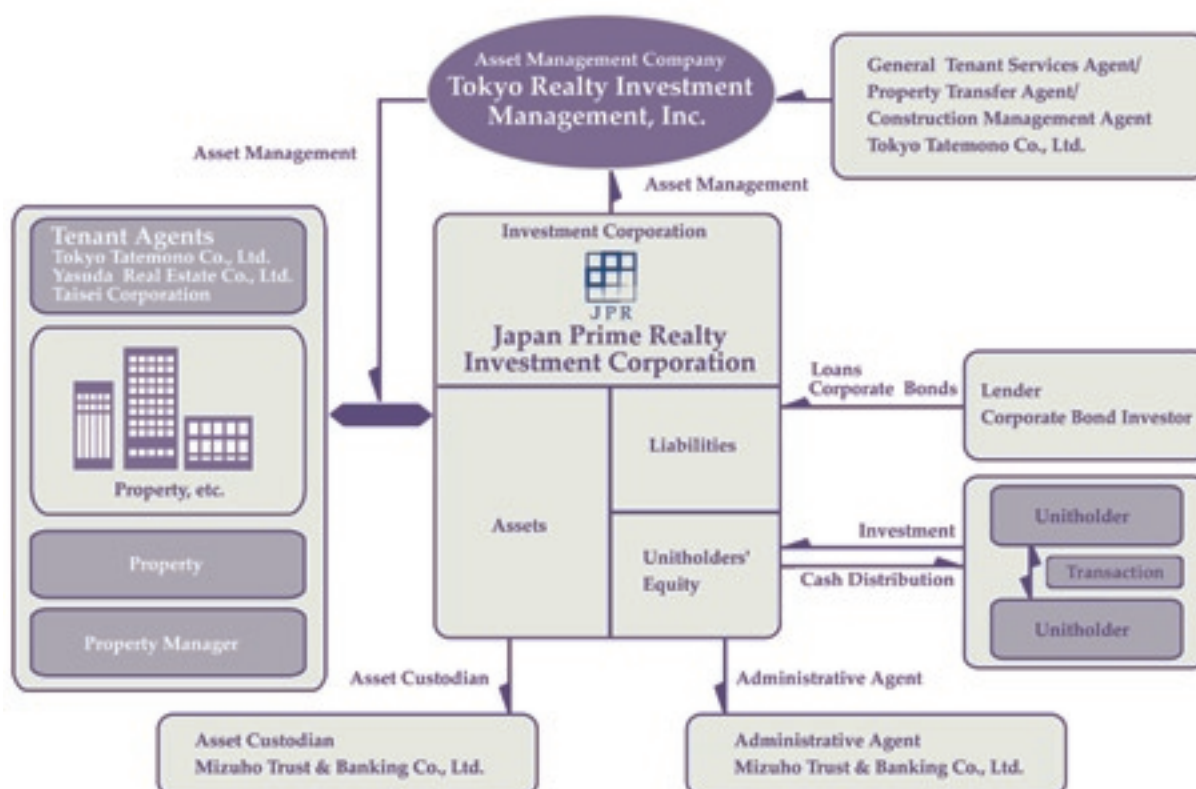
## Characteristics and Corporate History

### *The Objective and Basic Characteristics of JPR*

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

### Corporate History

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



## Members of the Board (As of June 30, 2009)



### Executive Officer

#### Hirohito Kaneko

- Dec. 2001** Executive Officer, Japan Prime Realty Investment Corporation
- 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** Group Representative Partner, Gyosei & Co. (currently held position)
- Apr. 2008** CPA and Director, Gyosei Audit Corporation (currently held position)
- Apr. 2008** Outside Auditor, Mitsui Sumitomo Insurance Group Holdings, Inc. (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, Limited (currently held position)
- Sep. 2001** Supervising Officer, Japan Prime Realty Investment Corporation
- Oct. 1999** Director and Senior Partner, Tokyo Hokuto & Co. (Tokyo Akasaka Audit Co. merged with Hokuto Audit Co. ) (currently held position)
- Jul. 1993** Senior Partner, Tokyo Akasaka Audit Co.
- Feb. 1983** Representative, Tokyo Akasaka CPA Joint Office
- Jun. 1980** Sosuke Yasuda Tax Accountant Office (currently held position)
- Dec. 1975** Masamitsu Serizawa Accounting Firm
- Apr. 1968** Main Store, KK Ohgiya

### Supervising Officer

#### Masato Denawa

- Apr. 2009** Adjunct professor (part-time) at Keio Law School (currently held position)
- Sep. 2007** Supervising Officer of Japan Prime Realty Investment Corporation
- 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) (currently held position)
- 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
- 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

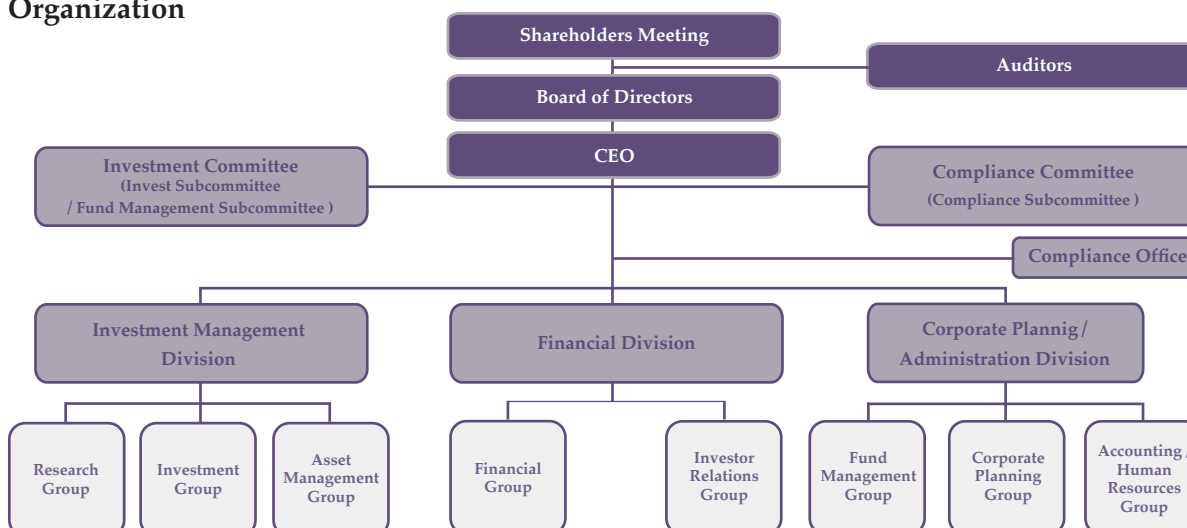


# Overview of the Asset Manager

## Corporate Profile

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

## Organization



### TRIM's Decision-Making Process of Investment Management

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

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

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

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

## Directors of Tokyo Realty Investment Management, Inc.

### President and Chief Executive Officer (CEO)

#### Toshihiro Hagiwara

- Mar. 2001 Resigned as Director of Tokyo Tatemono Co., Ltd.
- Jan. 2001 Appointed as President and CEO, Tokyo Realty Investment Management, Inc.
- Jan. 2001 Appointed as Director of Tokyo Tatemono Co., Ltd.
- Apr. 1999 Appointed as Director and Head of Osaka Branch Office, Tokyo Tatemono Co., Ltd.
- Jan. 1998 Appointed as Director and Head of Development Business Department of Kinshicho Project, Tokyo Tatemono Co., Ltd.
- Mar. 1997 Appointed as Director and General Manager of Executive Secretariat and Personnel Departments, Tokyo Tatemono Co., Ltd.
- Apr. 1992 Appointed as General Manager of Executive Secretariat and Personnel Departments, Tokyo Tatemono Co., Ltd.
- Apr. 1989 Dispatched to JR East Urban Development Corporation
- Apr. 1989 Appointed as Assistant General Manager of Urban Development Department, Tokyo Tatemono Co., Ltd.
- Apr. 1968 Joined Tokyo Tatemono Co., Ltd. and assigned to the Osaka Branch Office

### Director and Chief Administrative Officer (CAO)

#### Kazuo Kitami

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

### Director and Chief Investment Officer (CIO)

#### Seiji Miwa

- Mar. 2006 Appointed as Director and Chief Investment Officer, Tokyo Realty Investment Management, Inc.
- Oct. 2004 Appointed as General Manager of Investment Management Division (responsible for Asset Management Group)
- Jul. 2003 Dispatched to Tokyo Realty Investment Management, Inc.
- Jan. 2000 Appointed as Group Leader of Investment Services Department, Tokyo Tatemono Co., Ltd.
- Jul. 1998 Appointed as Manager, Investment Services Department
- Apr. 1998 Appointed as Manager, Yokohama Development Department
- Apr. 1995 Appointed as Assistant Manager of Yokohama Development Department
- Apr. 1991 Appointed Assistant Manager of Development Department 1
- Apr. 1989 Assigned to Development Department 1
- Apr. 1983 Joined Tokyo Tatemono Co., Ltd. and assigned to Design Department

### Director and Chief Financial Officer (CFO)

#### Katsuhito Ozawa

- Jul. 2009 Dispatched to TRIM, appointed as Director and Chief Financial Officer
- Nov. 2007 Appointed as Representative Director of Kachidoki GROWTH TOWN Co., Ltd.
- Mar. 2007 Appointed as General Manager of Residential Management Division, Tokyo Tatemono Co., Ltd.
- Oct. 2004 Appointed as General Manager of Financial Division (responsible for Financial Group and Investor Relations Group)
- Apr. 2002 Dispatched to TRIM
- Apr. 2001 Appointed as Manager of Investment Services Department
- Apr. 1987 Joined Tokyo Tatemono Co., Ltd.

# Overview of Asset Management

## (1) Operational Performance of JPR

	Unit	12th Fiscal Period (July 1, 2007 - Dec. 31, 2007)	13th Fiscal Period (Jan. 1, 2008 - June 30, 2008)	14th Fiscal Period (July 1, 2008 - Dec. 31, 2008)	15th Fiscal Period (Jan. 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	
Operating Performance	Operating Revenues	10,449	10,830	11,171	14,330	11,493	
	Real estate rental revenues	10,415	10,830	11,171	11,030	11,493	
	Gain on sale of real estate	—	—	—	3,300	—	
	Dividends received	34	—	—	—	—	
	Operating Expenses	5,443	5,550	5,689	7,762	5,665	
	Real estate rental expenses	4,816	4,909	5,022	4,961	5,010	
	Loss on sale of real estate	—	—	4	2,154	—	
	Loss on sale of investment securities	—	—	—	38	—	
	Operating Profits	5,006	5,280	5,482	6,568	5,827	
	Recurring Profits	4,170	4,452	4,433	5,572	4,333	
Net Income	4,169	4,451	4,432	2,331	4,332		
Assets, etc.	Total Assets	278,842	303,459	309,253	329,163	332,380	
	(% Change)	(+2.7)	(+8.8)	(+1.9)	(+6.4)	(+1.0)	
	Interest-bearing Debt	99,683	123,475	129,255	150,230	150,872	
	Total Unitholders' Equity	160,895	161,177	161,158	159,057	161,058	
	(% Change)	(-0.1)	(+0.2)	(-0.0)	(-1.3)	(+1.3)	
Unitholders' Capital	156,725	156,725	156,725	156,725	156,725		
Cash Distribution per Unit, etc.	Total Cash Distributions	4,169	4,451	4,432	2,331	4,333	
	Dividend payment ratio	99.9	100.0	99.9	99.9	100.0	
	Number of Units Outstanding	625,000	625,000	625,000	625,000	625,000	
	Total Unitholders' Equity per Unit	257,432	257,883	257,853	254,492	257,693	
	Cash Distribution per Unit	6,671	7,122	7,092	3,731	6,933	
	Distribution amount	6,671	7,122	7,092	3,731	6,993	
Exceeding profit distribution amount	—	—	—	—	—		
Financial Indices	Recurring Profits on Total Assets (Note 1)	1.5	1.5	1.4	1.7	1.3	
	Annualized (Note 10)	3.0	3.1	2.9	3.5	2.6	
	Return on Total Unitholders' Equity (Note 2-1)	2.6	2.8	2.8	1.5	2.7	
	Annualized (Note 10)	5.1	5.5	5.5	2.9	5.4	
	Total unitholders' equity at beginning of period (Note 2-2)	161,098	160,895	161,177	161,158	159,057	
	Unitholders' Equity Ratio at End of Period (Note 3)	57.7	53.1	52.1	48.3	48.5	
	(Year-on-year increase/decrease)	(-1.7)	(-4.6)	(-1.0)	(-3.8)	(+0.1)	
	Interest-Bearing Debt to Total Assets at End of Period (Note 4)	35.7	40.7	41.8	45.6	45.4	
	DSCR (Note 5)	8.4	8.0	7.0	7.1	5.4	
	Net income before interest and amortization	6,789	7,168	7,285	7,284	7,604	
Interest paid (Notes 6)	809	897	1,048	1,024	1,420		
NOI from Leasing (Note 7)	7,407	7,739	7,948	7,864	8,332		
Annualized NOI yield (Notes 9 and 10)	5.8	5.6	5.5	5.1	5.3		
NCF from Leasing (Note 8)	6,826	6,917	7,346	7,109	7,657		
Annualized NCF yield (Notes 9 and 10)	5.4	5.0	5.1	4.6	4.9		
Reference Information	Properties Owned (Note 11)	49	50	52	51	53	
	Number of Tenants	517	537	499	476	476	
	Total Leasable Floor Space (Note 12)	m <sup>2</sup>	373,609.99	383,491.03	383,215.57	393,532.31	400,751.87
	Occupancy Rate	%	98.4	97.5	96.4	96.8	96.4

(Note 1) Recurring profit / (total assets at beginning of period + total assets at end of period) / 2

(Notes 2-1 and 2-2) Net income / (total unitholders' equity at beginning of period + total unitholders' equity at end of period) / 2

(Note 3) Total unitholders' equity at end of period / total assets at end of period x 100

(Note 4) Interest-bearing debt / total assets at end of period x 100

(Note 5) Net income before interest and amortization (excluding gain or loss on sale of real estate, loss on sales of investment securities and extraordinary loss) / interest paid

(Note 6) Interest paid in this table includes interest on corporate bonds

(Note 7) (Real estate rental revenues - real estate rental expenses) + depreciation

(Note 8) NOI from leasing - capital expenditures

(Note 9) Annualized NOI from leasing / purchase price of property (12th fiscal period: ¥251.90 billion, 13th fiscal period: ¥275.10 billion, 14th fiscal period: ¥284.31 billion, 15th fiscal period: ¥311.91 billion and 16th fiscal period: ¥310.61 billion)

Annualized NCF from leasing / purchase price of property

(Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 11th fiscal period: 181 days, 12th fiscal period: 184 days, 13th fiscal period: 182 days, 14th fiscal period: 184 days, 15th fiscal period: 181 days and 16th fiscal period: 184 days.

(Note 11) Shin-Kojimachi Bldg., Fukuoka Bldg., Shinjuku Square Tower, BYGS Shinjuku Bldg., Shinjuku Sanhome East Bldg., Tachikawa Business Center Bldg. and JPR Umeda Loft Bldg. were acquired at multiple times but are calculated as one property.

(Note 12) Total leasable floor space in this table indicates the contracted area.

(Note 13) Any ratio indicated on financial indices are rounded to the first decimal point (except for the dividend payment ratio, which is rounded off to the first decimal point.)

## **(2) 16th 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 third additional public offering in February 2007, bringing the number of investment units issued and outstanding to 625,000 units. JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management Inc., through which JPR aims to maximize unitholder value by efficiently managing the portfolio of office buildings and retail properties.

### ***2) Management Environment***

The financial and economic measures employed by governments around the world have successfully taken effect, and the global economy is making a turnaround, underpinned by the economic growth achieved in emerging countries in Asia and elsewhere. The Japanese economy, which had the sharpest downfall among developed countries because of its heavy dependence on foreign demand, is also seeing signs of bottoming out thanks to the recovery in exports to Asia and other factors. However, Japan's economic structure has made little progress in shifting its focus from foreign to domestic demand, and it remains somewhat feeble, failing to eliminate concerns over a double-dip recession. As such, it is generally understood that more time is required for a full-fledged recovery. Moreover, personal spending has remained stagnant due to a deterioration of the employment environment.

### **The Office Building Leasing Market**

With the office market impacted by stagnant demand that has accompanied the economic slowdown, Tokyo has continued to see the vacancy rate rise and rents drop. However, rent adjustments have quickly progressed in a significant way at class S and class A buildings in the Tokyo CBDs, and signs have emerged of the vacancy rate in these categories ceasing to rise. Meanwhile, regional cities have been significantly impacted by the expansion in new supply in addition to the drop in demand, and the market conditions worsened even more sharply in some areas.

### **The Retail Property Leasing Market**

The retail industry showed conspicuous trends, including a review of nationwide expansion of stores and restraint in opening new stores. Even for stores in good locations of major cities, the upper rent limits kept declining and the time required to obtain new tenants continued to lengthen.

### **The For-Sale Real Estate Market**

Given a trend of slightly loosening fund procurement conditions, some buyers are regaining willingness to acquire properties. However, many sellers have come to adopt a clear stance of taking more time to negotiate prices as the situational changes have allowed them to continue borrowing and have reduced the need to hastily sell real estate. As a result, the disparity between the pricing perspectives of sellers and buyers has not been resolved, keeping the transaction volume at a low level. Nevertheless, with the market conditions increasingly making it possible to assume a bottoming out has occurred, large-scale transactions were successfully concluded for some blue-chip properties through the end of 2009.

### ***3) Portfolio Management Status***

#### **Asset Replacement**

Based on the recent changes in market conditions, JPR has been focusing on asset replacement by endeavoring to replace properties in the "local area/retail property" category with those in the "Tokyo/office building" area, with a primary aim of stabilizing portfolio earnings while paying attention to balancing the diversification of the portfolio, both in terms of location and asset class.

During the 16th fiscal period, JPR acquired the Rokubancho Building (acquisition price: 2.8 billion yen) and Ryoshin Harajuku Building (acquisition price: 8.4 billion yen). Both of these properties are blue-chip office buildings located in the Tokyo CBDs, acquired at relatively high cap rates even under the current market conditions. As a result, the balance of assets under management now totals 53 properties, or 310.6 billion yen on an acquisition price basis, as of the end of December 2009. The total leasable floor space is now 400,751m<sup>2</sup> and the number of tenants is 476.

### ***Operational Management of Portfolio***

JPR worked to improve the levels of the actual properties and services by reflecting feedback from tenant satisfaction surveys and other measures based on its brand strategy. At the same time, placing the highest priority on maintaining occupancy rates under the severe leasing market conditions, JPR flexibly responded to claims from existing tenants for reduced rents from the viewpoint of preventing tenants from leaving, while endeavoring to keep the rent reductions as small as possible. JPR also took such measures as reviewing rent conditions in order to secure new tenants. In addition, partly due to the acquisition of the Rokubancho Building and Ryoshin Harajuku Building, both of which operate at a high occupancy rate, we successfully maintained a high occupancy rate of 96.4% (a period-on-period decrease of 0.4%) at the end of the 16th fiscal period.

In addition, JPR completed countermeasure work of long-period ground motion at the Shinjuku Center Building, which was conducted in order to reduce the impact of long-period, long-lasting ground motion from the viewpoint of business continuity planning (BCP) of the tenant companies housed in the building. JPR also finished work on renovations of common areas at the Mitsubishi UFJ Lease & Finance Nagoya Head Office Building and renovations of air conditioning systems at the JPR Yokohama Nihon Odori Building, all of which were conducted as part of its brand strategy which aims to enhance asset values and improve tenant satisfaction.

### ***Fund Procurement***

In the expansion of our portfolio, JPR continued to practice dynamic borrowings accompanying property acquisitions during this fiscal period. Moreover, JPR has continued to maintain financial stability through procurement of long-term fixed rate borrowings with an eye on avoiding future interest rate hike risks and remaining attentive to the diversification of repayment and redemption maturity dates.

As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 106.37 billion yen, with unsecured corporate bonds of 44.5 billion yen. With regard to JPR's overall interest-bearing debt, the average interest rate as of the end of the fiscal period (Note 1) was 1.9%, the interest-bearing debt ratio (Note 2) was 49.0% and the LTV (ratio of interest-bearing debt to total assets) at the end of the period (Note 3) was 45.4%.

Of these, the non-current position of long-term interest-bearing debt that is hedged against risk of future interest rate hikes now comprises 80.1% of all interest-bearing debt, and the average maturity (Note 4) is 4.2 years. The current portion of long-term interest bearing debt is 13.71 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, 2009**

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

(Note 1) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 16th fiscal period based on the balance of each debt.

(Note 2) Interest-bearing debt ratio (%):  $\text{interest-bearing debt} / (\text{interest-bearing debt} + \text{unitholders' capital}) \times 100$  (unitholders' capital: 156.72 billion yen)

(Note 3) LTV at end of period (%):  $\text{interest-bearing debt} / \text{total assets at end of period} \times 100$  (total assets at the end of the 16th fiscal period: 332.38 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 16th fiscal period to the repayment deadlines for long-term interest-bearing debt with repayment periods of more than one year, based on the balance of each debt.

### (3) Additional Offerings, etc.

The table below indicates additional offerings, etc. prior to the 16th fiscal period.

Date	Event	Number of Units Outstanding		Unitholders' Capital (million yen)		Remarks
		Variation	Balance	Variation	Balance	
September 14, 2001	Established by private placement	240	240	120	120	(Note 1)
November 16, 2001	Additional private placement	62,000	62,240	31,000	31,120	(Note 2)
January 22, 2002	Split of investment units	93,360	155,600	-	31,120	(Note 3)
June 14, 2002	Initial public offering	134,000	289,600	25,862	56,982	(Note 4)
July 15, 2003	Additional public offering	134,400	424,000	30,758	87,740	(Note 5)
August 9, 2003	Third-party allotment	6,000	430,000	1,373	89,113	(Note 6)
February 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)

(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.

### (4) Cash Distributions

Under the Special Taxation Measures Law of Japan, an investment corporation is allowed to deduct dividends of profits paid to investors from its taxable income. In order to have the maximum amount of dividend distribution deducted, JPR decided to distribute all the retained earnings for the 16th fiscal period except for fractional portions that make distributions per unit in increments of less than 1 yen. As a result, the cash distribution per unit for the 16th fiscal period was set at 6,933 yen.

(Thousands of yen unless otherwise indicated)

Date	12th Fiscal Period (as of December 31, 2007)	13th Fiscal Period (as of June 30, 2008)	14th Fiscal Period (as of December 31, 2008)	15th Fiscal Period (as of June 30, 2009)	16th Fiscal Period (as of December 31, 2009)
Unappropriated Retained Earnings at End of Period	4,169,727	4,451,575	4,432,832	2,332,243	4,333,229
Internal Reserves	352	325	332	368	104
Total Cash Distributions (cash distribution per unit)	4,169,375 (6,671 yen)	4,451,250 (7,122 yen)	4,432,500 (7,092 yen)	2,331,875 (3,731 yen)	4,333,125 (6,933 yen)
Total Cash Distributions from Net Income (cash distribution from net income per unit)	4,169,375 (6,671 yen)	4,451,250 (7,122 yen)	4,432,500 (7,092 yen)	2,331,875 (3,731 yen)	4,333,125 (6,933 yen)
Repayment of Paid-in Capital (repayment of paid-in capital per unit)	- (- yen)	- (- yen)	- (- yen)	- (- yen)	- (- yen)

## **(5) Future Management Policy and Vital Issues**

Despite signs of bottoming out, it is difficult to expect a full-fledged economic recovery to occur in the near term, and JPR will continue to be tested as to how it can conduct management under this severe management environment.

In regard to the office leasing market, it appears that the difficult conditions will continue for some time, as the market is believed to show a tendency to lag behind economic cycles. As such, JPR finds it necessary to carefully discern when and to what degree the leasing market will bottom out. We will need to minimize the decrease in earnings by making even more careful judgments on management concerning such factors as a breakdown of demand trends by location, property size and specification, in addition to the trend in overall demand, as well as a breakdown of new supply trends by city or region.

As for the for-sale real estate market, we must carefully discern how the capital supply to the market will change in the future while endeavoring to collect information necessary for acquiring blue-chip properties. Moreover, the for-sale market not only depends largely on the fund procurement environment, but also tends to change ahead of the leasing market, with the cycles of the changes recently becoming extremely short. Accordingly, we will have to make accurate investment judgments without missing the timing.

Based on these conditions, JPR will proceed with management that exercises caution regarding the following matters as we strive to maximize unitholder value while also taking note of economic and interest rate trends.

### **1. Acquisition of New Properties**

#### **1. Acquisition of New Properties**

For the present, JPR will focus its investment on Tokyo and office buildings, rather than on regional cities and retail properties. In more concrete terms, JPR will specifically target and work to acquire properties with strong future potential and competitiveness. In considering properties, JPR will strive to acquire properties under appropriate terms by negotiating prices based on detailed market studies and property appraisals.

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

### **2. Management of Portfolio**

Given continuously increasing claims from tenants for reduced rents, JPR will work to maintain our competitiveness in the market by taking such measures as differentiating ourselves from others through our brand strategy and flexible response to rental conditions and other factors.

In terms of the brand strategy, JPR will newly establish the “JPR Design Guidelines,” which will serve as a basis for creating spaces that are comfortable for occupants. Moreover, JPR will work to grasp the latest tenant needs through tenant satisfaction studies and deliver the results to tenants in terms of operations and facilities, thus securing the provision of high-quality services.

JPR will also strive to grasp changes in social trends as presented in tenant needs and newly-built properties, and will systematically implement renovations of common areas and restoration or replacement of air conditioning systems, etc., in pursuit of creating high-quality, highly competitive buildings that take environmental and energy conservation into account, in order to enhance customer satisfaction. Additionally, we will engage in negotiations in a flexible and persevering manner so as to minimize declines in rents and the moving out of tenants.

Moreover, with regard to attracting new tenants, JPR will endeavor to prevent occupancy rates from decreasing by flexibly responding to rents and other lease conditions while discerning trends in tenant demand.

## (6) Fund Procurement

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

## (7) Information Disclosure

JPR has positioned the proactive voluntary disclosure of information as one of its key management policies and will voluntarily disclose information believed to be essential to investment decisions concerning JPR, along with the timely disclosure of items to the Tokyo Stock Exchange. JPR is proactively employing its website ([http://www.jpr-reit.co.jp/jpr\\_e](http://www.jpr-reit.co.jp/jpr_e)) 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

〈 Issue of new investment units through public offering 〉

Payment in connection with new investment units, the issue and pricing of which were approved at the Board of Directors Meeting held on January 21, 2010 and February 1, 2010, respectively, and was completed on February 8, 2010, terms and conditions briefly as below. As a result, unitholders' capital totaled 170,040,762,600 yen, while the number of investment units and outstanding became 707,000 units as of February 8, 2010.

Total number of units to be offered:	82,000 units
Issue price (offer price):	168,101 yen per unit
Total amount of Issue price (offer price):	13,784,282,000 yen
Amount to be paid in (purchase price):	162,382 yen per unit
Gross proceeds (total purchase price):	13,315,324,000 yen per unit
Payment date:	February 8, 2010
Starting date of computation for cash distribution:	January 1, 2010

〈 Issue of New Investment Units through Third-Party Allotment 〉

JPR resolved to undertake a secondary offering (over-allotment option) by way of third-party allotment at Board of Directors Meeting held on January 21, 2010 and February 1, 2010, brief details as follows. JPR also proved the granting of an option (the "Greenshoe Option") by way of third-party allotment to Mizuho Securities Co., Ltd. The greenshoe option may be exercised by no later than March 5, 2010.

Total number of units to be offered:	8,000 units (maximum)
Amount to be paid in (purchase price):	162,382 yen per unit
Gross proceeds (total purchase price):	1,299,056,000 yen per unit (maximum)
Third-party allottee:	Mizuho Securities Co., Ltd.
Payment date:	March 12, 2010
Starting date of computation for cash distribution:	January 1, 2010

〈 Sale of Property 〉

As of January 21, 2010, JPR decided to sell the following property in accordance with JPR's investment policy stipulated in its regulations.

Sale price excludes settlement amount equivalent to property tax and city planning tax, consumption tax and other expenses.

Details of the buyer have not been disclosed at the request of the buyer.



JPR Nagoya Sakae Bldg.	
1) Asset type:	Real estate
2) Sale price:	4,937 million yen
3) Contract date:	To be concluded by March 6, 2010 (planned)
4) Delivery date:	To be concluded by March 31, 2010 (planned) after conclusion of purchase and sales agreement
5) Impact on profit and loss:	JPR plans to record gain on sale of property in amount of approximately 352 million yen in capital as operating revenues during the 17th fiscal period (January 1, 2010 - June 30, 2010)

(Note) The property includes parking lot on separate site

## < Reference Information >

### Property Acquisition

JPR has acquired the following property.

#### Tokyo Tatemono Kyobashi Building

##### Property Overview

Location:	6-18, Kyobashi 3-chome, Chuo-ku, Tokyo
Type of ownership:	Land: Ownership and leasehold
Building:	Unit ownership (Note 1)
Site area:	547.10m <sup>2</sup>
Total floor space:	4,419.79m <sup>2</sup>
Structure:	SRC, S Floors B1/10F
Completion date:	January 1981
Number of tenants:	2
Total leasable floor space:	3,499.31m <sup>2</sup>
Total leased floor space:	3,499.31m <sup>2</sup>
Occupancy rate:	100%

\*The number of tenants, total leasable floor space, total leased floor space and occupancy rate are figures as of February 12, 2010.

##### Acquisition Terms

Acquisition price:	5,250 million yen
Asset type:	Real estate
Acquisition date:	February 12, 2010

(Note 1) JPR has acquired all of the unit ownerships for this property, and there are no other sectional owners.

(Note 2) Site area includes 416.72m<sup>2</sup> that JPR has leasehold.

### Sale of a Portion of Property

JPR has decided to sell following property as of December 21, 2009.

#### JPR Jingumae 432

1) Asset type:	Real estate (a portion of the land)
2) Sale price:	301 million yen (Note)
3) Contract date:	December 21, 2009
4) Settlement date:	The same day of the equipment transferred which stands on the property for sale (scheduled until March 31, 2010)
5) Buyer:	Tokyo Metropolitan Government
6) Impact on operating forecast:	Scheduled to allocate about 105 million yen of gain on sale from real estate property as operating revenue for the 17th fiscal period (the six months ending June 30, 2010)

(Note) JPR are expecting to receive a payment of 3 million yen as compensation for building relocation, in addition to the sale price.

## Overview of the Investment Corporation

### (1) Unitholders' Capital

	12th Fiscal Period as of December 31, 2007	13th Fiscal Period as of June 30, 2008	14th Fiscal Period as of December 31, 2008	15th Fiscal Period as of June 30, 2009	16th Fiscal Period as of December 31, 2009
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	625,000	625,000	625,000	625,000	625,000
Unitholders' capital (millions of yen)	156,725	156,725	156,725	156,725	156,725
Total number of unitholders	15,089	14,921	14,535	14,570	14,751

### (2) Primary Investors

The following table shows the 10 largest investors according to the percentage of their owned investment units to the total number of units outstanding as of the end of the 16th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Nikko Citi Trust and Banking Corporation	Shinagawa Ward, Tokyo	50,463	8.07
Japan Trustee Services Bank, Ltd.	Chuo Ward, Tokyo	48,359	7.73
Trust & Custody Services Bank, Ltd.	Chuo Ward, Tokyo	34,858	5.57
Tokyo Tatemono Co., Ltd.	Chuo Ward, Tokyo	29,300	4.68
Northern Trust Company (AVFC) Account Shingapore Clients (Standing proxy: Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	London, UK (Chuo Ward, Tokyo)	27,300	4.36
The Master Trust Bank of Japan, Ltd.	Minato Ward, Tokyo	25,714	4.11
Kawasaki Gakuen	Kurashiki City, Okayama	25,000	4.00
Meiji Yasuda Life Insurance Company	Chiyoda Ward, Tokyo	24,000	3.84
Nomura Trust and Banking Co., Ltd.	Chuo Ward, Tokyo	19,699	3.15
The Bank of Ikeda., Ltd.	Ikeda City, Osaka	13,234	2.11
	Total	297,927	47.66

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

### (3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 16th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 15th 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	Group representative partner, Gyosei & Co. CPA and Director, Gyosei Audit Corporation Outside Auditor, Mitsui Sumitomo Insurance Company, Limited Outside Auditor, Nomura Research Institute, Ltd. Outside Auditor, Mitsui Sumitomo Insurance Group Holdings	4,200	—
	Masato Denawa	Partner Attorney, Spring Partners		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	13,000	—

(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.

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

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

### (4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 16th fiscal period are as follows.

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

## Status of JPR's Assets under Management

### (1) JPR's Asset Structure

Asset Type	Area	15th Fiscal Period (as of June 30, 2009)		16th Fiscal Period (as of December 31, 2009)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Tokyo CBDs	49,515,777	15.0	52,692,941	15.9
	Greater Tokyo	59,496,657	18.1	59,163,834	17.8
	Other Cities	15,756,513	4.8	15,758,684	4.7
Real estate in trust	Tokyo CBDs	75,751,741	23.0	83,979,400	25.3
	Greater Tokyo	46,494,428	14.1	46,164,649	13.9
	Other Cities	45,592,512	13.9	45,330,954	13.6
Deposits and other assets		36,555,889	11.1	29,289,567	8.8
	—	( — )	( — )	( — )	( — )
Total assets		329,163,520	100.0	332,380,032	100.0
	—	(292,607,631)	(88.9)	(303,090,465)	(91.2)

(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) For separation of areas, refer to PP 9

(Note 4) Various survey expenses (2,300 thousand yen for the 15th fiscal period and 3,819 thousand yen for the 16th fiscal period) are appropriated in deposits and other assets as construction in progress in this table.

### (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 16th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m <sup>2</sup> )	Leased Floor Space (m <sup>2</sup> )	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Olinas Tower	31,304,267	23,987.40	23,987.40	100.0	9.8	Office
Shinjuku Center Bldg.	21,391,732	8,041.63	6,846.10	85.1	4.1	Office
Kanematsu Bldg.	15,125,863	7,976.30	6,771.23	84.9	3.6	Office
Kawasaki Dice Bldg.	15,066,016	13,089.96	12,981.11	99.2	3.5	Retail
JPR Umeda Loft Bldg.	12,701,288	18,586.97	18,586.97	100.0	3.7	Retail
BYGS Shinjuku Bldg.	12,036,534	11,350.62	10,685.59	94.1	3.9	Office
JPR Shibuya Tower Records Bldg.	11,705,239	8,076.85	8,076.85	100.0	3.2	Retail
MS Shibaura Bldg.	11,074,326	14,385.84	14,240.39	99.0	4.7	Office
Shinjuku Square Tower	9,498,351	11,150.77	9,022.45	80.9	2.2	Office
Ryoshin Harajuku Bldg.	8,678,863	4,760.13	4,760.13	100.0	2.5	Office
Total	148,582,483	121,406.47	115,958.22	95.5	41.1	

(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 this building are the figures concerning the sub-lessee of the tenant.

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

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

### (3) Acquired Properties

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

Location Category	Asset Class	Property Name	Location	Asset Type	Book Value (as of December 31, 2009) (thousands of yen)	Appraisal Value (as of December 31, 2009) (thousands of yen)
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	15,125,863	12,300,000
		Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Beneficiary Interest	2,537,515	2,330,000
		JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	1,954,129	2,540,000
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period ) (additional acquisition in 6th fiscal period)	Chiyoda Ward, Tokyo	Beneficiary Interest	1,637,950 568,568 202,524	3,240,000
		JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	3,610,973	3,640,000
		MS Shibaura Bldg.	Minato Ward, Tokyo	Beneficiary Interest	11,074,326	14,700,000
		Gotanda First Bldg.	Shinagawa Ward, Tokyo	Beneficiary Interest	2,740,390	2,850,000
		Fukuoka Bldg. (additional acquisition in 7th fiscal period )	Chuo Ward, Tokyo	Beneficiary Interest Real Estate	1,789,325 1,149,972	3,240,000
		JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	5,366,743	5,100,000
		Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	Beneficiary Interest	3,294,779	4,320,000
		Shinjuku Square Tower (additional acquisition in 14th fiscal period )	Shinjuku Ward, Tokyo	Beneficiary Interest Real Estate	9,316,563 181,788	9,795,000
		BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Real Estate	12,036,534	10,900,000
		Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Real Estate	639,441	965,000
		Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Real Estate	21,391,732	13,700,000
	Minami Azabu Building	Minato Ward, Tokyo	Real Estate	3,890,385	3,000,000	
	Shinagawa Canal Building	Minato Ward, Tokyo	Real Estate	1,872,251	1,640,000	
	Rokubancho Building	Chiyoda Ward, Tokyo	Real Estate	2,910,142	3,010,000	
	Ryoshin Harajuku Building	Shibuya Ward, Tokyo	Beneficiary Interest	8,678,863	8,480,000	
	Retail	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Beneficiary Interest	11,705,239	12,600,000
		JPR Daikanyama	Shibuya Ward, Tokyo	Real Estate	2,217,281	1,310,000
JPR Jingumae 432 (Note 2)		Shibuya Ward, Tokyo	Beneficiary Interest Real Estate	4,375,643 194,040	4,200,000	
Shinjuku Sanhome East Bldg.		Shinjuku Ward, Tokyo	Real Estate	2,794,596	2,350,000	
Yurakucho Ekimae Building (Yurakucho Itocia)		Chiyoda Ward, Tokyo	Real Estate	3,414,773	2,660,000	
Greater Tokyo	Office	Arca East	Sumida Ward, Tokyo	Beneficiary Interest	4,949,029	5,900,000
		JPR Chiba Bldg.	Chiba City, Chiba	Beneficiary Interest	2,497,474	1,620,000
		JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Beneficiary Interest	2,779,554	2,470,000
		Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	Real Estate	878,171	925,000
		Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Beneficiary Interest	7,514,344	9,520,000
		JPR Ueno East Bldg.	Taito Ward, Tokyo	Real Estate	3,188,413	5,190,000
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period )	Tachikawa City, Tokyo	Beneficiary Interest Real Estate	814,735 2,253,209	3,390,000
		Rise Arena Bldg.	Toshima Ward, Tokyo	Real Estate	5,722,136	6,020,000
		Yume-ooka Office Tower	Yokohama City, Kanagawa	Real Estate	6,463,700	5,640,000
		Olinas Tower	Sumida Ward, Tokyo	Real Estate	31,304,267	31,500,000
	Retail	Tanashi ASTA	Nishitokyo City, Tokyo	Beneficiary Interest	8,257,627	12,200,000
		Cupo-la Main Bldg.	Kawaguchi City, Saitama	Real Estate	1,993,769	2,480,000
		JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Real Estate	7,360,167	5,940,000
		Musashiurawa Shopping Square Kawasaki Dice Bldg.	Saitama City, Saitama Kawasaki City, Kanagawa	Beneficiary Interest Beneficiary Interest	4,285,866 15,066,016	3,890,000 14,664,000
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata City, Niigata	Beneficiary Interest	1,769,088	2,090,000
		Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Beneficiary Interest	4,150,579	3,660,000
		JPR Hakata Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	3,362,857	2,970,000
		JPR Naha Bldg.	Naha City, Okinawa	Beneficiary Interest	1,505,508	1,600,000
		Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Beneficiary Interest	2,561,475	3,460,000
		Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Beneficiary Interest	1,392,664	1,820,000
		Tenjin 121 Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	2,446,958	2,590,000
		JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	Real Estate	4,448,639	5,000,000
		JPR Dojima Bldg.	Osaka City, Osaka	Beneficiary Interest	2,106,967	2,450,000
		JPR Hakata-chuo Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	1,831,787	1,830,000
	Mistubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya City, Aichi	Real Estate	4,293,180	3,420,000	
	Retail	JPR Umeda Loft Bldg.	Osaka City, Osaka	Beneficiary Interest	12,701,288	15,100,000
		Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Beneficiary Interest	5,407,592	4,590,000
Housing Design Center Kobe		Kobe City, Hyogo	Real Estate	7,016,864	6,540,000	
JPR Chayamachi Bldg.	Osaka City, Osaka	Beneficiary Interest	6,094,186	4,640,000		
Total					303,090,465	301,979,000

(Note 1) The calculated values at end of period are either appraisal values or survey values by real estate appraisers, based on the Cabinet Office Order on "Regulations on calculations of investment corporations."

(Note 2) Include 20.11m<sup>2</sup> of land scheduled to be transferred to Tokyo Metropolitan Government. The trust agreement for this land is terminated after division.

(Note 3) Aside from properties held as of the end of 16th fiscal period indicated in the table above, JPR plans to acquire JPR Sendagaya Building with 15,050,000 thousand yen. The said property is completed on May 2009 and the appraisal value as of the December 31, 2009 is 11,600,000 thousand yen. Furthermore, the acquisition price is subject to revision at the maximum of 16,500,000 thousand yen based on a predetermined formula in the event profitability improves as a result of efforts by the seller to attract tenants, etc.

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

Location Category	Asset Class	Property Name	15th Fiscal Period (from Jan. 1, 2009 to June 30, 2009)				16th Fiscal Period (from July 1, 2009 to Dec. 30, 2009)			
			Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total	Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total
Tokyo CBDs	Office	Kanematsu Bldg.	8	95.0	494,832	4.5	7	84.9	459,969	4.0
		Kanematsu Bldg. Annex	1	100.0	108,286	1.0	1	100.0	98,353	0.9
		JPR Ningyo-cho Bldg.	4	100.0	109,791	1.0	4	100.0	106,580	0.9
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period ) (additional acquisition in 6th fiscal period)	11	100.0	80,044 32,104 12,551	0.7 0.3 0.1	10	94.1 100.0 100.0	82,269 32,103 12,969	0.7 0.3 0.1
		JPR Crest Takebashi Bldg.	8	89.2	137,018	1.2	8	89.2	119,388	1.0
		MS Shibaura Bldg.	8	99.0	580,307	5.3	8	99.0	580,532	5.1
		Gotanda First Bldg.	2	100.0	139,361	1.3	2	100.0	137,042	1.2
		Fukuoka Bldg. (additional acquisition in 7th fiscal period )	1	100.0	87,356 41,633	0.8 0.4	1	100.0 100.0	87,356 38,973	0.8 0.3
		JPR Ichigaya Bldg.	8	88.3	167,439	1.5	7	82.8	162,667	1.4
		Oval Court Ohsaki Mark West	4	100.0	177,498	1.6	3	100.0	182,138	1.6
		Shinjuku Square Tower (additional acquisition in 14th fiscal period )	22	93.0	313,818 4,822	2.8 0.0	20	80.9 80.9	247,138 3,797	2.2 0.0
		BYGS Shinjuku Bldg.	22	92.0	492,437	4.5	22	94.1	466,698	4.1
		Across Shinkawa Bldg. Annex	3	84.0	49,594	0.4	3	84.0	44,792	0.4
		Shinjuku Center Bldg.	21	87.1	512,499	4.6	19	85.1	510,410	4.4
	Minami Azabu Building	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)	
	Shinagawa Canal Building	2	48.1	15,932	0.1	3	81.4	36,755	0.3	
	Rokubancho Building	—	—	—	—	1	100.0	(Note 3)	(Note 3)	
	Ryoshin Harajuku Building	—	—	—	—	8	100.0	9,843	0.1	
	Retail	JPR Shibuya Tower Records Bldg.	1	100.0	345,576	3.1	1	100.0	345,576	3.0
		JPR Daikanyama	4	100.0	44,343	0.4	4	100.0	41,822	0.4
JPR Jingumae 432		5	100.0	114,184	1.0	5	100.0	88,581	0.8	
Shinjuku Sanchoe East Bldg.		1	100.0	78,306	0.7	1	100.0	78,306	0.7	
Yurakucho Ekimae Building (Yurakucho Itocia)		1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)	
Greater Tokyo	Office	Arca East	5	85.3	250,184	2.3	6	100.0	259,457	2.3
		JPR Chiba Bldg.	28	82.8	128,335	1.2	28	78.7	118,287	1.0
		JPR Yokohama Nihon Odori Bldg.	11	94.7	143,642	1.3	12	97.3	135,056	1.2
		Shinyokohama 2nd Center Bldg.	12	93.8	70,775	0.6	11	89.7	69,412	0.6
		Kawaguchi Center Bldg.	37	97.0	476,925	4.3	38	97.0	473,357	4.1
		JPR Ueno East Bldg.	8	91.6	196,307	1.8	7	94.3	206,812	1.8
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period )	18	100.0 77.6	61,871 82,129	0.6 0.7	18	100.0 81.4	62,153 83,977	0.5 0.7
		Rise Arena Bldg.	1	100.0	240,564	2.2	1	100.0	242,751	2.1
		Yume-ooka Office Tower	31	88.9	334,336	3.0	31	86.3	320,643	2.8
		Olinas Tower	12	100.0	12,971	0.1	12	100.0	1,178,783	10.3
	Retail	Tanashi ASTA	1	100.0	596,400	5.4	1	100.0	596,400	5.2
		Cupo-la Main Bldg.	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
		JPR Musashikosugi Bldg.	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
		Musashiurawa Shopping Square	3	100.0	129,061	1.2	3	100.0	129,061	1.1
Kawasaki Dice Bldg.	19	98.0	479,848	4.4	20	99.2	478,422	4.2		
Other Cities	Office	Niigata Ekinan Center Bldg.	10	100.0	135,015	1.2	10	100.0	133,216	1.2
		Meiji Yasuda Life Osaka Umeda Bldg.	—	—	373,465	3.4	—	—	—	—
		Tokyo Tatemono Honmachi Bldg.	9	98.7	245,999	2.2	9	98.7	247,626	2.2
		JPR Hakata Bldg.	26	96.9	163,071	1.5	27	96.6	160,079	1.4
		JPR Naha Bldg.	17	95.9	108,893	1.0	17	93.8	105,108	0.9
		Sompo Japan Sendai Bldg.	15	100.0	205,693	1.9	14	94.7	201,173	1.8
		Sompo Japan Wakayama Bldg.	16	96.5	117,738	1.1	17	100.0	123,169	1.1
		Tenjin 121 Bldg.	13	100.0	119,210	1.1	12	91.5	122,218	1.1
		JPR Nagoya Sakae Bldg.	20	95.3	225,475	2.0	17	85.3	223,563	1.9
		JPR Dojima Bldg.	7	79.7	113,674	1.0	7	93.2	113,168	1.0
	JPR Hakata-chuo Bldg.	6	100.0	91,364	0.8	5	87.5	87,554	0.8	
	Mistubishi UFJ Lease & Finance Nagoya Head Office Bldg.	1	100.0	191,107	1.7	1	100.0	189,817	1.7	
	Retail	JPR Umeda Loft Bldg.	1	100.0	402,412	3.6	1	100.0	402,423	3.5
Strasse Ichibancho		—	—	160,000	1.5	—	—	—	—	
Benetton Shinsaibashi Bldg.		1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)	
Housing Design Center Kobe		1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)	
JPR Chayamachi Bldg.	7	100.0	138,999	1.3	7	100.0	141,970	1.2		
Total		476	96.8	11,030,526	100.0	476	96.4	11,493,470	100.0	

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

(Note 2) Meiji Yasuda Life Osaka Umeda Bldg. and Strasse Ichibancho were sold on June 26, 2009.

(Note 3) The tenant to whom the entire portion owned by JPR is leased has not agreed to our disclosing rents and other information. Therefore, JPR does not disclose them as it falls under cases in which disclosure is impossible due to inevitable reasons.

#### **(4) Status of Other Properties**

Beneficiary interests with real estate as major entrusted properties have been entered under (3) Acquired Properties in P34.

There is no incorporation of main specific assets which are main investment targets of JPR other than listed on P34 as of the end of 16th period.

## Capital Expenditures of Owned Real Estate

### (1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 15th Fiscal Period	Amount Already Paid
Shinjuku Center Building	Shinjuku Ward, Tokyo	Replacement of fire-resistant material within passenger elevator shaft	Oct. 2008~ May. 2010	84	17	17
Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Replacement of 8th and 9th floor air conditioning units	Apr. 2010~ May. 2010	26	—	—
Tachikawa Business Center Bldg.	Tachikawa City, Tokyo	Replacement of central monitoring system	May. 2010~ Jun. 2010	19	—	—
Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Replacement of renewal pallets of main parts of parking	Mar. 2010~ Apr. 2010	17	—	—
JPR Ueno East Bldg.	Taito Ward, Tokyo	1st phase of renewal of lighting equipment for exclusive area	Apr. 2010~ Jun. 2010	16	—	—
JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Renewal of 8th floor air conditioning units	Apr. 2010~ Jun. 2010	13	—	—

### (2) Capital Expenditures during the 16th Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 16th period.

Among major capital expenditures, JPR conducted countermeasure work of long-period ground motion at the Shinjuku Center Building in order to reduce the impact of long-period, long-lasting ground motion from the viewpoint of business continuity planning (BCP) of the tenant companies housed in the building. Moreover, JPR implemented such constructions as the renovation of exterior repair seals for maintenance and replacement work to enhance tenant satisfaction, as well as improvements to common-use areas and the 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 236 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Shinjuku Center Building	Shinjuku Ward, Tokyo	Countermeasure work of long-period ground motion	Oct. 2008~ Jul. 2009	172
Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya City, Aichi	Renewal of 1st - 5th floor common areas	Jul. 2009~ Sep. 2009	85
Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Renewal of exterior repair seals	Sep. 2009~ Dec. 2009	61
JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Replacement of 1st basement, 1st, 4th floor air conditioning units	Jul. 2009~ Dec. 2009	33
Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Replacement of central monitoring system	Jul. 2009~ Dec. 2009	28
Kanematsu Bldg.	Chuo Ward, Tokyo	Replacement of central monitoring system	Sep. 2009~ Dec. 2009	21
Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya City, Aichi	Replacement of mechanical parking facility	Sep. 2009~ Dec. 2009	14
Other Properties		Repairs of common area, installation of office automation floors, preparation of parking lots, air conditioners and disaster prevention facilities		256
Total				675

(Note) Expenditures for repair and maintenance included 5 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	12th Fiscal Period (July 1, 2007 ~ Dec. 31, 2007)	13th Fiscal Period (Jan. 1, 2008 ~ June 30, 2008)	14th Fiscal Period (July 1, 2008 ~ Dec. 31, 2008)	15th Fiscal Period (Jan. 1, 2009 ~ June 30, 2009)	16th Fiscal Period (July 1, 2009 ~ Dec. 31, 2009)
Balance of deposits at end of previous period	681	737	796	768	783
Deposits during the period	803	604	697	555	391
Amounts used from deposits during the period	747	545	725	540	443
Deposits carried forward to the next period	737	796	768	783	731

## Expenses and Liabilities

### (1) Details of Expenses Related to Management

(Thousands of yen)

Item	15th Fiscal Period (Jan. 1, 2009- June 30, 2009)	16th Fiscal Period (July 1, 2009- Dec. 31, 2009)
(a) Asset Management Fees (Note)	345,480	416,127
Fixed compensation	75,000	75,000
Incentive-based compensation 1	198,308	207,113
Incentive-based compensation 2	72,171	134,014
(b) Administrative Service and Custodian Fees	66,520	67,754
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	69,434	48,244
(e) Other Expenses	120,087	116,423
Total	608,123	655,150

(Note) Aside from the amounts of the asset management fees entered above, a total 78,250 thousand yen for 15th fiscal period and 28,000 thousand yen for the 16th fiscal period have been paid for asset management of the acquired properties and have been included in the book value of each property.

### (2) Status of Borrowings

As of December 31, 2009 JPR has the following borrowings.

Category	Lender	Drawdown Date	Balance as of June 30, 2009 (millions of yen)	Balance as of December 31, 2009 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Borrowings	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jul. 14, 2008	1,000	—	0.835	Jul. 3, 2009	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non- subordinated
		Mar. 31, 2009	3,000	—	0.835	Jul. 3, 2009			
		Jul. 3, 2009	—	4,000	1.245	Jul. 2, 2010			
	Resona Bank, Limited	Jul. 4, 2008	4,000	—	0.735	Jul. 3, 2009			
		Jul. 3, 2009	—	4,000	1.245	Jul. 2, 2010			
	Mizuho Corporate Bank, Ltd.	Jul. 4, 2008	2,972	—	0.735	Jul. 3, 2009			
		Jul. 14, 2008	1,000	—	0.835	Jul. 3, 2009			
	Mitsubishi UFJ Trust and Banking Corporation	Jul. 3, 2009	—	3,972	1.245	Jul. 2, 2010			
		Mar. 31, 2009	2,280	—	0.922	Jul. 3, 2009			
	Sumitomo Mitsui Banking Corporation	Jul. 3, 2009	—	2,280	1.245	Jul. 2, 2010			
		Dec. 24, 2009	—	2,000	0.955	Jul. 2, 2010			
Aozora Bank, Ltd.	Jul. 14, 2008	1,000	—	0.835	Jul. 3, 2009				
	Jul. 14, 2008	900	—	0.835	Jul. 3, 2009				
	Total		16,152	16,252					



Current Portion of Long-term Borrowings	Development Bank of Japan Inc.	Mar. 31, 2009	50	50	1.740	(Note 4)	(Note 4)	(Note 3)	Unsecured/ Unguaranteed/ Non- subordinated
		Jun. 26, 2009	200	200	3.190	(Note 5)	(Note 5)		
	Mizuho Corporate Bank, Ltd.	Jun. 26, 2009	200	200	2.449	(Note 6)	(Note 6)		
	Mitsubishi UFJ, Ltd.	Jun. 26, 2009	166	166	2.390	(Note 7)	(Note 7)		
	Sumitomo Mitsui Banking Corporation	Jun. 26, 2009	100	100	2.440	(Note 8)	(Note 8)		
	Shinsei Bank, Ltd.	Sep. 26, 2006	—	3,000	1.356	Sep. 24, 2010	Principal lump sum repayment on maturity		
	The Bank of Fukuoka, Ltd.	Sep. 26, 2006	—	1,000	1.356	Sep. 24, 2010			
	The Chugoku Bank, Ltd.	Sep. 26, 2006	—	1,000	1.356	Sep. 24, 2010			
	The Hachijuni Bank, Ltd.	Sep. 26, 2006	—	1,000	1.356	Sep. 24, 2010			
Total		716	6,716						
Long-Term Borrowings	Zenkyoren (The National Mutual Insurance Federation of Agricultural Cooperatives)	Nov. 24, 2005	5,000	5,000	1.453	Nov. 27, 2012	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non- subordinated
		Mar. 26, 2008	2,000	2,000	1.725	Mar. 26, 2015			
	Mitsubishi UFJ Trust and Banking Corp.	Aug. 29, 2006	6,000	6,000	1.734	Aug. 29, 2011			
		Jun. 26, 2009	1,000	1,000	2.156	Jun. 27, 2012			
	Shinsei Bank, Ltd.	Sep. 26, 2006	3,000	—	1.356	Sep. 24, 2010			
	The Bank of Fukuoka, Ltd.	Sep. 26, 2006	1,000	—	1.356	Sep. 24, 2010			
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Chugoku Bank, Ltd.	Sep. 26, 2006	1,000	—	1.356	Sep. 24, 2010			
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Hachijuni Bank, Ltd.	Sep. 26, 2006	1,000	—	1.356	Sep. 24, 2010			
		Dec. 26, 2006	1,000	1,000	1.642	Apr. 11, 2012			
	Daido Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013			
		Feb. 5, 2008	1,000	1,000	1.666	Feb. 5, 2015			
	Taiyo Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013			
		Jun. 4, 2008	1,000	1,000	2.035	Jun. 4, 2013			
	Sumitomo Life Insurance Company	Dec. 27, 2006	2,000	2,000	1.858	Dec. 27, 2013			
		Jun. 4, 2008	2,000	2,000	2.257	Jun. 4, 2015			
	Sompo Japan Insurance Inc.	Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
		Jun. 26, 2009	2,000	2,000	2.156	Jun. 27, 2012			
	The Iyo Bank, Ltd.	Apr. 11, 2007	1,000	1,000	1.676	Apr. 11, 2012			
	Mizuho Corporate Bank, Ltd.	Feb. 5, 2008	5,000	5,000	1.181	Feb. 4, 2011			
		Jun. 26, 2009	5,800	5,700	2.449	(Note 6)			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 26, 2008	5,000	5,000	1.380	Mar. 26, 2011			
Jun. 26, 2009		4,834	4,751	2.390	(Note 7)	(Note 7)			
Aozora Bank, Ltd.	Aug. 26, 2009	3,400	3,400	1.593	Aug. 26, 2011	Principal lump sum repayment on maturity			
	Jul. 3, 2009								
Development Bank of Japan Inc.	Mar. 31, 2009	945	920	1.740	(Note 4)	(Note 4)			
	Jun. 26, 2009	3,800	3,700	3.190	(Note 5)	(Note 5)			
Sumitomo Mitsui Banking Corporation	Jun. 29, 2009	2,900	2,850	2.440	(Note 8)	(Note 8)			
American Family Life Assurance Company of Columbus	Sep. 7, 2009	—	10,000	3.440	Sep. 6, 2019				
Meiji Yasuda Life Insurance Company	Jun. 21, 2002	4,783	4,783	2.050	Jun. 21, 2011	Principal lump sum repayment on maturity			
	Mar. 28, 2003	4,400	4,400	1.750	Mar. 28, 2013				
Total		78,862	83,404						

(Note 1) The average interest rates are weighted-average figures during the period and are rounded to the third decimal point. Furthermore, fees related to loan arrangement paid to the above lenders are not included.

(Note 2) Short-term borrowings are floating-rate borrowings. Long-term borrowings are fixed-rate borrowings.

(Note 3) Funds are mainly used for purchasing real estate or real estate beneficiary interest in trust (including accompanying expenses), repaying borrowings and amortization of corporate bonds.

(Note 4) The borrowings are subject to repayment of 25 million yen on June 27, 2009 and hereafter every 6 months. In addition, repayment of 820 million yen will be made on the maturity date.

(Note 5) The borrowings are subject to repayment of 100 million yen on December 27, 2009 and hereafter every 6 months. In addition, repayment of 2,100 million yen will be made on the maturity date.

(Note 6) The borrowings 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 the maturity date.

(Note 7) The borrowings 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 the maturity date.

(Note 8) The borrowings 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 the maturity date.

### (3) Corporate Bonds

Details of corporate bonds outstanding as of December 31, 2009 are as follows.

Name	Issue Date	Balance as of June 30, 2009 (millions of yen)	Balance as of December 31, 2009 (millions of yen)	Coupon Rate (per annum)	Maturity Date	Redemption	Use	Remarks
Second Series of Corporate Bonds	Feb. 12, 2004	7,000	7,000	1.38	Feb. 12, 2010	Bullet payment	Purchase of properties and repayment of borrowings	(Note 1)
Third Series of Corporate Bonds	Feb. 12, 2004	5,000	5,000	2.32	Feb. 12, 2014			
Fourth Series of Corporate Bonds	Nov. 4, 2004	10,000	—	0.92	Nov. 4, 2009			
Fifth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	1.44	Nov. 4, 2011			(Note 2)
Sixth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	2.00	Nov. 4, 2014		Repayment of borrowings	(Note 3)
Seventh Series of Corporate Bonds	Dec. 14, 2006	4,500	4,500	2.90	Dec. 14, 2026			
Eighth Series of Corporate Bonds	July 23, 2007	9,000	9,000	1.85	July 23, 2012			
Ninth Series of Corporate Bonds	July 23, 2007	6,000	6,000	2.10	July 23, 2014			
Tenth Series of Corporate Bonds	May 30, 2008	3,000	3,000	1.71	May 30, 2011			
Total		54,500	44,500					

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

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

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

## Acquisition and Sale during the 16th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquired Date	Acquisition Price (thousands of yen) (Note)	Sale Date	Sale Price (A) (thousands of yen) (Note)	Book Value (B) (thousands of yen)	Difference (C) (A) - (B) (thousands of yen)	Sale Expenses (D) (thousands of yen)	Sale Profit and Loss (C) - (D) (thousands of yen)
Real Estate	Rokubancho Building	Dec. 2, 2009	2,800,000	—	—	—	—	—	—
Beneficiary Interest in Real Estate	Ryoshin Harajuku Building	Dec. 25, 2009	8,400,000	—	—	—	—	—	—
Total			11,200,000	—	—	—	—	—	—

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

### (2) Acquisition and Sale of Other Assets

There were no acquisitions or sales of other assets.

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

Acquisition or Sale	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Survey Value of Specified Assets (Note 2) (thousands of yen)
Acquisition	Rokubancho Building	Dec. 2, 2009	2,800,000	3,010,000
Acquisition	Ryoshin Harajuku Building	Dec. 25, 2009	8,400,000	8,490,000

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

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

### (4) Transactions with Interested Parties and Major Shareholders

#### A. Transaction Status

There were no transactions with interested parties and major shareholders.

#### B. Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transactions with Interested Parties		Ratio to Total Amount (B/A) (% of total)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	229,638	Tokyo Tatemono Co., Ltd.	193,106	84.1
		Yasuda Real Estate Co., Ltd.	9,299	4.0
		Meiji Yasuda Building Management, Co., Ltd.	2,558	1.1
		Yuraku Real Estate Co., Ltd.	3,361	1.5
Outsourcing Fees	488,087	Tokyo Tatemono Co., Ltd.	393,678	80.7
		Yasuda Real Estate Co., Ltd.	22,462	4.6
		Meiji Yasuda Building Management, Co., Ltd.	3,366	0.7
Tenant Brokerage Fees, etc.	10,733	Tokyo Tatemono Co., Ltd.	2,769	25.8
		Yasuda Real Estate Co. Ltd.	1,950	18.2

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

(Note 2) The management fees indicated in the above table include construction management fees (total of 15,346 thousand yen for JPR) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties during the 16th fiscal period.

Tokyo Tatemono Co., Ltd.	319,437 thousand yen
Tokyo Tatemono Techno-build Co., Ltd.	53,327 thousand yen
Yasuda Real Estate Co., Ltd.	25,953 thousand yen
Taisei Corporation	174,882 thousand yen
Shinjuku Center Building Management Co., Ltd.	175,125 thousand yen

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

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

## **Overview of Accounting**

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

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

### **(2) Changes in Calculation Method of Depreciation**

No change has been made.

### **(3) Changes in Valuation Method of Real Estate**

No change has been made.

## **Overview of Investment Trust Beneficiary Certificates of JPR**

### **(1) Acquisition**

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

### **(2) Units Held**

The number of investment units held by Tokyo Realty Investment Management, Inc. has remained at 100 units through December 31, 2009 with the total investment unchanged at 20 million yen. The amount of units held is immaterial versus the total units outstanding of JPR.

## Other

### (1) Notice

#### A. General meeting of Unitholders

JPR's 7th General Meeting of Unitholders was held on September 8, 2009. Major issues related to the items approved at the meeting are as follows.

Proposals	Details
Partial changes to the Articles Incorporation	<p>The following changes were made to the Articles of Incorporation</p> <ul style="list-style-type: none"> <li>• Changes to words related to the revisions to the Investment Trusts and Investment Corporations Law and other regulations</li> <li>• Changes to regulations regarding dematerialization of investment securities</li> <li>• Revised definition of qualified institutional investors, revised terms of distributable income, established new regulations in order to enable response to changes in requirements concerning distribution under the Special Taxation Measures Law to be eligible for the special measures of taxation concerning investment corporations due to future amendments of the Special Taxation Measures Law and revised other required wordings</li> <li>• Clarified procedures concerning execution of voting rights in writing and execution of voting rights through an electronic method</li> <li>• Clarified details concerning methods and standards of asset appraisal</li> <li>• Added asset types which will be target of asset management</li> <li>• Abolished regulations concerning provisional measures</li> <li>• Other than mentioned above, the numbers of articles are changed due to newly established or deleted articles and other modifications being made to the wording</li> </ul>
Appointment of one Executive Officer	Hirohito Kaneko was appointed as executive officer
Appointment of one Substitute Executive Officer	Toshihiro Hagiwara was appointed as substitute executive officer
Appointment of two Supervising Officers	Sosuke Yasuda and Masato Denawa were appointed as supervising officers
Appointment of one Substitute Supervising Officer	Masaaki Sugiyama was appointed as substitute supervising officer

#### B. Board of Directors Meeting

Details of major issues related to the conclusion and changes of major contracts approved by JPR's Board of Directors meeting during the fiscal period are as follows.

Date of the Meeting	Approved Issues	Details
October 28, 2009	Conclusion of memorandum concerning change to the asset management contract	The required items of the agreement were reviewed in line with the change to the Articles of Incorporation and various regulations.

### (2) Other

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

## Balance Sheets

(As of June 30, 2009 and December 31, 2009)

(Thousands of yen)

Asset	End of 15th Fiscal Period (information only) (as of June 30, 2009)	End of 16h Fiscal Period (as of December 31, 2009)	% Change
<b>Current assets</b>			
Cash and deposits	¥ 20,987,712	¥ 13,972,954	
Cash and deposits in trust	14,015,752	14,306,729	
Operating accounts receivable	198,512	168,177	
Prepaid expenses	184,233	190,316	
Deferred tax assets	92	29	
Consumption taxes receivable	357,367	—	
Other	173,712	6,164	
Total current assets	35,917,383	28,644,372	(20.2%)
<b>Noncurrent assets</b>			
Property, plant and equipment			
Buildings	45,628,942	46,691,236	
Accumulated depreciation	(3,354,991)	(4,068,032)	
Buildings, net	42,273,950	42,623,203	
Buildings in trust	72,018,462	72,920,852	
Accumulated depreciation	(14,114,110)	(15,174,017)	
Buildings in trust, net	57,904,351	57,746,834	
Structures	28,482	30,181	
Accumulated depreciation	(3,143)	(4,026)	
Structures, net	25,339	26,155	
Structures in trust	86,714	89,443	
Accumulated depreciation	(24,316)	(27,373)	
Structures in trust, net	62,398	62,070	
Machinery and equipment	506,001	537,435	
Accumulated depreciation	(142,903)	(165,585)	
Machinery and equipment, net	363,098	371,850	
Machinery and equipment in trust	1,301,822	1,304,524	
Accumulated depreciation	(707,751)	(749,755)	
Machinery and equipment in trust, net	594,070	554,769	
Tools, furniture and fixtures	26,809	34,079	
Accumulated depreciation	(9,328)	(11,368)	
Tools, furniture and fixtures, net	17,481	22,710	
Tools, furniture and fixtures in trust	86,735	97,559	
Accumulated depreciation	(38,702)	(45,167)	
Tools, furniture and fixtures in trust, net	48,033	52,392	
Land	80,501,678	83,009,500	
Land in trust	109,229,828	117,058,000	
Construction in progress	46,301	22,377	
Total property, plant and equipment	291,066,531	301,549,865	3.6%
Intangible assets			
Leasehold right	1,542,818	1,542,818	
Other	4,854	5,111	
Total intangible assets	1,547,673	1,547,929	0.0%
Investments and other assets			
Lease and guarantee deposits	49,000	49,000	
Long-term prepaid expenses	472,336	491,015	
Total investments and other assets	521,336	540,015	
Total noncurrent assets	293,135,541	303,637,811	3.6%
<b>Deferred assets</b>			
Investment corporation bond issuance costs	110,596	97,848	
Total deferred assets	110,596	97,848	(11.5%)
<b>Total assets</b>	<b>¥329,163,520</b>	<b>¥332,380,032</b>	<b>1.0%</b>

(Note) See accompanying Notes to Financial Statements

(Thousands of yen)

	End of 15th Fiscal Period (information only) (as of June 30, 2009)	End of 16h Fiscal Period (as of December 31, 2009)	% Change
<b>Liabilities</b>			
<b>Current liabilities</b>			
Operating accounts payable	¥ 1,511,945	¥ 1,107,794	
Short-term loans payable	16,152,000	16,252,000	
Current portion of long-term loans payable	716,000	6,716,000	
Current portion of investment corporation bond	17,000,000	7,000,000	
Accounts payable-other	623,163	548,051	
Accrued expenses	277,368	394,952	
Income taxes payable	658	624	
Accrued consumption taxes	—	312,246	
Advances received	1,166,950	1,416,980	
Total current liabilities	37,448,086	33,748,648	(9.9%)
<b>Noncurrent liabilities</b>			
Investment corporation bond	37,500,000	37,500,000	
Long-term loans payable	78,862,000	83,404,000	
Tenant leasehold and security deposits	6,028,254	6,009,582	
Tenant leasehold and security deposits in trust	10,267,498	10,659,132	
Total noncurrent liabilities	132,657,752	137,572,715	3.7%
<b>Total liabilities</b>	170,105,838	171,321,364	0.7%
<b>Net assets</b>			
<b>Unitholders' equity</b>			
Unitholders' capital	156,725,438	156,725,438	
Surplus			
Unappropriated retained earnings (undisposed loss)	2,332,243	4,333,229	
Total surplus	2,332,243	4,333,229	85.8%
Total unitholders' equity	159,057,682	161,058,667	1.3%
<b>Total net assets</b>	159,057,682	161,058,667	1.3%
<b>Total liabilities and net assets</b>	¥ 329,163,520	¥ 332,380,032	1.0%

(Note) See accompanying Notes to Financial Statements

## Statements of Income and Retained Earnings

(For the six-month periods ended June 30, 2009 and December 31, 2009)

(Thousands of yen)

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16h Fiscal Period (July 1, 2009 - December 31, 2009)	% Change
<b>Operating revenue</b>			
Rent revenue-real estate	¥11,030,526	¥11,493,470	
Gain on sales of real estate properties	3,300,033	—	
<b>Total operating revenue</b>	14,330,560	11,493,470	(19.8%)
<b>Operating expenses</b>			
Expenses related to rent business	4,961,198	5,010,746	
Loss on sales of real estate properties	2,154,094	—	
Loss on sales of investment securities	38,651	—	
Asset management fee	345,480	416,127	
Administrative service and asset custody fees	66,520	67,754	
Directors' compensations	6,600	6,600	
Trust fees	69,434	48,244	
Other operating expenses	120,087	116,423	
<b>Total operating expenses</b>	7,762,068	5,665,896	(27.0%)
<b>Operating income</b>	6,568,491	5,827,573	(11.3%)
<b>Non-operating income</b>			
Interest income	24,164	6,846	
Income on settlement of management association accounts	40,816	—	
Other	6,205	11,204	
<b>Total non-operating income</b>	71,186	18,050	(74.6%)
<b>Non-operating expenses</b>			
Interest expenses	550,706	957,607	
Borrowing expenses	26,200	74,221	
Interest expenses on investment corporation bonds	473,593	462,820	
Amortization of investment corporation bond issuance costs	12,540	12,748	
Other	4,256	4,542	
<b>Total non-operating expenses</b>	1,067,297	1,511,938	41.7%
<b>Ordinary income</b>	5,572,380	4,333,685	(22.2%)
<b>Extraordinary loss</b>			
Loss on penalty	3,239,449	—	
<b>Total extraordinary loss</b>	3,239,449	—	
<b>Income before income taxes</b>	2,332,930	4,333,685	85.8%
<b>Income taxes-current</b>	1,038	762	
<b>Income taxes-deferred</b>	(18)	62	
<b>Total income taxes</b>	1,019	825	(19.0%)
<b>Net income</b>	2,331,911	4,332,860	85.8%
<b>Retained earnings brought forward</b>	332	368	10.8%
<b>Unappropriated retained earnings (undisposed loss)</b>	¥ 2,332,243	¥ 4,333,229	85.8%

(Note) See accompanying Notes to Financial Statements



## Statements of Unitholders' Equity

(For the six-month periods ended June 30, 2009 and December 31, 2009)

(Thousands of yen)

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16h Fiscal Period (July 1, 2009 - December 31, 2009)
<b>Unitholders' equity</b>		
<b>Unitholders' capital</b>		
Balance at the end of previous period	¥156,725,438	¥156,725,438
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	156,725,438	156,725,438
<b>Surplus</b>		
Unappropriated retained earnings (undisposed loss)		
Balance at the end of previous period	4,432,832	2,332,243
Changes of items during the period		
Dividends from surplus	(4,432,500)	(2,331,875)
Net income	2,331,911	4,332,860
Total changes of items during the period	(2,100,588)	2,000,985
Balance at the end of current period	2,332,243	4,333,229
Total surplus		
Balance at the end of previous period	4,432,832	2,332,243
Changes of items during the period		
Total changes of items during the period	(2,100,588)	2,000,985
Balance at the end of current period	2,332,243	4,333,229
<b>Total unitholders' equity</b>		
Balance at the end of previous period	161,158,271	159,057,682
Changes of items during the period		
Total changes of items during the period	(2,100,588)	2,000,985
Balance at the end of current period	159,057,682	161,058,667
<b>Total net assets</b>		
Balance at the end of previous period	161,158,271	159,057,682
Changes of items during the period		
Total changes of items during the period	(2,100,588)	2,000,985
<b>Balance at the end of current period</b>	<b>¥159,057,682</b>	<b>¥161,058,667</b>

(Note) See accompanying Notes to Financial Statements

# Notes to Financial Statements

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## Basis of Presenting Financial Statements

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

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

JPR's accounting period ends at the end of June and December. JPR's 16th accounting period began on July 1, 2009 and ended on December 31, 2009.

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## 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 range 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 depreciated utilizing the straight-line method.

(3) Long-term prepaid expenses

Long-term prepaid expenses are depreciated utilizing the straight-line method.

### 2. Accounting for Deferred Assets

Investment Corporation Bond Issuance Costs

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

### 3. Standards for Recording Revenues and Expenses

#### Accounting treatment of Taxes on Properties and Equipment

In connection with property taxes, city planning taxes and depreciated asset taxes, JPR adopt the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interest with real estate as entrusted property. During the 16th fiscal period, the amount equivalent to the property taxes included as an acquisition cost of real estate totaled 2,573 thousand yen.

### 4. Other Significant Items Fundamental to Preparing the Financial Statements

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

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

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

#### (2) Accounting for Consumption Taxes

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

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## Notes to Balance Sheets

### 1. Assets Pledged as Collateral and Secured Liabilities

(Thousands of yen)

	End of 15th Fiscal Period (information only) (as of June 30, 2009)	End of 16th Fiscal Period (as of December 31, 2009)
Assets pledged as collateral are as follows		
Cash and deposits in trust	¥ 2,211,749	¥ 2,231,835
Buildings (net)	137,588	135,720
Buildings in trust (net)	6,976,412	6,840,773
Structures in trust (net)	3,740	3,514
Machinery and equipment (net)	4,965	4,793
Machinery and equipment in trust (net)	12,245	10,851
Tools, furniture and fixtures in trust (net)	2,262	2,307
Land	399,183	399,183
Land in trust	8,536,013	8,536,013
Total	¥18,284,161	¥18,164,992
Secured liabilities are as follows		
Long-term loans payable	¥ 9,183,000	¥ 9,183,000
Tenant leasehold and security deposits	15,536	15,536
Total	¥ 9,198,536	¥ 9,198,536

## 2. Balance of Unused Commitment Line

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

	End of 15th Fiscal Period (information only) (as of June 30, 2009)	End of 16th Fiscal Period (as of December 31, 2009)
Contract execution date	December 1, 2008	December 1, 2008
Credit limit	¥16,000,000	¥16,000,000
Outstanding debt at end of period	—	—
Unused commitment line at end of period	¥16,000,000	¥16,000,000

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

	End of 15th Fiscal Period (information only) (as of June 30, 2009)	End of 16th Fiscal Period (as of December 31, 2009)
	¥50,000	¥50,000

# Notes to Statements of Income and Retained Earnings

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

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
(Thousands of yen)		
A. Rent Revenue-Real Estate		
Rent revenue		
Rents	¥8,382,866	¥8,717,962
Common charges	1,578,427	1,703,699
Parking revenues	209,490	208,631
Advertising expenses	16,072	17,119
Antenna use fees	10,748	10,809
Other	20,674	26,029
Sub total	10,218,280	10,684,253
Other rental revenues		
Incidental income	585,718	699,637
Time-based parking revenues	8,445	7,917
Cancellation charges	2,584	30,914
Income equivalent to expenses for restoration to as is condition	176,643	41,057
Other miscellaneous income	38,855	29,690
Sub total	812,246	809,216
Total rent revenue-real estate	¥11,030,526	¥11,493,470
B. Expenses Related to Rent Business		
Outsourcing expenses	¥ 515,222	¥ 488,087
Utilities expenses	698,282	663,069
Property and other taxes	935,273	885,923
Casualty insurance	28,646	30,330
Repairs and maintenance	242,956	230,776
Property management fees	211,269	214,291
Management association accounts	463,436	569,469
Depreciation	1,795,533	1,850,113
Other	70,579	78,685
Total expenses related to rent business	¥4,961,198	¥5,010,746
C. Profits (A-B)		
	¥6,069,328	¥6,482,724

## 2. Breakdown of Gain and Loss on Sales of Real Estate Properties

(Thousands of yen)

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
Gain on sales of real estate properties		
Proceeds from sales of real estate properties	¥ 10,600,000	—
Costs of sales of real estate properties	7,298,068	—
Other related sales expense	1,898	—
Total gain on sales of real estate properties	¥ 3,300,033	—
Loss on sales of real estate properties		
Proceeds from sales of real estate properties	¥ 1,800,000	—
Costs of sales of real estate properties	3,951,596	—
Other related sales expense	2,498	—
Total loss on sales of real estate properties	¥ (2,154,094)	—

## 3. Loss on Penalty in Last Fiscal Period

During the 15th fiscal period, an amount comprised of 2,227,047 thousand yen as cancellation penalty and incidental expenses that accompanied the cancellation of the purchase agreement of KM Fukugo Bldg. (tentative name), and 1,012,401 thousand yen as cancellation penalty and incidental expense that accompanied the cancellation of the purchase agreement of preferred securities issued by Meieki Nichome Kaihatsu SPC.

## Notes to Statements of Changes in Unitholders' Equity

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
The number of units outstanding	625,000 units	625,000 units

## Tax Effect Accounting

(Thousands of yen)

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

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
Enterprise tax not deductible for income tax purposes	¥ 12	¥ 4
Local enterprise special tax not deductible for income tax purposes	9	3
Lump-sum depreciated assets not deductible for tax purposes	71	22
Total deferred tax assets	92	29
Net deferred tax assets	¥ 92	¥ 29

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

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
Effective statutory tax rate (Adjustment)	39.33%	39.33%
Deductible cash distributions	(39.31%)	(39.32%)
Other	0.02%	0.01%
Effective tax rate after applying tax effect accounting	0.04%	0.02%

## Property and Equipment Leased to JPR

15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
No property and equipment leased to JPR	No property and equipment leased to JPR

## Transactions with Interested Parties

15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
No transactions with interested parties	No transactions with interested parties

## Per Unit Information

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
Total net assets per unit	¥254,492	¥257,693
Net income per unit	¥3,731	¥6,932

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

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

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

	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
Net income	¥2,331,911	¥4,332,860
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥2,331,911	¥4,332,860
Average number of units	625,000 units	625,000 units

## Subsequent Events

〈 Issue of new investment units through public offering 〉

Payment in connection with new investment units, the issue and pricing of which were approved at the Board of Directors Meeting held on January 21, 2010 and February 1, 2010, respectively, and was completed on February 8, 2010, terms and conditions briefly as below. As a result, unitholders' capital totaled 170,040,762,600 yen, while the number of investment units and outstanding became 707,000 units as of February 8, 2010.

Total number of units to be offered:	82,000 units
Issue price (offer price):	168,101 yen per unit
Total amount of Issue price (offer price):	13,784,282,000 yen
Amount to be paid in (purchase price):	162,382 yen per unit
Gross proceeds (total purchase price):	13,315,324,000 yen per unit
Payment date:	February 8, 2010
Starting date of computation for cash distribution:	January 1, 2010

〈 Issue of New Investment Units through Third-Party Allotment 〉

JPR resolved to undertake a secondary offering (over-allotment option) by way of third-party allotment at Board of Directors Meeting held on January 21, 2010 and February 1, 2010, brief details as follows. JPR also proved the granting of an option (the “Greenshoe Option”) by way of third-party allotment to Mizuho Securities Co., Ltd. The greenshoe option may be exercised by no later than March 5, 2010.

Total number of units to be offered:	8,000 units (maximum)
Amount to be paid in (purchase price):	162,382 yen per unit
Gross proceeds (total purchase price):	1,299,056,000 yen per unit (maximum)
Third-party allottee:	Mizuho Securities Co., Ltd.
Payment date:	March 12, 2010
Starting date of computation for cash distribution:	January 1, 2010

〈 Sale of Property 〉

As of January 21, 2010, JPR decided to sell the following property in accordance with JPR’s investment policy stipulated in its regulations.

Sale price excludes settlement amount equivalent to tax and city planning tax, consumption tax and other expenses.

Details of the buyer have not been disclosed at the request of the buyer.

JPR Nagoya Sakae Bldg.	
1) Asset type:	Real estate
2) Sale price:	4,937 million yen
3) Contract date:	To be concluded by March 6, 2010 (planned)
4) Delivery date:	To be concluded by March 31, 2010 (planned) after conclusion of purchase and sales agreement
5) Impact on profit and loss:	JPR plans to record gain on sales of real estate properties in amount of approximately 352 million yen as operating revenues during the 17th fiscal period (January 1, 2010 - June 30, 2010)

(Note) The property includes parking lot on separate site

## Distribution Information

	(Yen)	
	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
1. Unappropriated retained earnings	¥2,332,243,786	¥4,333,229,310
2. Distributions	2,331,875,000	4,333,125,000
(Distribution per unit)	(3,731)	(6,933)
3. Retained earnings brought forward	¥ 368,786	¥ 104,310

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 4,333,125,000 yen for the 16th fiscal period (2,331,875,000 yen for the 15th fiscal period). This is the maximum value arrived at when the number of units outstanding (625,000 units) is multiplied by an integer, within the limit of retained earnings for the respective fiscal period. 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



**ERNST & YOUNG**

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## Report of Independent Auditors

The Board of Directors  
Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheet of Japan Prime Realty Investment Corporation as of December 31, 2009, and the related statement of income and retained earnings, statement of unitholders' equity for the six-month period then end, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation at December 31, 2009, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young Shin Nihon LLC*

February 9, 2010



## Statements of Cash Flows (Information Only)

(For the six-month periods ended June 30, 2009 and December 31, 2009)

(Thousands of yen)

	15th Fiscal Period (January 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - December 31, 2009)
<b>Net cash provided by (used in) operating activities</b>		
Income before income taxes	¥ 2,332,930	¥ 4,333,685
Depreciation and amortization	1,796,620	1,850,874
Amortization of investment corporation bond issuance costs	12,540	12,748
Interest income	(24,164)	(6,846)
Interest expenses	1,024,299	1,420,427
Decrease (increase) in operating accounts receivable	(25,769)	30,335
Decrease (increase) in consumption taxes refund receivable	(357,367)	357,367
Decrease (increase) in prepaid expenses	(19,748)	(6,083)
Increase (decrease) in operating accounts payable	30,486	(115,192)
Increase (decrease) in accounts payable-other	10,302	23,046
Increase (decrease) in accrued consumption taxes	(164,797)	312,246
Increase (decrease) in advances received	6,629	250,029
Decrease in property, plant and equipment	504,550	—
Decrease in property, plant and equipment in trust	11,246,034	—
Decrease in investment securities	344,651	—
Other, net	(675,595)	105,522
Subtotal	16,041,605	8,568,160
Interest income received	24,164	6,846
Interest expenses paid	(1,023,844)	(1,302,843)
Income taxes (paid) refund	639	2,425
<b>Net cash provided by (used in) operating activities</b>	<b>15,042,565</b>	<b>7,274,589</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of property, plant and equipment	(31,751,199)	(3,590,282)
Purchase of property, plant and equipment in trust	(410,147)	(9,032,089)
Purchase of intangible assets	(314)	(1,052)
Payments for lease and guarantee deposits	(32,000)	—
Repayments of tenant leasehold and security deposits	(83,457)	(114,984)
Proceeds from tenant leasehold and security deposits	1,679,365	78,769
Repayments of tenant leasehold and security deposits in trust	(806,563)	(292,145)
Proceeds from tenant leasehold and security deposits in trust	252,889	643,841
<b>Net cash provided by (used in) investing activities</b>	<b>(31,151,426)</b>	<b>(12,307,943)</b>
<b>Net cash provided by (used in) financing activities</b>		
Increase in short-term loans payable	5,280,000	16,252,000
Decrease in short-term loans payable	(6,300,000)	(16,152,000)
Proceeds from long-term loans payable	22,020,000	10,900,000
Repayment of long-term loans payable	(25,000)	(358,000)
Redemption of investment corporation bonds	—	(10,000,000)
Dividends paid	(4,430,264)	(2,332,426)
<b>Net cash provided by (used in) financing activities</b>	<b>16,544,735</b>	<b>(1,690,426)</b>
<b>Net changes in cash and cash equivalents</b>	<b>435,874</b>	<b>(6,723,781)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>34,567,590</b>	<b>35,003,464</b>
<b>Cash and cash equivalents at end of period</b>	<b>¥ 35,003,464</b>	<b>¥ 28,279,683</b>

## Significant Accounting Policies

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

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

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

## Notes to Statements of Cash Flows

	(Thousands of yen)	
	15th Fiscal Period (information only) (January 1, 2009 - June 30, 2009) As of June 30, 2009	16th Fiscal Period (July 1, 2009 - December 31, 2009) As of December 31, 2009
Breakdown of cash and cash equivalents		
Cash and deposits	¥20,987,712	¥13,972,954
Cash and deposits in trust	14,015,752	14,306,729
Cash and cash equivalents	¥35,003,464	¥28,279,683

# JPR Investment Policies (Reference)

These Investment Policies have been updated to reflect the revisions made to the Internal Rules (JPR Asset Management Guidelines) on December 24, 2009.

## A. INVESTMENT POLICIES

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### ① Basic Policies

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

The Company will diversify investments in terms of both tenants and properties, taking into account the amount of investment per property, and will thereby seek to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 58 under "③ Investment Stance."

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

### ② Types of Investment Assets

I) "Real estate" refers to the following:

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

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

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

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

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

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

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

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

### ③ Investment Stance

#### Portfolio Management Standards

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

Type of Investment Asset		Target Ratios
Real Estate Asset	By Asset Class	As the allocation ratio between office buildings and retail properties, office buildings will be approximately from 70% to 90% and retail properties will be approximately from 10% to 30% of the managed portfolio, based on acquisition price
	By Location	As the allocation ratio between Tokyo and other cities, Tokyo will be approximately from 80% to 90% and other cities will be approximately from 10% to 20% of the managed portfolio, based on acquisition price
		Rental revenues from any individual tenant (total rental revenue when the tenant occupies multiple compartments and/or properties) will, in principle, be limited to less than 10% of total rental revenues
Asset-Backed Securities, etc.		The total after-investment value of asset-backed securities shall, in principle, be limited to less than 10% of the net worth of the Company

- i) Period of ownership  
The Company will, in principle, hold assets for the medium- and long-term (one to five years and over five years, respectively) and will not acquire assets for the purpose of short-term trading (less than one year).
- ii) Use  
JPR's investment targets primarily comprise excellent office buildings (urban commercial facilities) and retail properties found in thriving commercial areas. (The targets cover other assets including building leaseholds of the office buildings and retail properties, the leaseholds and surface rights of the land on which they are located, and marketable securities and trust beneficiary interests backed by such real estate.)  
  
JPR will determine the allocation ratio of these assets in the portfolio based on full considerations of the economic situations, real estate market trends and other factors for respective occasions. As the allocation ratio between office buildings and retail properties, office buildings will be approximately from 70% to 90% and retail properties will be approximately from 10% to 30% of the managed portfolio, based on acquisition price.
- iii) Region  
JPR shall work to realize a diversification of the portfolio, not limited to Tokyo but investing in regional cities, primarily in consideration of the earthquake risks and risks associated with individual market conditions and in order to generate more cash flow.  
  
As the allocation ratio between Tokyo and other cities, Tokyo will be approximately from 80% to 90% and other cities will be approximately from 10% to 20% of the managed portfolio, based on acquisition price. However, JPR does not set a target allocation ratio within any region.

Note: JPR defines "Tokyo" as an investment area that refers to the combination of "Tokyo CBDs" and "Greater Tokyo" as designated below.

	Category	Region
Tokyo	Tokyo CBDs	Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards
	Greater Tokyo	All other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures
	Other Cities	All other areas in Japan

iv) Tenants

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

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

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

vi) Investment policies for development projects

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

i) Development investments

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

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

ii) Rebuilding projects

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

iii) Properties under development

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

vii) Equipment and fixtures investment policies

The Company will invest in equipment and fixtures in accordance with an efficient upkeep plan created for each property and designed to maintain and improve the competitiveness of the property from medium- and long-term perspectives. In implementing equipment and fixtures investments, such investments will in principle be made within the scope of the depreciation expense of the portfolio as a whole. In addition, repairs to common areas will be implemented quickly by the Company from the perspective of tenant operational policies, and reinforcements will be made quickly for buildings requiring earthquake resistance reinforcements in light of the status of tenant operations.

viii) Insurance policies

a) Criteria for selecting underwriting insurance companies:

The Company will select fair underwriting insurance companies through independent brokers. In principle, the underwriting insurance company for insurance finance shall have a long-term rating of A3 or better from Moody's Investors Service Inc. (referred to as "Moody's" hereinafter) or A- or better from Standard & Poor's.

b) Earthquake insurance coverage criteria:

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

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

ix) Sales policy

- a) The Company will select real estate, asset-backed securities that have real estate as their primary investments, and other investments in its holdings to be sold based on overall considerations of the current status of the asset to be sold, projections of its future profitability and changes in asset value, and the asset allocation of the portfolio as a whole.
- b) The Company will determine asset values each fiscal term and an investment policy committee will study whether to sell or hold any property that has declined more than 20% in terms of appraised value compared with book value. In addition, the Company may also consider the sale of other properties as it sees fit, as warranted by market conditions and other factors. The following are the main considerations in determining sales:
  - Market forecast
  - Development forecast for the surrounding area
  - Profitability forecast
  - Estimated amount of future investments
  - Forecast changes in valuation
  - Considerations of the portfolio as a whole (diversification by geographical location, tenant and asset class, etc.; impact on dividends, etc.)

x) Value-up properties

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

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

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

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

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

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

xi) Core properties

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

#### **④ Investment Standards**

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

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

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

- i) Geographical location  
Real estate to be invested in will be located in the following areas:
  - a) Major urban areas: CBDs in Tokyo, Yokohama, Kawasaki, Chiba, Saitama, Nagoya, Osaka, Kyoto and Kobe
  - b) Other government-designated cities: CBDs in Sapporo, Sendai, Hiroshima, Fukuoka, Kitakyushu and others
  - c) Other core cities such as prefectural capitals with populations of 300,000 or more

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

ii) Size

a) Office buildings

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

b) Retail properties

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

iii) Facilities and equipment

a) Office buildings

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

b) Retail properties

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

iv) Earthquake resistance

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

v) Tenants

a) Office buildings

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

b) Retail properties

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

vi) Rights

a) Co-ownership

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

b) Unit ownership

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

c) Leaseholds

- The Company will, in principle, invest in leaseholds as specified in the old Leasehold Law (Law No. 49 of 1921, including all subsequent amendments) and the Land and Building Leasing Law (Law No. 90 of 1991, including all subsequent amendments).
- The Company will carefully study the nature of the proprietary right holder of land and will make its decision after fully investigating the impact of the provisions for rent revisions, charges for renewing the leasing contract, charges for approval of rebuilding proposals, charges for the approval of sales proposals and other factors in concerning profitability.

d) Collateral rights and usufructuary rights

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

vii) Investment amount

a) Minimum investment per property

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

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

b) Maximum investment per property

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

c) Restrictions on acquisition price

However, provided that the property acquisition does not cause the total property acquisition fund to fall below the NOI yield criterion for the current period, the above-mentioned acquisition price's upper limit of 105% of appraised value can be exceeded in the following cases:

- Properties that, by long-term fixed leasing contracts, are forecast to contribute to stable cash flow and that are expected to contribute to stably generating dividends in the medium- to long-term
- Properties that, in terms of scale, location or general standpoint, are judged to contribute to an increase in total fund quality and that are expected to contribute to stably generating dividends in the medium- to long-term

viii) Selection guidelines concerning real estate acquisition ownership type

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



## B. FINANCIAL POLICIES

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### ① *Fund Management Policies*

#### I) Leasehold and security deposits

- For real estate trust beneficiary interests

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

- For real estate, real estate leaseholds and surface rights

In principle, leasehold and security deposits by tenants will be deposited in full to a commercial bank savings account or time deposit account. However, the Company shall be able to reduce reserves in order to more effectively utilize these funds if warranted by accumulated historical data, the establishment of commitment lines and other provisions, while ensuring to maintain security.

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

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

#### III) Cash and bank deposits in the Company accounts

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

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

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

#### IV) Derivatives

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

### ② *Issuance of Additional Investment Units*

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

### ③ *Borrowings and Issuance of Corporate Bonds*

#### I) Basic policies

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

#### II) Loan to value (LTV)

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

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

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

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

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

## C. PROPERTY-RELATED BUSINESS ADMINISTRATION POLICIES

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

### ① *Asset Manager and Property Manager*

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

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

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

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

### ② *Commissioned General Tenant Agents*

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

### ③ *Property Transfer Agents*

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

## D. OTHER INVESTMENT POLICIES

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

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

③ Lending of assets in the portfolio

I) The Company may lend (for such purposes as parking space and the installation of billboards) real estate, real estate leasing rights and surface rights from among the assets listed on page 59 in "A. Investment Policies (2) Types of investment assets" in order to more efficiently administer assets and achieve higher investment performance.

II) If the lending of real estate described in a) above results in the acceptance of leasehold and security deposits or other similar cash funds, the acceptance of these funds will follow the guidelines listed in "B. Financial Policies (1) Fund management policies I) Leasehold and security deposits," on page 65.

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

## **E. DISTRIBUTION POLICIES**

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

### **① Distributable Amount**

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

### **② Determining Amount of Distribution**

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

### **③ Retained Earnings**

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

### **④ Distribution of Cash Exceeding Earnings**

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

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

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

### **⑤ Method of Distribution**

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

### **⑥ Extinctive Prescription**

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

## Investor Information

### Address of Japan Prime Realty Investment Corporation (JPR)

9-9 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, Suginami-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](http://www.jpr-reit.co.jp/jpr_e/index.html)

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## Annual Schedule (Provisional)



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