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Japan Prime Realty Investment Corporation

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Presentation Material

for the **20th** Fiscal Period Ended **December 2011**

Japan Prime Realty Investment Corporation

(Securities Code: **8955 TSE**)

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

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Japan Prime Realty Investment Corporation

Financial Summary for the 20th Fiscal Period
(Ended December 2011) and Future Prospects

20th

Financial Highlights for the 20th Fiscal Period Ended December 2011

Secured DPU for the 20th fiscal period at a level exceeding forecast at beginning of period as well as previous period's results. Steadily increased DPU since the 18th fiscal period, and intends to further accelerate growth by acquiring a large-scale property located in Tokyo CBDs in the 21st fiscal period ending June 2012.

	19th Period	20th Period (Forecast upon announcement of the 19th period financial results)	20th Period (Jul. 1, 2011 - Dec. 1, 2011)		21st Period (Jan. 1, 2012 - Jun. 30, 2012) (Forecast)		
			Change from 19th period	Change from forecast		Change from 20th period	
Operating revenue	JPY 11,529mn	JPY 11,694mn	JPY 11,772mn	2.1%	0.7%	JPY 12,174mn	3.4%
Operating income	JPY 5,603mn	JPY 5,641mn	JPY 5,763mn	2.9%	2.2%	JPY 6,224mn	8.0%
Ordinary income	JPY 4,075mn	JPY 4,076mn	JPY 4,201mn	3.1%	3.1%	JPY 4,577mn	9.0%
Net income	JPY 4,010mn	JPY 4,075mn	JPY 4,200mn	4.7%	3.1%	JPY 4,576mn	9.0%
Distribution per unit (DPU)	JPY5,611	JPY 5,700	JPY 5,876	4.7%	3.1%	JPY 6,400	8.9%
Properties owned at end of fiscal period	56 properties	56 properties	57 properties	1 property	1 property	58 properties	1 property
Total acquisition price	JPY 341,584mn	JPY 341,584mn	JPY 344,984mn	1.0%	1.0%	JPY 380,984mn	10.4%
Average occupancy rate during period	94.0%	94.4%	95.0%	1.0%p	0.6%p	94.6%	-0.4%p

(Note 1) Amounts have been rounded down to the nearest specified unit and percentages have been rounded to the first decimal place.

(Note 2) Values of "Total acquisition price" are the sum total of acquisition price of the properties excluding acquisition costs and other expenses.

Financial Results and Forecasts

- Achieved period-on-period increase in DPU for the 20th fiscal period financial results due to such factors as increase in rent revenue through property acquisition and lease-up of existing properties, etc., decrease in expenses related to rent business including depreciation, and removal of extraordinary loss (earthquake-related expenses)
- Expects significant period-on-period increase in revenues and DPU for the 21st fiscal period forecast, anticipating acquisition of a new large-scale property

External Growth

- Acquired interest in Ginza Sanwa Building in August 2011 for JPY 3.4 billion (excluding expenses related to acquisition) from the secondary market, taking advantage of proprietary sourcing abilities
- Plans to acquire trust beneficiary interest of Otemachi 1-6 Project (tentative name) (ownership of land with leasehold) in March 2012 for JPY 3.6 billion (excluding acquisition costs and other expenses), taking advantage of the sponsors' channels
- Reinforced investigation of information obtained from the sponsors, given the scarcity of information on excellent properties in the secondary market
- Conducted negotiation on selling certain properties for replacement of assets, but called it off as terms were not agreed upon at the final stage

Internal Growth

- Occupancy rate at end of period
 - End of 20th fiscal period: 95.6% (up 0.9% from 19th fiscal period, up 1.4% from forecast)
 - End of 21st fiscal period (forecast): 93.3% (down 2.3%)
- Occupancy rate improved significantly in the 20th fiscal period, with leases progressing strongly (Shinjuku Square Tower: up 1,691m², BYGS Shinjuku Building: up 1,891 m²)
- Occupancy rate for the 21st fiscal period anticipated to decrease, given notices of cancellations at some properties

Financial Strategy

- Ratio of interest-bearing debts at end of 20th fiscal period: 45.2%
- Ratio of long-term, fixed-rate borrowings at end of 20th period: 76.1%
- Credit ratings: R&I: AA-; Moody's: A2; and S&P: A
- Converted all borrowings to unsecured borrowings by refinancing secured loans or early repayment
- Increased credit limit of the commitment line from JPY 16 billion to JPY 28 billion
- Plans to fund the acquisition of Otemachi 1-6 Project (tentative name) (ownership of land with leasehold) through debt financing

Statement of Income and Retained Earnings for the 20th Fiscal Period

Improved rent revenue as a result of new property acquisition, etc. and removal of extraordinary loss (earthquake related expenses, etc.) led to DPU exceeding previous fiscal period's level by a large margin
(JPY mn)

	19th Fiscal Period		20th Fiscal Period		Change	
	Jan. 1, 2011 - Jun. 30, 2011		Jul. 1, 2011 - Dec. 31, 2011		Amount	%
	Amount	%	Amount	%	Amount	%
Rental revenues	10,825	93.9%	10,996	93.4%	171	1.6%
Other rental revenues	704	6.1%	776	6.6%	71	10.2%
Rent revenue - real estate (1)	11,529	100.0%	11,772	100.0%	243	2.1%
	11,529	100.0%	11,772	100.0%	243	2.1%
Property and other taxes	1,068	9.3%	1,061	9.0%	-7	-0.7%
Other expenses related to rent business	2,316	20.1%	2,471	21.0%	155	6.7%
Outsourcing expenses	520	4.5%	510	4.3%	-9	-1.8%
Utilities expenses	625	5.4%	711	6.0%	85	13.7%
Casualty insurance	28	0.2%	28	0.2%	0	-0.8%
Repairs and maintenance	257	2.2%	335	2.9%	78	30.3%
Property management fees	214	1.9%	218	1.9%	4	2.2%
Management association accounts	555	4.8%	554	4.7%	0	-0.1%
Others	114	1.0%	112	1.0%	-2	-2.0%
Depreciation	1,911	16.6%	1,824	15.5%	-87	-4.6%
Expenses related to rent business (2)	5,296	45.9%	5,357	45.5%	61	1.2%
Asset management fees	415	3.6%	421	3.6%	5	1.4%
Adm. service/custody fees	71	0.6%	73	0.6%	2	3.0%
Directors' compensation	6	0.1%	6	0.1%	-	-
Trust fees	49	0.4%	43	0.4%	-5	-11.3%
Other operating expenses	87	0.8%	106	0.9%	19	22.5%
Operating expenses	5,926	51.4%	6,009	51.0%	83	1.4%
Operating income	5,603	48.6%	5,763	49.0%	160	2.9%
Profits ((1) - (2))	6,233	54.1%	6,415	54.5%	182	2.9%
Net operating income (NOI)	8,144	70.6%	8,239	70.0%	94	1.2%
Non-operating income	51	0.5%	10	0.1%	-41	-79.2%
Interest expenses (incl. investment corporation bonds)	1,451	12.6%	1,402	11.9%	-48	-3.4%
Borrowing expenses	105	0.9%	147	1.2%	41	39.2%
Amortization of investment corporation bond issuance costs	20	0.2%	20	0.2%	0	-3.7%
Other non-operating expenses	2	0.0%	3	0.0%	1	71.4%
Non-operating expenses	1,580	13.7%	1,573	13.4%	-6	-0.4%
Ordinary income	4,075	35.3%	4,201	35.7%	125	3.1%
Extraordinary loss	64	0.6%	-	-	-64	-
Income before income taxes	4,011	34.8%	4,201	35.7%	189	4.7%
Net income	4,010	34.8%	4,200	35.7%	189	4.7%
Unappropriated retained earnings	4,038	35.0%	4,226	35.9%	188	4.7%
Distributions per unit	5,611 yen		5,876 yen		265 yen	
	(note1)		(note1)			

1. Rent revenues

- Properties owned at end of 19th period: +99 mn yen
- Increase by new move-ins: +420 mn yen
- Decrease by cancellation: -268 mn yen
- Increase/decrease by contract revision: -52 mn yen

(Note) The increase/decrease includes variations in 20th period due to factors changed in 19th period

- Properties acquired in 20th period: +68 mn yen

2. Other rental revenues

- Incidental income: +76 mn yen
- Cancellation penalty, etc.: +15 mn yen
- Conference room rental fees: -12 mn yen

3. Expenses related to rent business

- Properties owned at end of 19th period: +29 mn yen
- Utilities expenses: +78 mn yen
- Repairs and maintenance: +64 mn yen

(Renewal of common space at Shinjuku Center Building: 55 mn yen, and others)

- Depreciation: -88 mn yen

(Kawaguchi Center Building: -44 mn yen, Tanashi ASTA: -33 mn yen, and others)

- Properties acquired in 20th period: +31 mn yen

4. Non-operating income

- Settlement of management association accounts: -36 mn yen

5. Interest expenses

- Interest expenses for loans: -37 mn yen
- Interest expenses for investment corporation bonds: -11 mn yen

6. Borrowing expenses

- Depreciation of commitment line fees: +15 mn yen
- Fees for prepayment: +22 mn yen

7. Extraordinary loss

- Lost effect of earthquake related expenses: -64 mn yen

(Note 1) With regard to the cash distributions for the 19th and 20th fiscal periods, JPR includes part of the retained earnings brought forward that were internally reserved through the previous fiscal period, with the aim of having the profit distributions deducted as expenses based on application of the special provision on taxation of investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and in order to minimize the burden to unitholders incurred by accrual of income taxes, etc., and distributes the amount that is an integral multiple of the number of investment units outstanding as profit distributions.
(Note 2) Amounts have been rounded down to the nearest specified unit and percentages have been rounded to the first decimal place.



Comparison of Actual Results and Forecasts for the 20th Fiscal Period (Ended Dec. 2012)

DPU exceeded forecast at beginning of period, as profits increased due to lease-up of existing portfolio and restraint on downward revision of rents as well as new property acquisition.

(JPY mn)

	20th Fiscal Period Forecasts Jul. 1, 2011 - Dec. 31, 2011		20th Fiscal Period Jul. 1, 2011 - Dec. 31, 2011		Change	
	Amount	%	Amount	%	Amount	%
Rental revenues	10,905	93.3%	10,996	93.4%	90	0.8%
Other rental revenues	788	6.7%	776	6.6%	-12	-1.6%
Rent revenue - real estate (1)	11,694	100.0%	11,772	100.0%	78	0.7%
	11,694	100.0%	11,772	100.0%	78	0.7%
Property and other taxes	1,061	9.1%	1,061	9.0%	0	0.0%
Other expenses related to rent business	2,496	21.4%	2,471	21.0%	-25	-1.0%
Outsourcing expenses	514	4.4%	510	4.3%	-3	-0.6%
Utilities expenses	736	6.3%	711	6.0%	-25	-3.5%
Casualty insurance	29	0.3%	28	0.2%	-1	-4.1%
Repairs and maintenance	323	2.8%	335	2.9%	12	3.9%
Property management fees	215	1.8%	218	1.9%	3	1.4%
Management association accounts	555	4.7%	554	4.7%	0	-0.1%
Others	122	1.0%	112	1.0%	-10	-8.2%
Depreciation	1,830	15.7%	1,824	15.5%	-6	-0.4%
Expenses related to rent business (2)	5,388	46.1%	5,357	45.5%	-31	-0.6%
Asset management fees	419	3.6%	421	3.6%	1	0.5%
Adm. service/custody fees	75	0.6%	73	0.6%	-2	-3.0%
Directors' compensation	6	0.1%	6	0.1%	—	—
Trust fees	46	0.4%	43	0.4%	-2	-5.1%
Other operating expenses	116	1.0%	106	0.9%	-9	-8.1%
Operating expenses	6,052	51.8%	6,009	51.0%	-43	-0.7%
Operating income	5,641	48.2%	5,763	49.0%	122	2.2%
Profits ((1) - (2))	6,305	53.9%	6,415	54.5%	110	1.7%
Net operating income (NOI)	8,136	69.6%	8,239	70.0%	103	1.3%
Non-operating income	3	0.0%	10	0.1%	7	255.4%
Interest expenses (incl. investment corporation bonds)	1,402	12.0%	1,402	11.9%	0	0.0%
Borrowing expenses	146	1.2%	147	1.2%	1	0.7%
Amortization of investment corporation bond issuance costs	18	0.2%	20	0.2%	2	11.9%
Other non-operating expenses	1	0.0%	3	0.0%	1	89.5%
Non-operating expenses	1,568	13.4%	1,573	13.4%	5	0.3%
Ordinary income	4,076	34.9%	4,201	35.7%	124	3.1%
Extraordinary loss	—	—	—	—	—	—
Income before income taxes	4,076	34.9%	4,201	35.7%	124	3.1%
Net income	4,075	34.9%	4,200	35.7%	124	3.1%
Unappropriated retained earnings	4,101	35.1%	4,226	35.9%	124	3.0%
Distributions per unit	5,700 yen		5,876 yen		176 yen	

1. Rent revenues
- Properties owned at end of 19th period: +32 mn yen
 - Increase by new move-ins: +34 mn yen
 - Decrease by cancellation: -30 mn yen
 - Increase/decrease by contract revision: +27 mn yen
- (Note) The increase/decrease includes variations in 20th period due to factors changed in 19th period
- Properties acquired in 20th period: +67 mn yen

2. Other rental revenues
- Incidental income: -47 mn yen
 - Cancellation penalty, etc.: +35 mn yen

3. Expenses related to rent business
- Properties owned at end of 19th period: -63 mn yen
 - Utilities expenses: -32 mn yen
 - Repairs and maintenance: -1 mn yen
 - Depreciation: -7 mn yen
 - Properties acquired in 20th period: +31 mn yen

(Note 1) The forecasts for the 20th fiscal period were those released at the results announcement for the 19th fiscal period (ended June 30, 2011). They were calculated on the basis of 56 properties JPR owned as of the end of the 19th fiscal period.

(Note 2) Amounts have been rounded down to the nearest specified unit; the percentages and the changes have been rounded to the first decimal place.

Forecasts for the 21st Fiscal Period

New property acquisition and effect of inclusion of property and city planning taxes in the acquisition cost of the property will lead to large increase in revenue and income, resulting in DPU forecast to be 6,400 yen

(JPY mn)

	20th Fiscal Period Jul. 1, 2011 - Dec. 31, 2011		21th Fiscal Period Forecast Jan. 1, 2012 - Jun. 30, 2012		Change	
	Amount	%	Amount	%	Amount	%
Rental revenues	10,996	93.4%	11,520	94.6%	523	4.8%
Other rental revenues	776	6.6%	653	5.4%	-122	-15.8%
Rent revenue - real estate (1)	11,772	100.0%	12,174	100.0%	401	3.4%
Operating revenue	11,772	100.0%	12,174	100.0%	401	3.4%
Property and other taxes	1,061	9.0%	1,070	8.8%	9	0.9%
Other expenses related to rent business	2,471	21.0%	2,403	19.7%	-67	-2.7%
Outsourcing expenses	510	4.3%	493	4.1%	-17	-3.4%
Utilities expenses	711	6.0%	675	5.5%	-35	-5.0%
Casualty insurance	28	0.2%	27	0.2%	0	-2.3%
Repairs and maintenance	335	2.9%	316	2.6%	-19	-5.9%
Property management fees	218	1.9%	212	1.7%	-6	-2.9%
Management association accounts	554	4.7%	555	4.6%	1	0.2%
Others	112	1.0%	122	1.0%	10	9.6%
Depreciation	1,824	15.5%	1,750	14.4%	-73	-4.1%
Expenses related to rent business (2)	5,357	45.5%	5,224	42.9%	-132	-2.5%
Asset management fees	421	3.6%	439	3.6%	18	4.3%
Adm. service/custody fees	73	0.6%	76	0.6%	3	4.6%
Directors' compensation	6	0.1%	6	0.1%	-	-
Trust fees	43	0.4%	41	0.3%	-2	-5.4%
Other operating expenses	106	0.9%	160	1.3%	53	49.9%
Operating expenses	6,009	51.0%	5,949	48.9%	-60	-1.0%
Operating income	5,763	49.0%	6,224	51.1%	461	8.0%
Profits ((1) - (2))	6,415	54.5%	6,949	57.1%	533	8.3%
Net operating income (NOI)	8,239	70.0%	8,699	71.5%	459	5.6%
Non-operating income	10	0.1%	44	0.4%	33	308.5%
Interest expenses (incl. investment corporation bonds)	1,402	11.9%	1,539	12.6%	136	9.8%
Borrowing expenses	147	1.2%	125	1.0%	-21	-14.4%
Amortization of investment corporation bond issuance costs	20	0.2%	23	0.2%	3	17.5%
Other non-operating expenses	3	0.0%	2	0.0%	-1	-39.5%
Non-operating expenses	1,573	13.4%	1,691	13.9%	117	7.5%
Ordinary income	4,201	35.7%	4,577	37.6%	376	9.0%
Extraordinary loss	-	-	-	-	-	-
Income before income taxes	4,201	35.7%	4,577	37.6%	376	9.0%
Net income	4,200	35.7%	4,576	37.6%	376	9.0%
Unappropriated retained earnings	4,226	35.9%	4,602	37.8%	375	8.9%
Distributions per unit	5,876 yen		6,400 yen		524 yen	
	(715,000 units)		(715,000 units)		(- units)	

1. Rent revenues	
• Properties owned at end of 19th period:	- 327 mn yen
Increase by new move-ins:	+ 225 mn yen
Decrease by cancellation:	- 318 mn yen
Increase/decrease by contract revision:	- 236 mn yen
<small>(Note) The increase/decrease includes variations in 21st period due to factors changed in 20th period</small>	
• Properties acquired in 20th period:	+ 31 mn yen
• Properties to be acquired in 21st period:	+ 820 mn yen

2. Other rental revenues	
• Incidental income:	- 57 mn yen
• Cancellation penalty, etc.:	- 62 mn yen

3. Expenses related to rent business	
• Properties owned at end of 19th period:	- 139 mn yen
Utilities expenses:	- 20 mn yen
Repairs and maintenance:	- 38 mn yen
Depreciation:	- 75 mn yen
<small>(Shinjyuku Square: -38 mn yen, HDC Kobe: -26 mn yen, and others)</small>	
• Properties acquired in 20th period:	+ 7 mn yen

4. Non-operating income	
• Settlement of management association accounts:	+ 35 mn yen

5. Interest expenses	
• Interest expenses for loans:	+ 133 mn yen

6. Borrowing expenses	
• Fees for prepayment:	- 22 mn yen

Assumptions for the 21st Fiscal Period Forecast

■ Assets owned: 57 properties owned as of the end of the 20th fiscal period + 1 property to be acquired in the 21st fiscal period = Total of 58 properties

■ Average Monthly Occupancy during Period: 94.6%

(Exclusively includes already notified cancellations, newly concluded contracts and confirmed move-ins)

■ Total units outstanding: 715,000 units

■ Ratio of interest-bearing debts: 50.2% (as of end of the 21st period)

(Ratio of interest-bearing debts = ((Ratio of interest-bearing debts = (Interest-bearing debts + Borrowings associated with property to be acquired in the 21st fiscal period) ÷ (Borrowings associated with property to be acquired in the 21st fiscal period + Total assets at the end of the 20th fiscal period))

(Note 1) The forecasts for the 21st fiscal period were calculated based on the above "Assumptions for the 21st Fiscal Period Forecast." Actual operating revenue, ordinary income, net income and cash distributions per unit may change as a result of the acquisition of new properties or the sale of owned properties, etc. Furthermore, the forecasts are in no way a guarantee of cash distribution amounts.

(Note 2) Amounts have been rounded down to the nearest specified unit and percentages have been rounded to the first decimal place.

[Reference] Forecasts of Rent Revenue – Real Estate and Expenses Related to Rent Business for the 22nd Fiscal Period

Although rent revenue is projected to decrease due to tenant cancellations and rent reductions for the entire portfolio, profits from leasing projected to increase as a result of occupancy throughout the fiscal period of the property to be acquired in the 21st fiscal period

(JPY mn)

	21st Fiscal Period Forecast		22nd Fiscal Period Forecast		Change from the 21st Fiscal Period Forecast	
	Jan. 1, 2012 - Jun. 30, 2012		Jul. 1, 2012 - Dec. 31, 2012			
	Amount	%	Amount	%	Amount	%
Rental revenues	11,520	94.6%	11,846	94.0%	326	2.8%
Other rental revenues	653	5.4%	754	6.0%	100	15.4%
Rent revenue - real estate (1)	12,174	100.0%	12,601	100.0%	427	3.5%
Property and other taxes	1,070	8.8%	1,063	8.4%	-6	-0.6%
Other expenses related to rent business	2,403	19.7%	2,587	20.5%	184	7.7%
Outsourcing expenses	493	4.1%	498	4.0%	5	1.1%
Utilities expenses	675	5.5%	823	6.5%	148	22.0%
Casualty insurance	27	0.2%	28	0.2%	0	1.0%
Repairs and maintenance	316	2.6%	326	2.6%	10	3.2%
Property management fees	212	1.7%	209	1.7%	-2	-1.3%
Management association accounts	555	4.6%	556	4.4%	1	0.2%
Others	122	1.0%	144	1.1%	21	17.5%
Depreciation	1,750	14.4%	1,739	13.8%	-11	-0.6%
Expenses related to rent business (2)	5,224	42.9%	5,390	42.8%	165	3.2%
Profits ((1) - (2))	6,949	57.1%	7,210	57.2%	261	3.8%
Net operating income (NOI)	8,699	71.5%	8,949	71.0%	249	2.9%
Capital expenditure	753	6.2%	750	6.0%	-3	-0.4%
Net cash flow (NCF)	7,946	65.3%	8,199	65.1%	253	3.2%

1. Rent revenues

• Properties owned at end of 20th period:	– 198 mn yen
Increase by new move-ins:	+ 179 mn yen
Decrease by cancellation:	– 242 mn yen
Increase/decrease by contract revision:	– 137 mn yen
• Properties to be acquired in 21st period:	+ 525 mn yen

(Note) The increase/decrease includes variations in 22th period due to factors changed in 21th period)

2. Other rental revenues

• Incidental income:	+ 119 mn yen
• Cancellation penalty, etc.:	– 16 mn yen

3. Utilities expenses

• Electricity costs (including increase due to electricity rate raise by TEPCO)	+ 106 mn yen
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Assumptions for the 22nd Fiscal Period Forecast

■ Assets owned: 57 properties owned as of the end of the 20th fiscal period + 1 property to be acquired in the 21st fiscal period = Total of 58 properties

■ Average Monthly Occupancy during Period: 95.1%
(Anticipates move-ins of some new tenants in addition to the forecast for the 21st period)

The forecasts of rent revenue – real estate and expenses related to the rent business for the 22nd fiscal period were calculated based on the above “Assumptions for the 22nd Fiscal Period Forecast.” Actual rent revenue – real estate, expenses related to the rent business, profits, net operating income (NOI), net cash flow and other figures may change as a result of the acquisition of new properties or the sale of owned properties, etc.

(Note) Amounts have been rounded down to the nearest specified unit and percentages have been rounded to the first decimal place.

Balance Sheet as of the End of the 20th Fiscal Period

Strengthened financial base by converting all borrowings to unsecured borrowings and increasing the commitment line

(JPY mn)

	As of Jun. 30, 2011		As of Dec. 31, 2011		Change	
	Amount	%	Amount	%	Amount	%
Current assets	28,817	8.0%	27,171	7.5%	-1,645	-5.7%
Cash and deposits	14,619	4.1%	13,647	3.8%	-971	-6.6%
Cash and deposits in trust	13,832	3.8%	13,132	3.6%	-699	-5.1%
Other current assets	366	0.1%	391	0.1%	25	6.8%
Noncurrent assets	331,057	92.0%	333,357	92.4%	2,300	0.7%
Property, plant and equipment	325,739	90.5%	328,084	91.0%	2,344	0.7%
Real estate	147,879	41.1%	151,009	41.9%	3,129	2.1%
Buildings and structures	44,673	12.4%	44,361	12.3%	-312	-0.7%
Land	103,206	28.7%	106,648	29.6%	3,441	3.3%
Real estate in trust	177,859	49.4%	177,074	49.1%	-785	-0.4%
Buildings and structures	57,368	15.9%	56,583	15.7%	-785	-1.4%
Land	120,491	33.5%	120,491	33.4%	—	—
Intangible assets	4,802	1.3%	4,801	1.3%	-1	-0.0%
Leasehold rights	4,794	1.3%	4,794	1.3%	—	—
Other intangible assets	8	0.0%	7	0.0%	-1	-15.0%
Investments and other assets	515	0.1%	472	0.1%	-43	-8.4%
Lease and guarantee deposits	49	0.0%	49	0.0%	—	—
Others	465	0.1%	422	0.1%	-43	-9.3%
Deferred assets	129	0.0%	169	0.0%	40	30.9%
Investment corporation bond issuance costs	129	0.0%	169	0.0%	40	30.9%
Total assets	360,004	100.0%	360,699	100.0%	694	0.2%
Current liabilities	40,279	11.2%	43,210	12.0%	2,930	7.3%
Accounts payable - other	2,526	0.7%	2,434	0.7%	-92	-3.7%
Advances received	1,599	0.4%	1,759	0.5%	160	10.1%
Short-term loans payable	10,000	2.8%	12,400	3.4%	2,400	24.0%
Current portion of long-term loans payable	21,116	5.9%	17,616	4.9%	-3,500	-16.6%
Current portion of investment corporation bonds	5,000	1.4%	9,000	2.5%	4,000	80.0%
Allowance for disaster loss	3	0.0%	—	—	-3	-100.0%
Others	35	0.0%	—	—	-35	-100.0%
Noncurrent liabilities	144,272	40.1%	141,848	39.3%	-2,424	-1.7%
Tenant leasehold and security deposits	17,625	4.9%	17,859	5.0%	233	1.3%
Long-term loans payable	84,147	23.4%	81,489	22.6%	-2,658	-3.2%
Investment corporation bonds	42,500	11.8%	42,500	11.8%	—	—
Total Liabilities	184,552	51.3%	185,058	51.3%	505	0.3%
Unitholders' capital	171,339	47.6%	171,339	47.5%	—	—
Surplus	4,112	1.1%	4,300	1.2%	188	4.6%
Total unitholders' equity	175,452	48.7%	175,640	48.7%	188	0.1%
Total liabilities and unitholders' equity	360,004	100.0%	360,699	100.0%	694	0.2%

1. Balance of interest-bearing debt

(JPY mn)

	End of 19th Period	End of 20th Period	Change
Unsecured loans payable	110,863	111,505	642
Secured loans payable	4,400	—	-4,400
Unsecured investment corporation bonds	47,500	51,500	4,000
Total	162,763	163,005	242

(Note) 4,400 mn yen in collateralized loans were repaid before maturity on July 8, 2011.

2. Interest-bearing debt ratio, etc.

	End of 19th Period	End of 20th Period	Change (P)
Interest-bearing debt ratio (Note1)	48.7%	48.8%	0.0
Interest-bearing debt to total assets (Note2)	45.2%	45.2%	-0.0
Interest-bearing debt to total assets (including unrealized gains or losses) (Note3)	47.5%	47.6%	0.1
Long-term fixed-rate interest-bearing debt ratio (Note4)	77.8%	76.1%	-1.7

(Note 1) Interest-bearing debt / (Interest-bearing debt + Unitholders' capital)

(Note 2) Interest-bearing debt / Total assets at end of period

(Note 3) Interest-bearing debt / (Total assets at end of period + Gains or losses from real estate valuation)

(Note 4) Long-term fixed-rate interest-bearing debt (*) / Interest-bearing debt

(*) Total amount of long-term fixed-rate debt with over 1 year to maturity

3. Cash and deposits Status

(JPY mn)

	End of 19th Period	End of 20th Period	Change
Cash and deposits	28,451	26,780	-1,671
Tenant leasehold and security deposits (except tenant leasehold and security deposits)	17,625	17,859	233

(Note) Amount equivalent to invested leasehold deposits in the 19th and 20th fiscal periods is 4,000 million yen.

4. Commitment line status

(JPY mn)

	End of 19th Period	End of 20th Period	Change
Credit limit (total)	16,000	28,000	12,000
Outstanding debt	—	—	—
Unused commitment line	16,000	28,000	12,000

Lenders

Mizuho Corporate Bank, The Bank of Tokyo-Mitsubishi UFJ,			
Resona Bank, Mitsubishi UFJ Trust and Banking	16,000	16,000	—
Sumitomo Mitsui Banking, Aozora Bank,			
Mizuho Trust & Banking Co., Ltd.	—	12,000	12,000

(Note) New agreements were concluded with Sumitomo Mitsui Banking and Aozora Bank as of June 29, 2011 and with Mizuho Trust & Banking Co., Ltd. as of September 27, 2011. Credit limit is 4.0bn yen for each bank under separately concluded agreements. As of the end of the 20th fiscal period, no commitment line is used.

5. Investment unit status

(JPY mn)

	End of 19th Period	End of 20th Period	Change
Total number of units outstanding (units)	715,000	715,000	—
Net assets per unit (yen)	245,651	245,387	264

(Note 1) Amounts have been rounded down to the nearest specified unit and percentages have been rounded to the first decimal place.



Japan Prime Realty Investment Corporation

Management Results of the 20th Fiscal Period
(Ended December 2011)

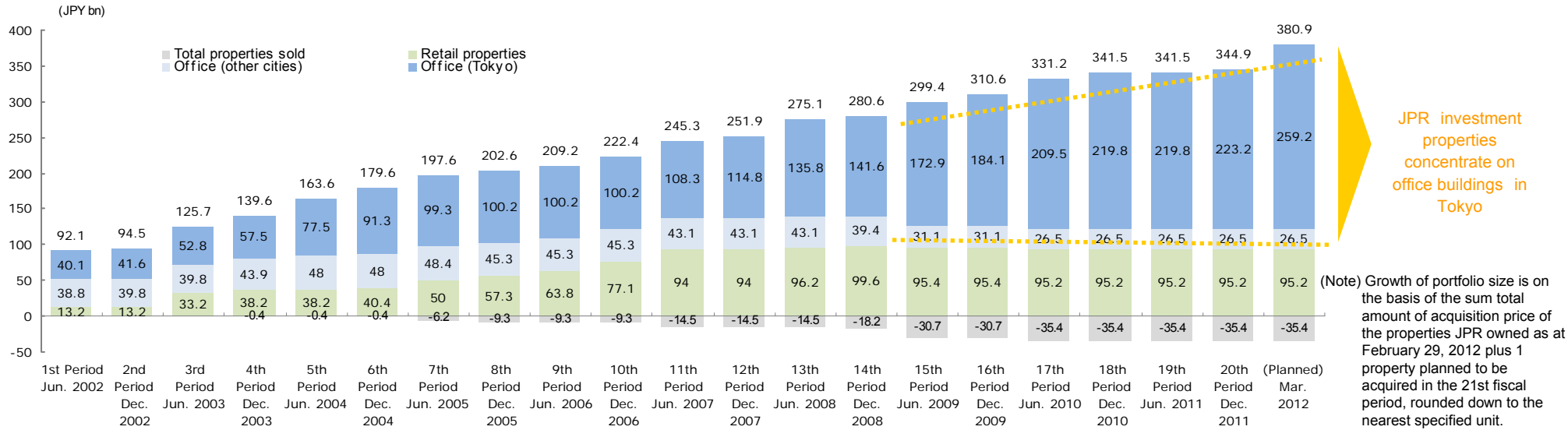
20th

History of Portfolio Growth

JPR has been expanding its assets at a stable pace since listing and enhancing portfolio stability through concentrated investment into office buildings in Tokyo in recent years

In the 21st and 22nd fiscal periods, acquire properties in excellent locations in Tokyo CBDs at yield after depreciation that surpasses the average level for office buildings and thereby enhancing DPU

History of Growth of Portfolio Size



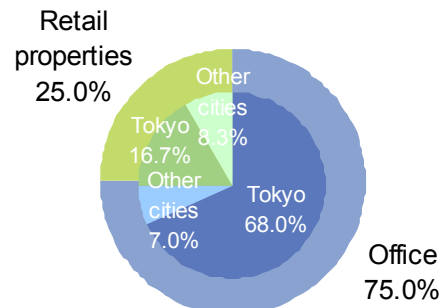
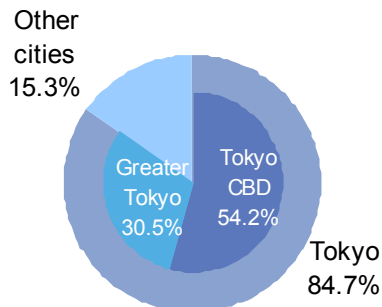
Portfolio Management Guidelines

Investment Target by Area

Tokyo: **80~90%** Other cities: **20~10%**

Investment Target by Asset Class

Office: **70~90%** Retail : **30~10%**



Property Acquisition in the 20th Period

Ginza Sanwa Building (co-ownership)



Location : Ginza 4-chome, Chuo-ku, Tokyo
 Completion : October 1982
 Acquisition price : JPY 3,400mn
 NOI yield : 3.77% (on daily pro rata basis)
 Yield after depreciation : 3.65% (on daily pro rate basis)
 Acquisition date : August 29, 2011

JPR owns land use right for 18.35% of the entire premises and 18.35% of the shared area of the building.

(Note) The above graph presents the breakdown on the basis of acquisition price of the properties JPR owned as at February 29, 2012 plus 1 property planned to be acquired in the 21st fiscal period.

Planned Property Acquisition in the 21st Period

Plan to acquire ownership of land with leasehold of property in prime location in Tokyo CBDs in order to enhance portfolio quality and raise stability of earnings

Otemachi 1-6 Project (tentative name) (ownership of land with leasehold)

1. Property Overview

Location	Otemachi 1-chome, Chiyoda-ku, Tokyo
Site area	11,034.78㎡
Type of ownership	Beneficiary interest in real estate (land with surface rights establishment agreement)

2. Outline of Surface Rights Establishment Agreement

Form of agreement	Normal lease agreement / Surface rights
Agreement period	70 years
Renewal charges, etc.	No renewal charges, rebuilding approval charges and transfer charges

3. Transaction Summary

Seller	Tokyo Prime Stage Co., Ltd. <small>(SPC established jointly by Tokyo Tatemono and Taisei Corporation)</small>
Acquisition price	36,000 million yen (planned)
Appraisal value	36,900 million yen (as at Jan. 31, 2012)
Acquisition date	March 12, 2012 (planned)

4. Projected Cash Flow

NOI Yield	3.62%
Yield after depreciation	3.62%

5. Overview of Building under Project

Structure/Size	S, RC and partly SRC; B6/38F Total floor space: approx. 198,000㎡ ²
Use	Office, hotel, retail and parking

Demolition of existing building and development project for super high-rise complex currently underway, with construction completion scheduled for end of April 2014. Occupancy by leading Japanese financial institution in office portion and world-class hotel on higher floors planned.

Exterior perspective



Location map



Image of Underground Plaza (tentative name)



Image of Otemachi Forest (tentative name)

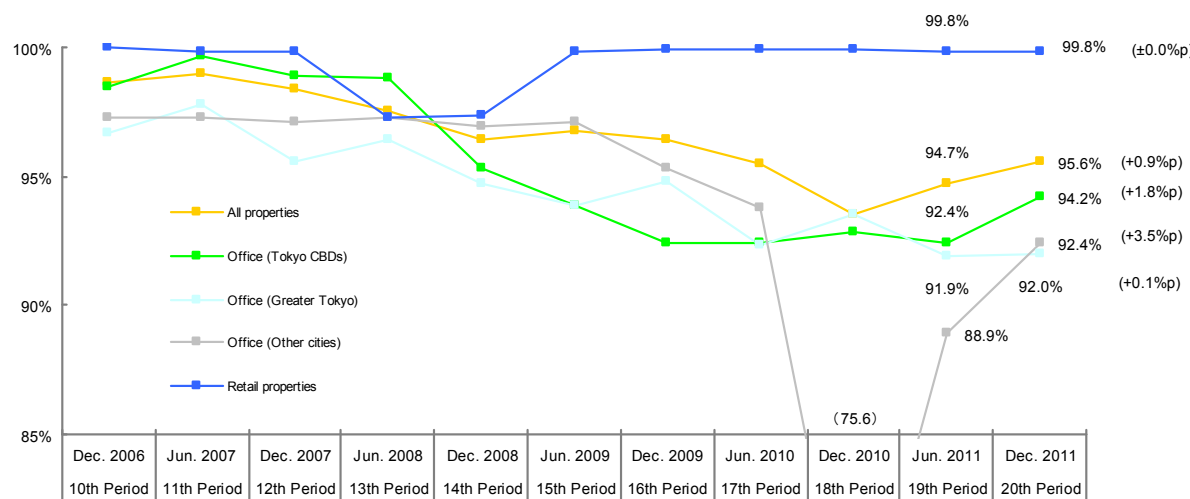


- Among the prime properties owned by J-REITs in the Tokyo metropolitan area
- To be acquired below appraisal value with yield after depreciation surpassing JPR's average level for office buildings
- Offers stable source of revenue over the long term through ownership of land with leasehold

Changes in Occupancy Rates and Contract Changes

Steady lease-up progress in office buildings in Tokyo CBDs and other cities resulted in occupancy rate at end of the 20th fiscal period improving +0.9% points over the 19th fiscal period

Changes in Period-End Occupancy Rates of Properties by Asset Class and by Location



- Average occupancy rate of entire portfolio up 0.9% points over the 19th fiscal period
- By location, large increases were seen in office buildings in other cities of +3.5% points and Tokyo CBDs of +1.8% points over the 19th fiscal period

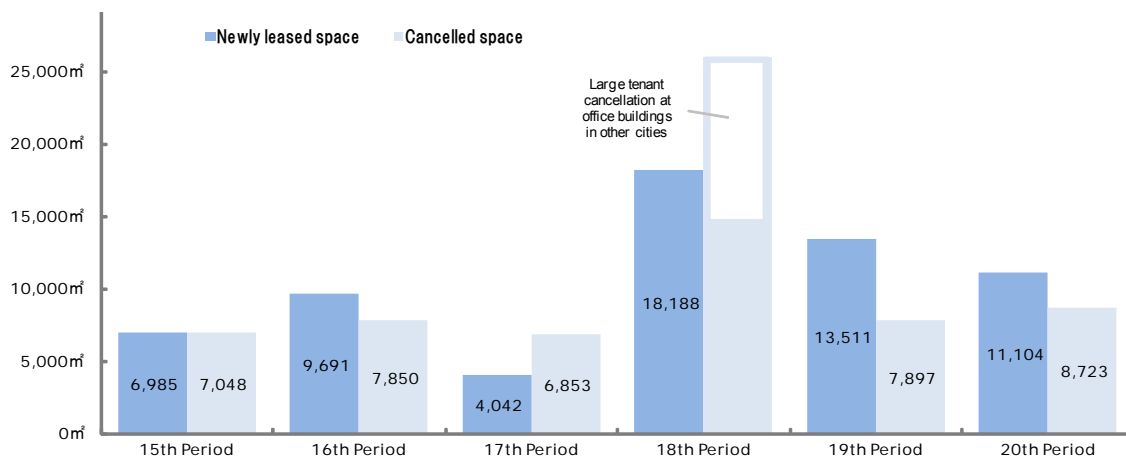
(Main Properties with Fluctuations in Occupancy Rates)

	19th Period	20th Period	Change
	Jun. 2011	Dec. 2011	
Shinjuku Square Tower	83.7%	99.1%	15.4%
BYGS Shinjuku Building	85.1%	97.3%	12.2%
JPR Ueno East Building	71.8%	83.6%	11.8%
JPR Nagoya Nagoya Fushimi Building	66.6%	89.7%	23.1%

(Note 1) Indicated occupancy rates are as of the end of December 31, 2011, calculated on the basis of the lease conditions as of the same date for properties JPR owned as of the same date.

(Note 2) Figures have been rounded to the first decimal place.

Changes in Contract Changes



- Having promoted new leasing based on policy of placing top priority on maintaining and improving occupancy rate, newly leased space exceeding cancelled space found in the 19th fiscal period also continued into the 20th fiscal period by more than 2,000m²

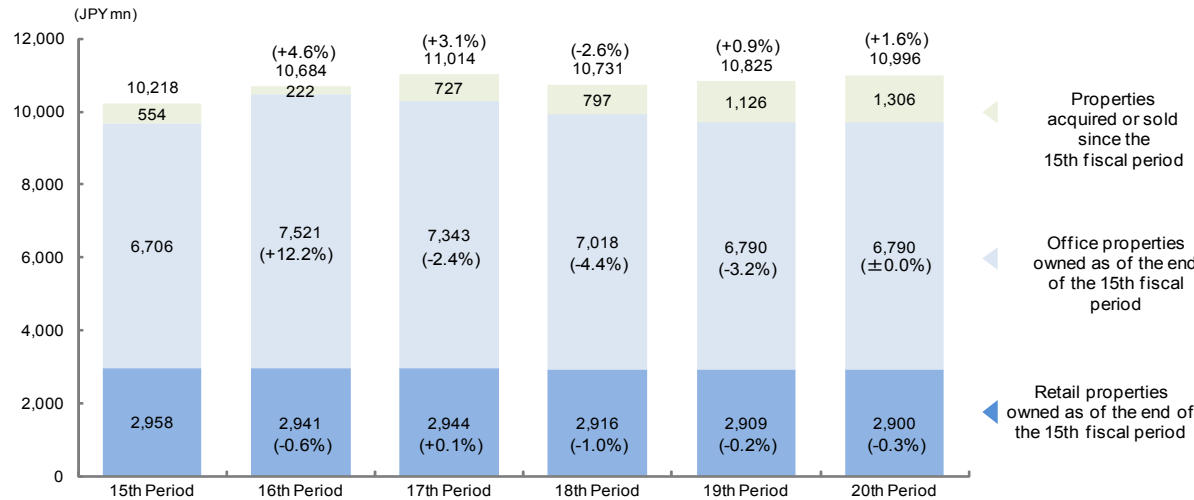
(Breakdown by Asset Class and by Location for the 20th Fiscal Period)

	Newly leased space	Cancelled space	Newly leased space - cancelled space
	Entire Portfolio	11,104m ²	8,723m ²
Office in Tokyo CBDs	4,762m ²	2,750m ²	2,012m ²
Office in Greater Tokyo	3,959m ²	3,802m ²	157m ²
Office in Other cities	2,383m ²	2,172m ²	211m ²

Changes in Rent Revenue and Unit Rent

Rent revenue on same-store basis remained at same level as a result of occupancy rate improvements, but average unit rent continue to be on downward trend

Changes in Rent Revenue (from Properties Owned as of the End of the 15th Period)

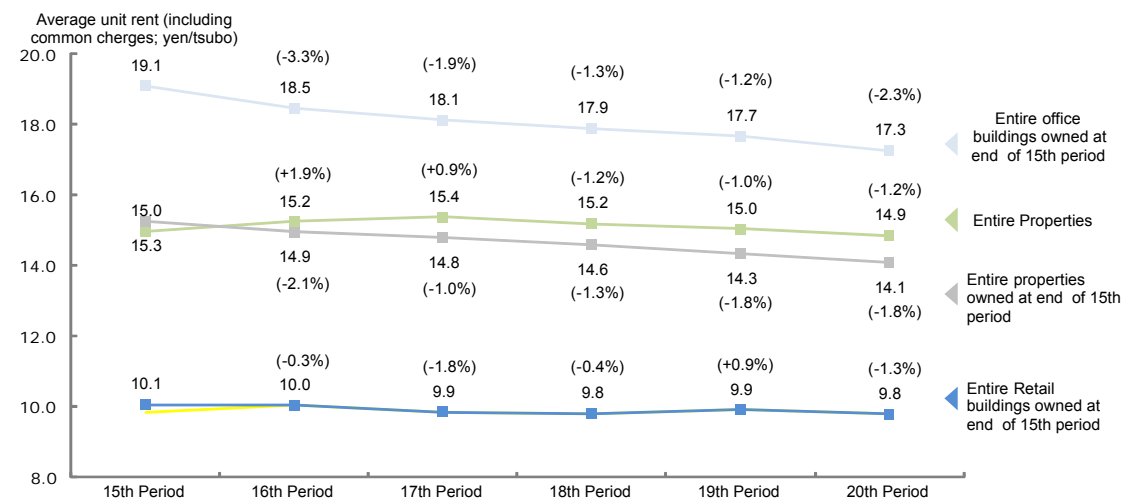


- Rent revenue of entire portfolio on slight increase as a result of new property acquisition
- Office buildings owned as of the end of the 15th fiscal period maintained period-on-period level as a result of occupancy rate improvements
- Concerning retail properties, since the 15th fiscal period, none have been acquired or sold and rent revenue has also maintained stable, serving to support entire portfolio

(Note 1) The "properties owned as of the end of the 15th fiscal period" in the graph to the left represent properties that JPR continuously owns since the end of the 15th fiscal period excluding those replaced through transactions up to the 20th fiscal period. The indicated figures of rent revenue are the sum of rents, common charges, parking rates and other revenues (excluding such variable revenues as incidental income) for these properties. As for the "entire portfolio," the indicated figures are the sum of rents, common charges, parking rates and other revenues (excluding such variable revenues as incidental income) for all properties owned in respective fiscal periods (including properties that were sold during the periods).

(Note 2) Values have been rounded down to million yen, and the rates of period-on-period change have been rounded to the first decimal place.

Changes in Average Rent of Office Buildings (for Properties Owned as of the End of the 15th Period)



- Average unit rent of entire portfolio continues to be on downward trend, albeit modest
- Degree of decrease for office buildings owned as of the end of the 15th fiscal period was slightly large at -2.3% period-on-period for the 20th fiscal period
- Average unit rent of retail properties remained relatively stable

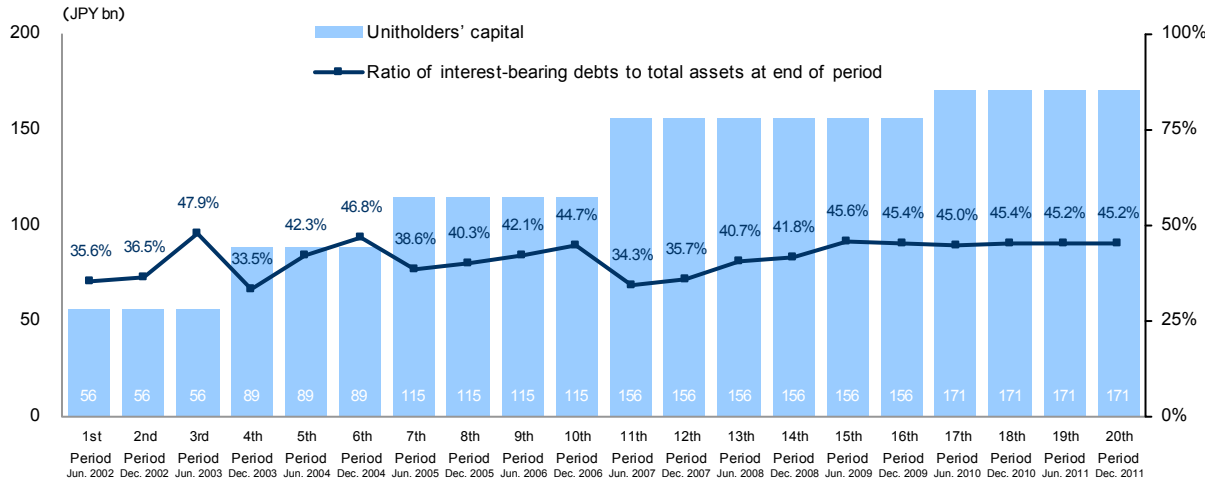
(Note 1) The "Properties owned as of the end of the 15th fiscal period" in the graph to the left represent office buildings which JPR continuously owns since the end of the 15th fiscal period excluding those replaced through transactions up to the 20th fiscal period. The indicated figures are the average unit rents (monthly rent revenue per tsubo of occupied spaces including common charges per month) for these. The "Entire portfolio" represents the average unit rent (unit rent per tsubo of monthly rent revenue of occupied spaces including common charges at the end of respective periods) of all properties owned in respective periods (including those acquired or sold during the period).

(Note 2) The period-on-period figures have been rounded to the first decimal place.

Financial Strategy

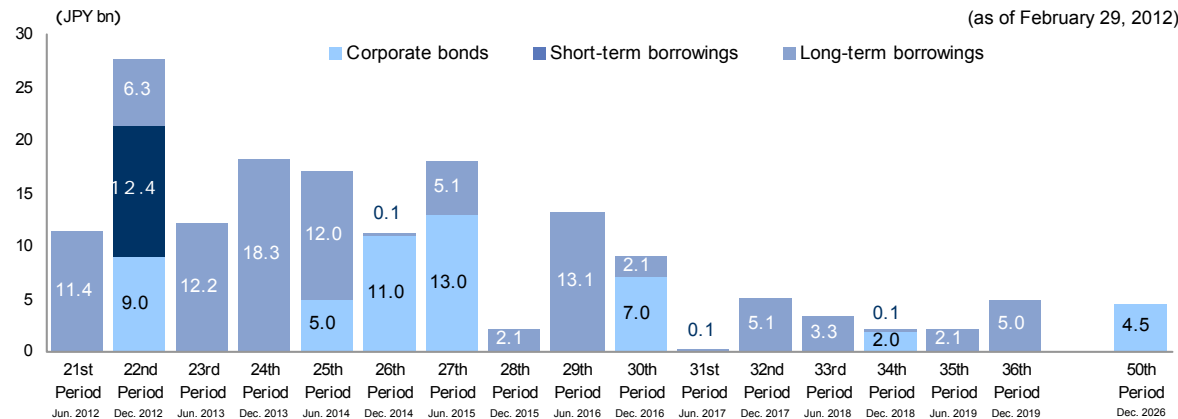
Continued conservative financial operations by promoting long-term, fixed interest rates and diversifying repayment dates, so as to maintain high credit ratings

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



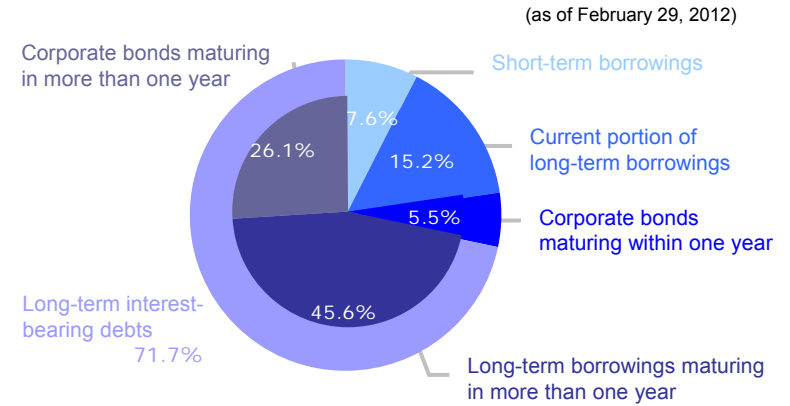
(Note 1) Ratio of interest-bearing debts (%) = Interest-bearing debts / (Interest-bearing debts + Unitholders' capital),
 Ratio of interest-bearing debts to total assets at end of period (%) = Interest-bearing debts / Total assets at end of period
 (Note 2) Unitholders' capital has been rounded down to the nearest billion yen.
 (Note 3) The ratio of interest-bearing debts and the ratio of interest-bearing debts to total assets at end of period have been rounded to the first decimal place.

Diversification of Repayment Dates of Interest-Bearing Debts



(Note) Figures have been rounded down to the nearest 100 million yen.

Ratio of Interest-Bearing Debts



	19th Period Jun. 2011	Feb. 29 2011
Ratio of long-term, fixed-rate borrowings	77.81%	71.69%
Average maturity of long-term interest-bearing debts	3.69 years	3.91 years
Average interest rate of long-term interest-bearing debts	1.85%	1.69%
Average maturity of interest-bearing debts	2.95 years	2.94 years

(Note) Long-term interest-bearing debts: interest-bearing debts with repayment dates coming in more than one year

Credit Ratings Assigned to JPR

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

Breakdown of Interest-Bearing Liabilities

JPR had all borrowings non-collateralized and expanded the credit limit of the commitment lines to 28 billion yen

Table of Balance of Borrowings

(JPY mn)

	Lender	Balance as of June 30, 2011	Balance as of Dec. 31, 2011	Security
Short-term borrowings	Resona Bank, Limited	4,000	2,000	Unsecured / Unguaranteed / Non-subordinated
	Mitsubishi UFJ Trust and Banking Corporation	3,000	2,000	
	Mizuho Corporate Bank, Ltd.	2,000	2,000	
	The Bank of Tokyo-Mitsubishi UFJ, Ltd	-	2,000	
	Aozora Bank, Ltd.	-	2,000	
	Sumitomo Mitsui Bank Corporation	-	1,400	
	Mizuho Trust & Banking Co., Ltd.	1,000	1,000	
	Total short-term borrowings	10,000	12,400	
Long-term borrowings	Mizuho Corporate Bank, Ltd.	13,600	13,500	Unsecured / Unguaranteed / Non-subordinated
	The Bank of Tokyo-Mitsubishi UFJ, Ltd	12,668	12,585	
	Mitsubishi UFJ Trust and Banking Corporation	7,000	7,000	
	Zenkyoren (The National Mutual Insurance Federation of Agricultural Cooperatives)	7,000	7,000	
	Sumitomo Mitsui Bank Corporation	5,800	5,750	
	American Family Life Assurance Company of Columbus	5,000	5,000	
	The Bank of Fukuoka, Ltd.	3,000	5,000	
	Development Bank of Japan Inc.	4,495	4,370	
	Sompo Japan Insurance Inc.	4,000	4,000	
	Sumitomo Life Insurance Company	4,000	4,000	
	The Chugoku Bank, Ltd.	3,000	3,000	
	Mizuho Trust & Banking Co., Ltd.	3,000	3,000	
	The Shinkumi Federation Bank	3,000	3,000	
	ORIX Trust and Banking Corporation	3,000	3,000	
	Taiyo Life Insurance Company	3,000	3,000	
	The Nishi-Nippon City Bank, Ltd.	3,000	3,000	
	Shinsei Bank, Limited	2,000	2,000	
	The Hachijuni Bank, Ltd.	2,000	2,000	
	Daido Life Insurance Company	2,000	2,000	
	Aozora Bank, Ltd.	5,300	1,900	
	The Iyo Bank, Ltd.	1,000	1,000	
	Meiji Yasuda Life Insurance Company	4,000	4,000	
4,400		-		
	Total long-term borrowings	105,263	99,105	

(Note) Orix trust and Banking Corporation was renamed to Orix Bank Corporation on October 1, 2011.

Overview of Corporate Bonds

(JPY mn)

	Balance as of December 31, 2010	Balance as of August 15, 2011	Security	
Corporate Bonds	Third Series of Corporate Bonds	5,000	5,000	
	Fifth Series of Corporate Bonds	5,000	-	
	Sixth Series of Corporate Bonds	5,000	5,000	
	Seventh Series of Corporate Bonds	4,500	4,500	
	Eighth Series of Corporate Bonds	9,000	9,000	
	Ninth Series of Corporate Bonds	6,000	6,000	
	Eleventh Series of Corporate Bonds	6,000	6,000	
	Twelfth Series of Corporate Bonds	7,000	7,000	
	Thirteenth Series of Corporate Bonds	-	7,000	
	Fourteenth Series of Corporate Bonds	-	2,000	
		Balance of Corporate Bonds	47,500	51,500
		Interest-Bearing Liabilities	162,763	163,005

Overview of Commitment Line Contract

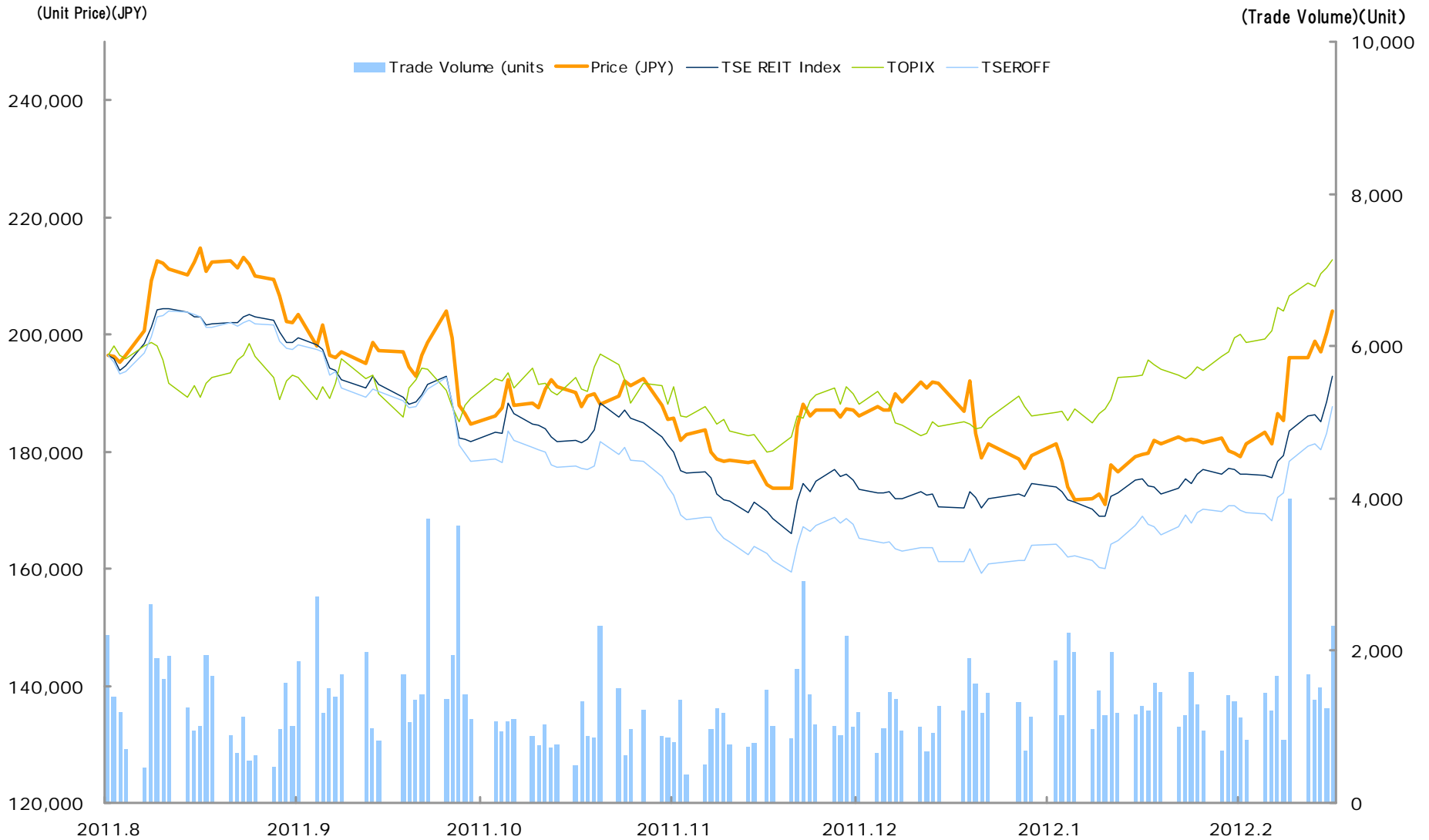
(JPY mn)

Lenders(Already Established)	Limit	Maturity date	Security
Mizuho Corporate Bank, Ltd.	4,000	November 30, 2011	Unsecured / Unguaranteed
The Bank of Tokyo-Mitsubishi UFJ, Ltd	4,000		
Resona Bank, Limited	4,000		
Mitsubishi UFJ Trust and Banking Corporation	4,000		
Subtotal	16,000		
Lenders(Newly Established)	Limit	Maturity date	Security
Sumitomo Mitsui Bank Corporation	4,000	November 30, 2011	Unsecured / Unguaranteed
Aozora Bank, Ltd.	4,000		
Mizuho Trust & Banking Co., Ltd.	4,000		
Subtotal	12,000		
Total	28,000		

(Note) Credit limits were newly obtained from Sumitomo Mitsui Banking and Aozora Bank as of June 29, 2011 and from Mizuho Trust & Banking as of September 27, 2011. As of the end of the 20th fiscal period, no commitment line is used.



History of JPR's Unit price and Trade Volume (Aug. 9, 2011~Feb. 24, 2012)



*The TSE REIT Index and other figures have been indexed with February 15, 2011 as the base date, and the chart shows relative performances.



Japan Prime Realty Investment Corporation

Future Management Strategy

21st~

Future Management Policies

Great enhancement of portfolio quality through acquisition of Otemachi 1-6 Project (tentative name) (ownership of land with leasehold) that will be one of the prime locations for J-REIT-owned properties

To consistently maintain DPU at 6,000 yen level, strive for replacement of assets and further improvement of NOI in anticipation of recovery in the J-REIT market

External Growth Strategy

[Market Analysis]

- Although there were signs of spreading state of wait-and-see approach being adopted at one point after the Great East Japan Earthquake, there are signs of gradual recovery
- Information on excellent properties in the secondary market still in scarce state
- Buyers find it difficult to set high price targets, given the outlook of the Japanese economy and the real estate market remaining on a weak note
- Investment corporations likely to see slump in investment unit price limit debt financing options and restrict property acquisition

[JPR's Strategy]

- Promote financial strategy focused on income after depreciation
- Assess to be good opportunity for property acquisition for a while since transaction market is showing signs of moving into an upward momentum
- Continue to strive to enhance portfolio quality based on property replacement strategy, centering on considering acquisition of office buildings in Tokyo
- Continue to make investment decisions after proactive collection of information through such sources as sponsors, accurately grasping market trends and carefully researching investment value including determining future potential

Internal Growth Strategy

[Market Analysis]

- Office rental market sees new demand remain in excess of supply and vacancy rates in the 23 wards of Tokyo remain almost flat
- Sense of economic uncertainty, etc. makes sharp upturn in short-term office supply/demand difficult and consequently causes prolonged state of stagnation
- Importance of earthquake resistance, energy conservation performance, etc. is increasing and polarization progresses in terms of the points of focus of evaluation
- Some retail properties in good locations have mostly bottomed out.

[JPR's Strategy]

- Effective leasing reinforcement measures leading to improved occupancy rates for office buildings in other cities, followed by successful lease-up of office buildings in Tokyo CBDs
- Track record in attracting tenants leading to increasingly smoother relations with brokers, resulting in increasing information on attracting tenants
- Engage in leasing activities focused on office buildings in Tokyo by closely cooperating with property management companies, centering on Tokyo Tatemono
- Work to reduce expenses related to rent business through review of efficient management structure, thorough promotion of energy conservation measures, etc.

Financial and IR Strategies

[Market Analysis]

- Investment unit price remains on weak note due to Europe's debt crisis and global economic slowdown concerns
- Environment of debt financing from financial institutions is extremely favorable

[JPR's Strategy]

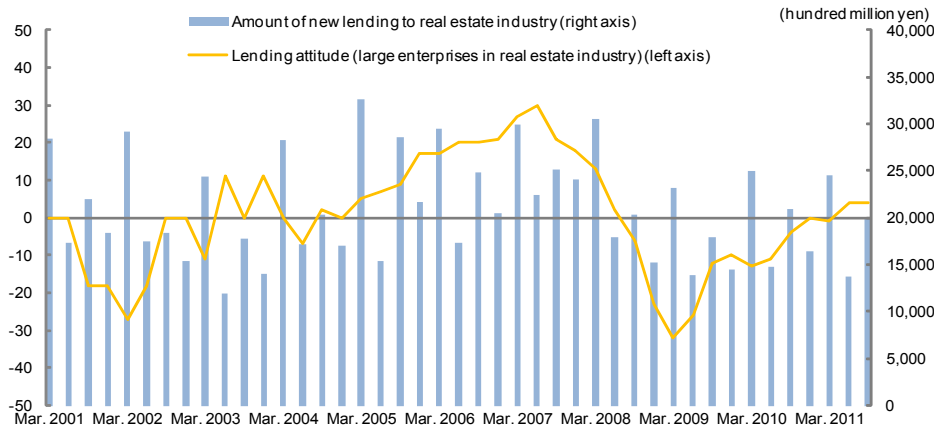
- Acquisition of Otemachi 1-6 Project (tentative name) (ownership of land with leasehold) to be funded by short-term bridge loan, then converted into long-term, fixed-rate loan
- Promote reduction of borrowing costs and extension of duration, backed by favorable debt financing environment
- Increase lenders by utilizing syndicated loans
- Considering for dilution of DPS and BPS, take cautious approach to equity financing by discerning acquisition of excellent properties, bottoming out of profits from leasing of existing properties and trends of investment unit price

Office Transaction Market Conditions

With environment of debt financing from financial institutions favorable, property acquisition by J-REITs from sponsors driving real estate transactions

Lending Attitude of Japanese Financial Institutions

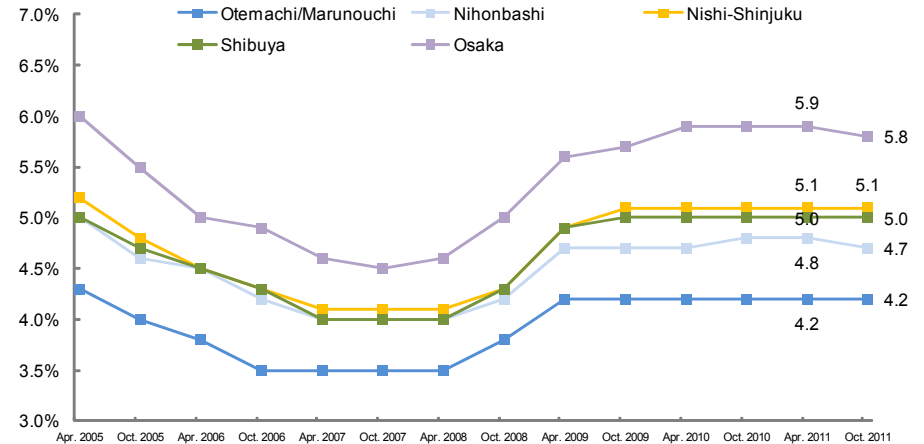
Although financing from Japanese financial institutions is proactive, trends of delay in recovery in new lending amount



(Note) Prepared by Tokyo Realty Investment Management, Inc. based on data by Bank of Japan.

Changes in Cap Rates of Offices

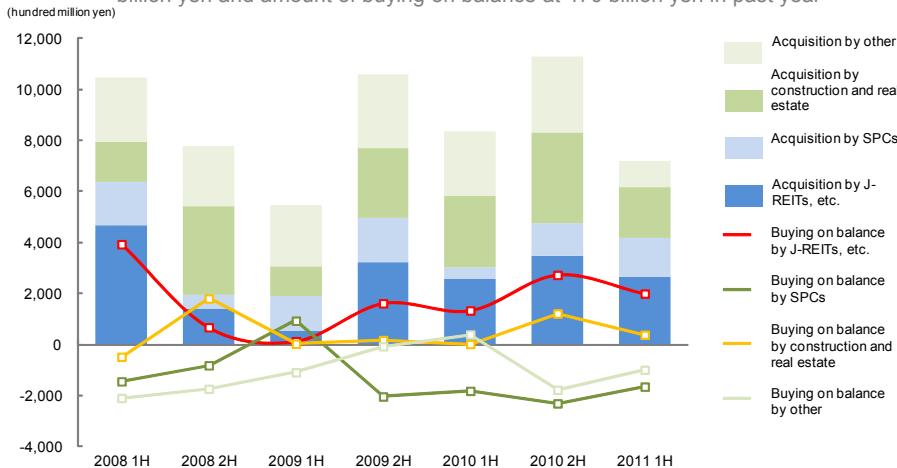
Cap rates of office buildings in Tokyo remained flat



(Note) Prepared by Tokyo Realty Investment Management, Inc. based on the Cap Rate of Average-Sized Class A Office Building in The Japanese Real Estate Investor Survey published by Japan Real Estate Institute

Changes in Amount of Acquisition and Amount of Buying on Balance by Business Sector

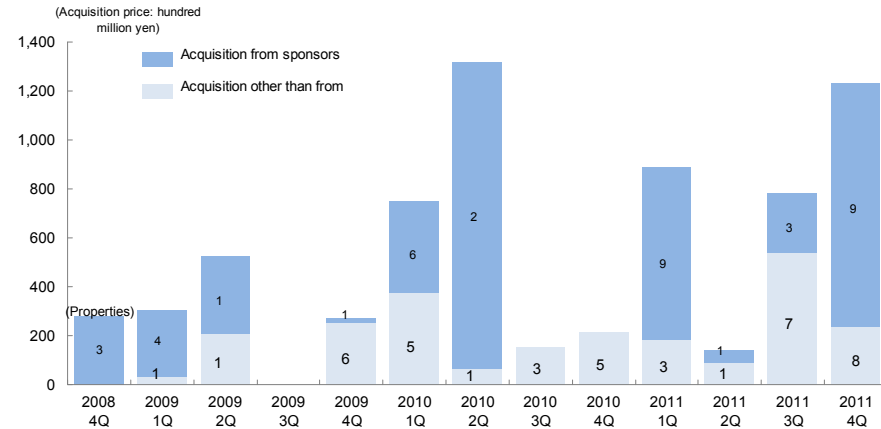
Analysis by business sector finds largest is J-REITs in amount of acquisition at 600 billion yen and amount of buying on balance at 470 billion yen in past year



(Note) Prepared by Tokyo Realty Investment Management, Inc. based on Survey on Actual Real Estate Transactions by Urban Research Institute Corporation (Mizuho Trust & Banking Co., Ltd.'s think tank).

Changes in Acquisition Results of Office Buildings in Tokyo by J-REITs

Acquisition size on upward trend, led by property acquisition from sponsors



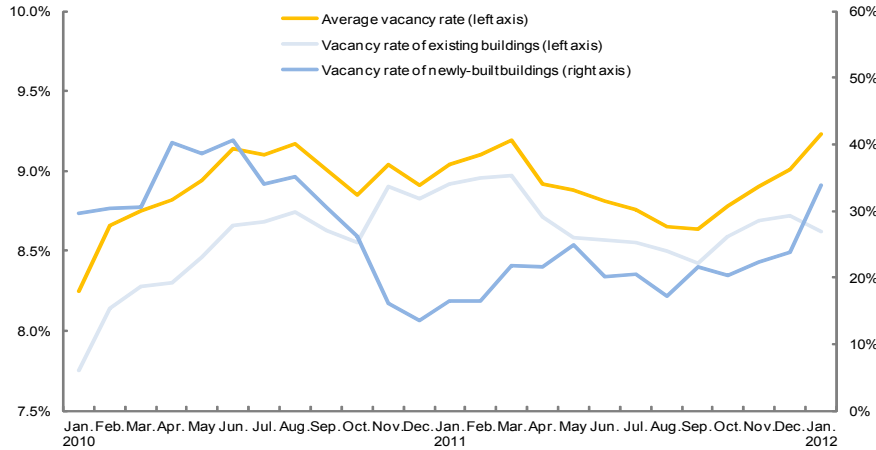
(Note) Prepared by Tokyo Realty Investment Management, Inc. based on press releases by respective J-REITs, with acquisition prices rounded off to the nearest specified unit. 1Q refers to the period from January to March and subsequent quarters refer to the 3-month periods thereafter.

Office Rental Market Conditions

Despite delay in recovery in office rental market, moderate recovery anticipated due to robust new demand

Changes in Vacancy Rates

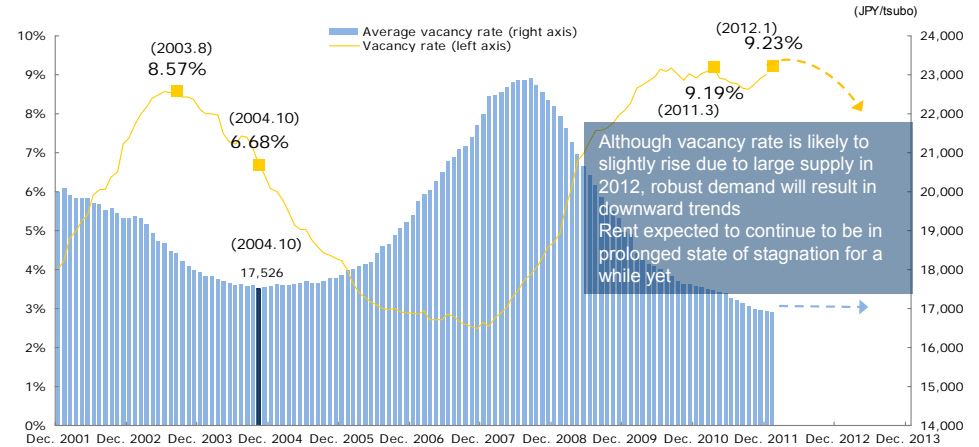
Supply of newly-built buildings and secondary vacancies of existing buildings cause average vacancy rate of office buildings in Tokyo to be on the rise



(Note) Actual figures were prepared by Tokyo Realty Investment Management, Inc. based on the Office Report (in Tokyo CBDs) published by Miki Shoji Co., Ltd.

Changes in Vacancy Rate and Rents

Trends of slight delay in recovery in Tokyo's office rental market

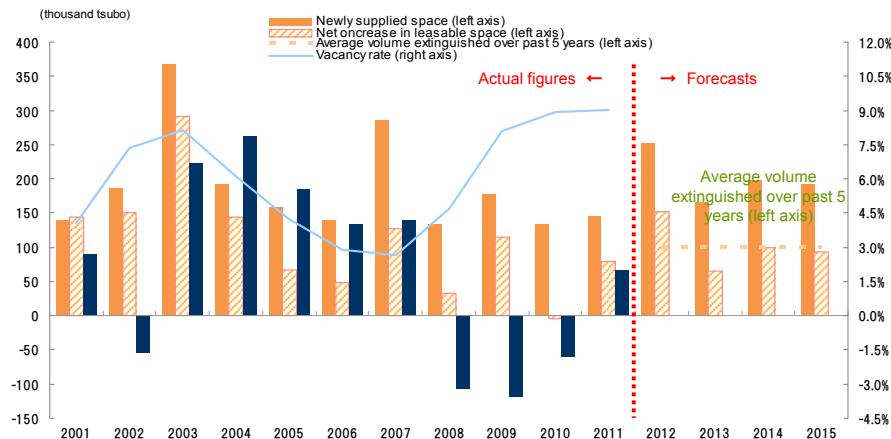


(Note) Actual figures were prepared by Tokyo Realty Investment Management, Inc. based on the Office Report (in Tokyo CBDs) published by Miki Shoji Co., Ltd. Forecasts were prepared by Tokyo Realty Investment Management, Inc.

Supply and New Demand Trends of Office Spaces

New demand of office buildings in Tokyo increases for first time in 4 years

In spite of large supply in 2012, net increase in leasable space estimated from past average volume extinguished will have only limited impact on the market



(Note) Data through 2011 was prepared by Tokyo Realty Investment Management, Inc. based on the Office Report (Tokyo CBD) published by Miki Shoji Co., Ltd. Data for 2012 and after were prepared by Tokyo Realty Investment Management, Inc. based on its own survey.

Views on the Market by an Independent Institution (Office Buildings in Tokyo)

Outlook of Office Market in the 23 Wards of Tokyo

- 2012 projected to have large supply of about 290 thousand tsubos, but net increase in leasable space, which takes into account the anticipated volume extinguished, is thought to be about 220 thousand tsubos.
- Relocations for office consolidations accompanying corporate mergers or business restructuring and as BCP measures will become more active
- Volume of new supply in 2012 forecast to surpass 2011 level at 195 thousand tsubos as economic recovery fuelled by demand for recovery from the Great East Japan Earthquake will have positive impact
- As absorption of large supply in 2012 will be difficult, vacancy rate will remain flat at 7.5%
- With vacancy rate hitting the ceiling in 2011 and in the wake of economic recovery, bottoming out of average contract rent in 2012 is forecast
- In 2013 and 2014, volume of new demand will gradually decrease as positive impact from demand for recovery will have passed and employment will also have slightly weakened, but new supply will be controlled
- Vacancy rate is projected to make a transition from hovering at a high level to a gradual decrease down to 6.3% at the end of 2014

(Note) Prepared by Tokyo Realty Investment Management, Inc. based on the Real Estate Market Research Report (surveyed in Oct. 2011) by STB Research Institute Co., Ltd.

External Growth Strategy (1)

Promote selective investment in excellent properties that will enhance portfolio quality and contribute to stable earnings, while considering replacement of properties in the portfolio

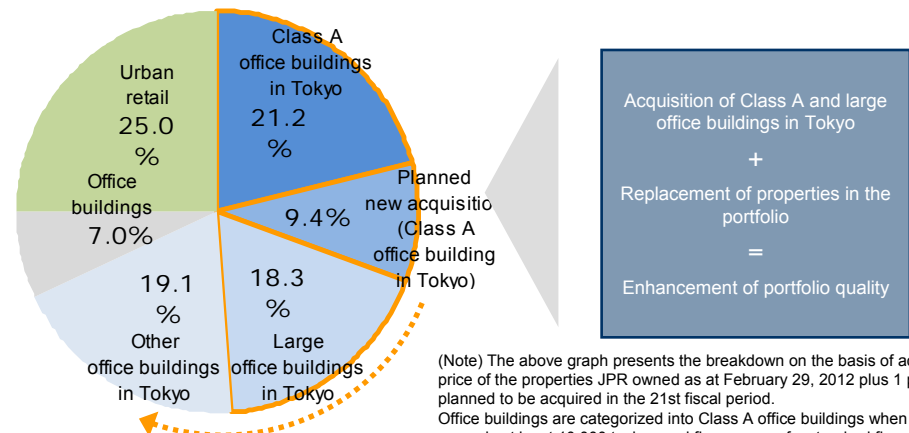
Market	<ul style="list-style-type: none"> Assess to be good opportunity for property acquisition for a while since transaction market is showing signs of moving into an upward momentum
Target	<ul style="list-style-type: none"> Focus on investment in office buildings in Tokyo CBDs in order to enhance portfolio quality and raise stability of earnings Although investment in recent years have concentrated on office buildings in Tokyo, continue to consider also urban retail properties and excellent office buildings in other cities
Channel	<ul style="list-style-type: none"> With vast track record in acquiring from the secondary market and sponsors' channels, JPR's policy is to keep conducting selective investment in excellent properties, while continuing to effectively leverage proprietary sourcing abilities and sponsors' channels
Due diligence	<ul style="list-style-type: none"> Strictly assess location, size and specifications, taking into account how highly tolerant properties are against market downturn and how much potential properties have for revenue growth upon market recovery Concerning properties for which information was sourced from sponsors, strictly select properties that are appropriate to and in line with the perspective of JPR Concerning cap rate, consider degree of contribution to DPS and place emphasis on yield after depreciation
Replacement	<ul style="list-style-type: none"> Promote exchange of information with potential buyers that have strong investment appetite Positively consider replacement of properties in the portfolio aimed at improving NAV per unit

Acquisition Targets

<p style="text-align: center;">Core Office Buildings in Tokyo Area</p> <ul style="list-style-type: none"> Main targets under the investment strategy Consider mainly Class A, relatively newly-built, high-quality office buildings <div style="display: flex; justify-content: space-around; text-align: center;"> <div style="width: 30%;"> <p>JPR Harajuku Building</p>  </div> <div style="width: 30%;"> <p>JPR Nihonbashi-horidome Building</p>  </div> <div style="width: 30%;"> <p>BYGS Shinjuku Building</p>  </div> </div>	<p style="text-align: center;">Urban Retail Properties</p> <p>Limit to urban properties in highly bustling locations with ability to attract alternative tenants</p> <p style="text-align: center;">Kawasaki Dice Building</p> 	<p style="text-align: center;">Excellent Office Buildings in Other Cities</p> <p>Limit to properties of high scarcity with stable market potential over the medium term</p> <p style="text-align: center;">JPR Hakata Building</p> 
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Breakdown of Portfolio (on the basis of acquisition price)

Acquisition of Otemachi 1-6 Project (tentative name) (ownership of land with leasehold) will enhance portfolio quality

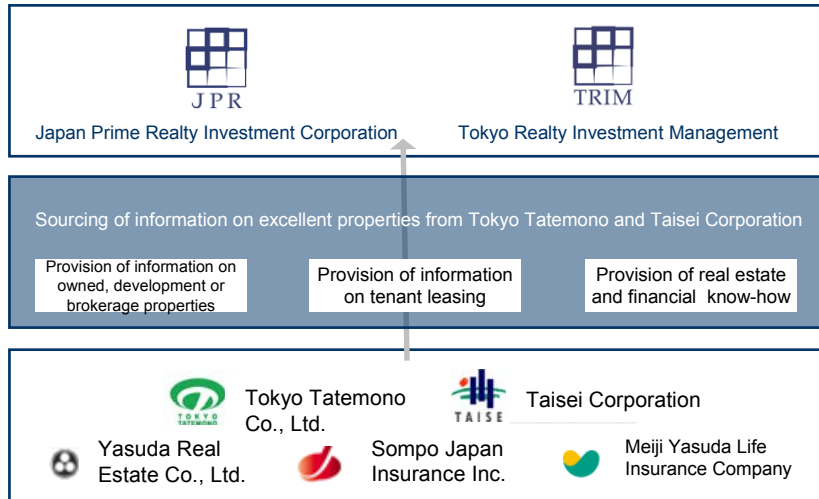


(Note) The above graph presents the breakdown on the basis of acquisition price of the properties JPR owned as at February 29, 2012 plus 1 property planned to be acquired in the 21st fiscal period. Office buildings are categorized into Class A office buildings when total floor space is at least 10,000 tsubos and floor space of a standard floor is at least 200 tsubos, and large office buildings when floor space of a standard floor is at least 100 tsubos. The planned new acquisition is categorized as Class A office building in light of location, asset class and type of ownership.

External Growth Strategy (2)

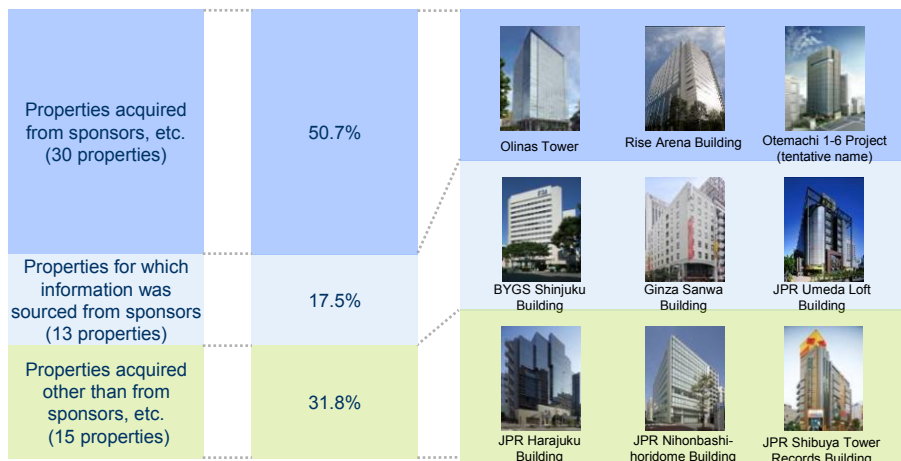
Promote more proactive sourcing of information on excellent properties by leveraging sponsors' pipelines in order to enhance portfolio quality

Sponsors' Pipelines



Portfolio Property Acquisition Channels

Breakdown on the basis of acquisition price



(Note) The above graph presents the breakdown on the basis of acquisition price of the properties JPR owned as at February 29, 2012 plus 1 property planned to be acquired in the 21st fiscal period.

Major Development Properties of Tokyo Tatemono

Project Name	Year Built (planned)	Total Floor Space (m ²)
Osaki Center Building	Mar. 2009	37,798
TIX TOWER UENO	Aug. 2010	23,921
Tokyo Tatemono Yaesu Building	Nov. 2011	23,350
Nakano Central Park	May 2012	190,602
Nihonbashi Honcho 3-Chome Project (tentative name)	Jul. 2012	6,489
Otemachi Financial City	Sep. 2012	110,000
Kyobashi 3-1 Project (tentative name)	Mar. 2013	117,526
Otemachi 1-6 Project (tentative name)	Apr. 2014	198,000
Kyobashi 2-Chome Project (tentative name)	-	118,140

(Note) The total floor space refers to the floor space for the entire project.

Kyobashi 3-1 Project (tentative name) (Chuo Ward, Tokyo)

Large complex project with about 3,300m² (about 1,000 tsubos) in floor space of a standard office floor, which is one of the largest in the Tokyo Station area, that makes effective use of the transportation convenience of being near JR Tokyo Station and having direct access to Kyobashi Station on the Tokyo Metro Ginza Line



Nakano Central Park (Nakano Ward, Tokyo)

Project to develop a cutting-edge large office complex housing retail and convention functions on part of the former site of the National Police Academy, etc. near JR Nakano Station (about 3.5ha)

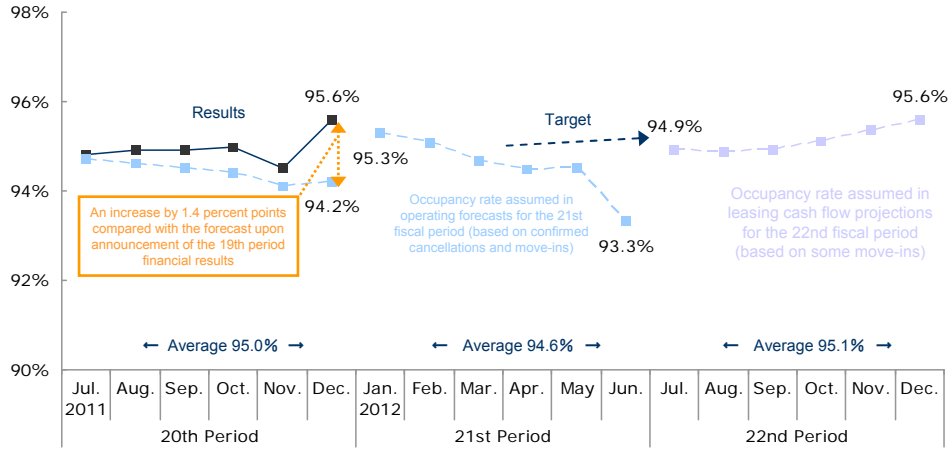


Internal Growth Strategy

Room for additional increase in occupancy rates of office buildings in Tokyo that will cover for decrease in existing rent revenue, which is on a weak note due to rent reduction, etc.

Perspective of Portfolio Occupancy Rates

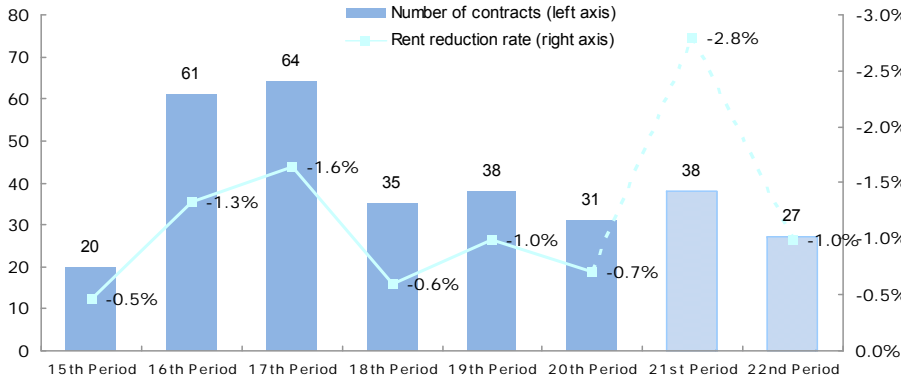
Occupancy rates of office buildings in Tokyo still at a low level and there is room for further increase. Since better results have been achieved than expected, strive for further lease-up going forward.



(Note) 21st fiscal period exclusively includes already notified cancellations, newly concluded contracts and confirmed move-ins. 22nd fiscal period anticipates some new move-ins in addition to the assumption for the 21st fiscal period.

Rent Reduction Rate Due to Downward Revision

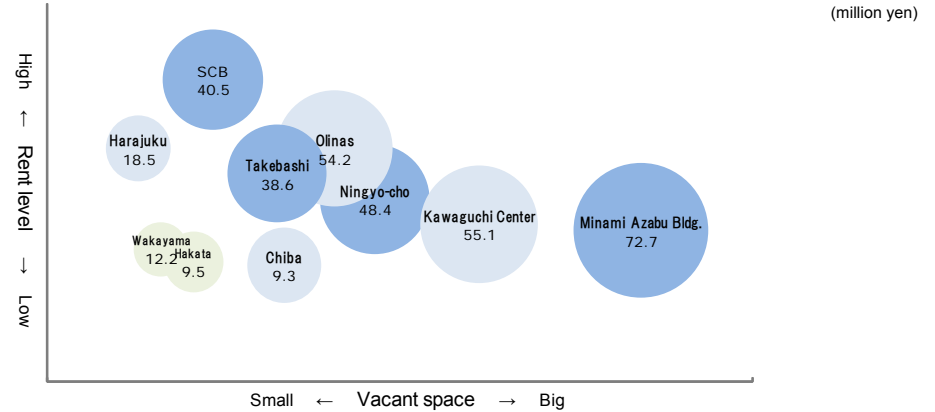
Number of contracts with rent reduction and rent reduction rate both on decreasing trend after peaking in the 17th fiscal period. From the 21st fiscal period, strive to minimize incorporated portion of rent reduction assumed that is incorporated in light



(Note) Rent reduction rate expresses the amount of rent revised downward as a percentage of gross monthly rent (including common charges) at the end of the respective fiscal period. Outlook for the 21st fiscal period and 22nd fiscal period anticipates some assumed rent reductions in addition to the confirmed rent reductions.

Properties Subject to Leasing Reinforcement

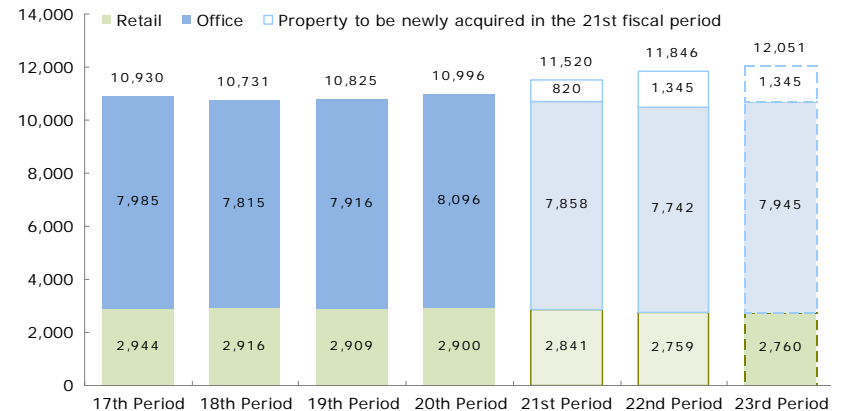
Leasing focused on office buildings in Tokyo CBDs and greater Tokyo, which contribute largely to revenue



(Note) Figures in the balloons in the above graph represent the amount of contribution to rents and other income anticipated for the full year when occupancy rate increases to 98% in the outlook for and after the 21st fiscal period (ending June 2012).

Changes in Rents and Other Income from the Entire Portfolio

Although rents and other income will increase as a result of the large property acquisition, it will remain on a weak note due to rent reductions assumed for the existing portfolio



(Note) Rents and other income for the 23rd fiscal period only include estimated amounts for tenants for whom the rent-free periods have ended, in addition to the assumptions for the 22nd fiscal period. Figures have been rounded down to the nearest specified unit.

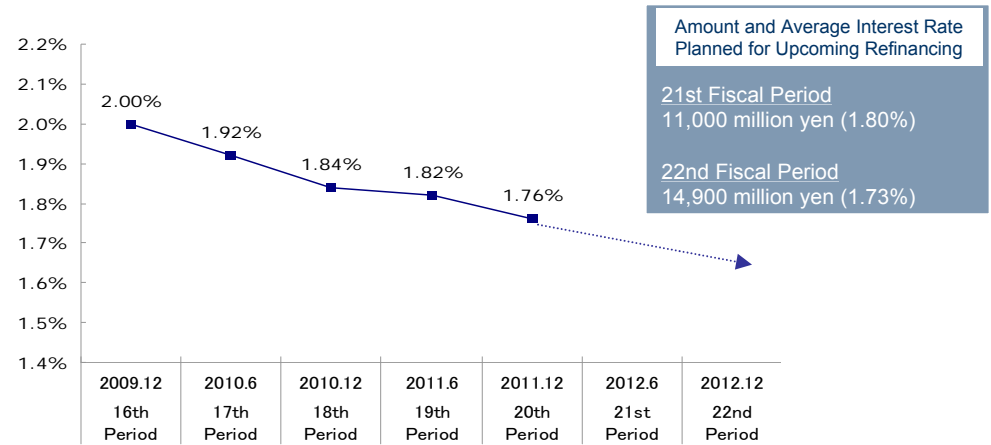
Financial Strategy

Strive for extended duration and lower average borrowing interest rate by reaping maximum benefits from the favorable debt financing environment

Basic Policy on Financial Strategy

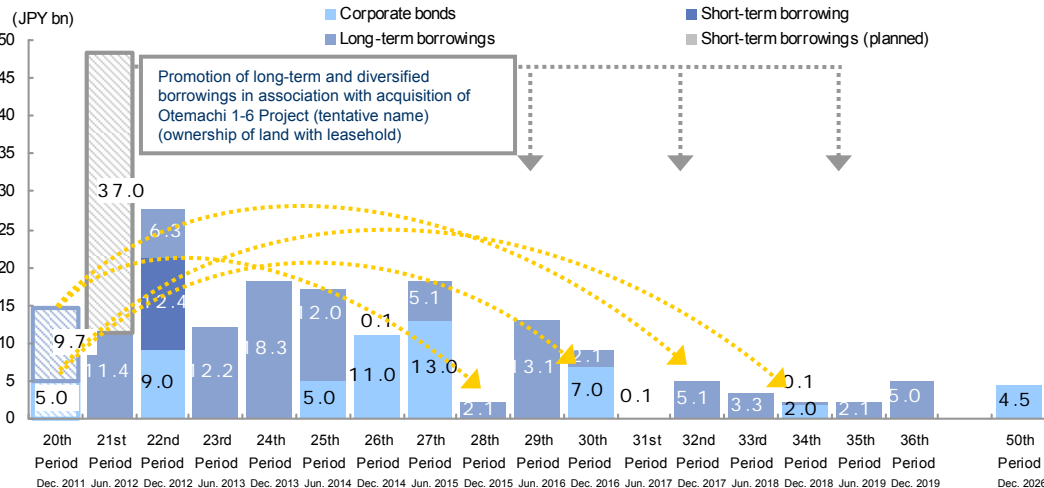
- Entire amount of funds for acquisition of Otemachi 1-6 Project (tentative name) (ownership of land with leasehold) to be procured through debt financing
After taking out a bridge loan based on use of a short-term revolving line of credit, convert to a permanent loan
- Enhance flexibility of debt financing through complete revision of financing agreements
- Lower interest rates through refinancing
- Promote long-term, fixed interest rates and diversify and level off repayment dates
- Maintain commitment line (28.0 billion yen)
- Increase lenders by utilizing syndicated loans

Changes in Average Interest Rates of Long-Term Borrowings



(Note) The average interest rates for long-term borrowings (including current portion).

Diversification of Repayment Dates and Lowering of Interest Rates for Interest-Bearing Liabilities



(Note) Figures have been rounded down to the nearest value.

Overview of Refinancing in the 20th Fiscal Period

Borrowings

	Before refinancing	After refinancing	
Amount	6.0 billion yen	5.0 billion yen	1.0 billion yen
Interest rate	1.734%	1.184%	0.924%
Duration	5 years	6 years	4 years
Drawdown date	2006.8.29	2011.8.29	2011.8.29
Principal repayment date	2011.8.29	2017.8.29	2015.8.29

Corporate Bonds

	Before refinancing	After refinancing	
Amount	5.0 billion yen	7.0 billion yen	2.0 billion yen
Interest rate	1.440%	0.950%	1.340%
Duration	7 years	5 years	7 years
Drawdown date	2004.11.4	2011.10.25	2011.10.25
Principal repayment date	2011.11.4	2016.10.25	2018.10.25

For Sustainable Growth

Consider for dilution of DPU and EPS in equity financing and seize opportunities for “acquisition of excellent properties,” “bottoming out of existing revenue” and “recovery of investment unit price”

		18th Period (Dec. 2010)	19th Period (Jun. 2011)	20th Period (Dec. 2011)	21st Period (Jun. 2012)	22nd Period (Dec. 2012)	23rd Period~ (Jun. 2013~)	
External growth	New acquisition	<ul style="list-style-type: none"> Acquisition of Tokyo Tatemono Yokohama Building Acquisition of interest in BYGS Shinjuku Building (resulting in 100% ownership) <p>Excellent properties in the secondary market is scarce Careful consideration led to the conclusion not to make new acquisitions</p>		<ul style="list-style-type: none"> Acquisition of interest in Ginza Sanwa Building 	<ul style="list-style-type: none"> Acquisition of Otemachi 1-6 Project (tentative name) (ownership of land with leasehold) (planned) <p>Advance consideration of acquisition from sponsors' channels</p>			<p>Prioritize qualitative enhancement of portfolio</p> <p>Acquire Class A, relatively newly-built, high-quality office buildings + Replace assets in the portfolio</p>
	Sale		<ul style="list-style-type: none"> Confirmed presence of buyers with strong investment appetite 		<p>Advance replacement of assets in the portfolio to improve NAV</p>			
Internal growth	Tenant leasing Address rent reductions	<ul style="list-style-type: none"> Lease-up of office buildings in other cities <p>Cancelled space exceeded newly-leased space due to large tenant cancellation at office buildings in other cities in the 18th fiscal period Subsequent promotion of leasing reinforcement measures resulted in newly-leased space exceeding cancelled space and occupancy rates gradually rose</p>		<ul style="list-style-type: none"> Lease-up of office buildings in Tokyo CBDs 		<ul style="list-style-type: none"> Tenant cancellation at Minami Azabu Building <p>Assumed tenant cancellations and rent reductions as market will take longer to recover Achieve additional increase in revenue by boosting occupancy rates</p>		<p>Bottoming out of existing revenue from leasing</p> <p>Rental market recovery + Lease-up and additional increase in revenue + NOI enhancement By cost reduction</p>
	Operating costs				<p>Delay in recovery of existing portfolio revenue will weigh down on NOI Promote further lowering of expenses related to rent business</p>			
Financial Strategy	Debt	<ul style="list-style-type: none"> Early repayment (of borrowings with relatively high interest rates) 		<ul style="list-style-type: none"> Increased commitment line to 28.0 billion yen Revised financing agreements (to establish flexible borrowing structure) <p>Extend duration and lower average borrowing interest rate (excluding earthquake related expenses recorded in the 19th fiscal period)</p>	<ul style="list-style-type: none"> Financing for Otemachi (debt financing planned) 			<p>Consider for dilution of DPU and EPS in equity financing</p> <p>Seize opportunities for “acquisition of excellent properties,” “bottoming out of existing revenue” and “recovery of investment unit price”</p>
	Equity							
EPS		@5,649	@5,609	@5,875	@6,400			
DPU		@5,680	@5,611	@5,876	@6,400	Stabilization of DPU at 6,000 yen level		
Net assets per unit after including unrealized gains(after distribution)		@217,347	@215,634	@214,353		Accumulation of excellent properties through prices below appraisal value Reduce unrealized losses through replacement of assets in the portfolio		
Investment unit price (at end of respective fiscal period)		@250,000	@213,000	@181,300		Anticipation of recovery in investment unit price to BPS (after distribution)		



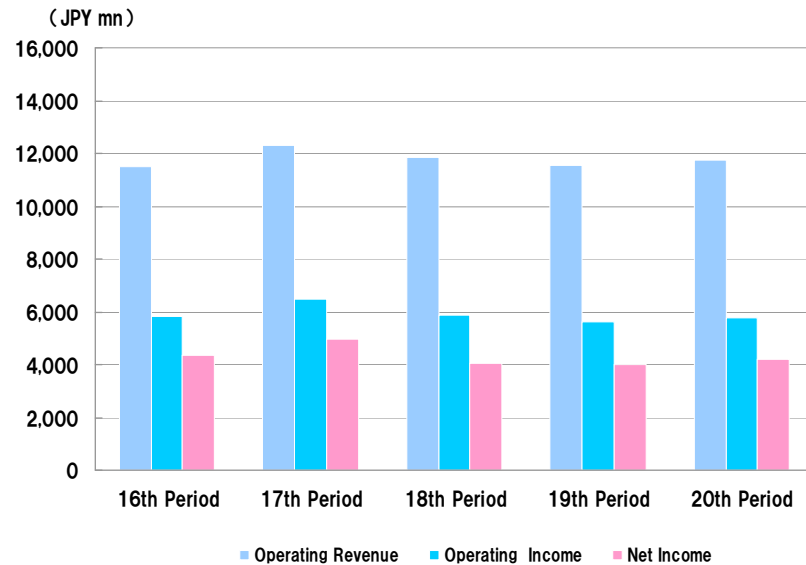
Japan Prime Realty Investment Corporation

Appendix

20th

Performance over the Past Five Fiscal Periods

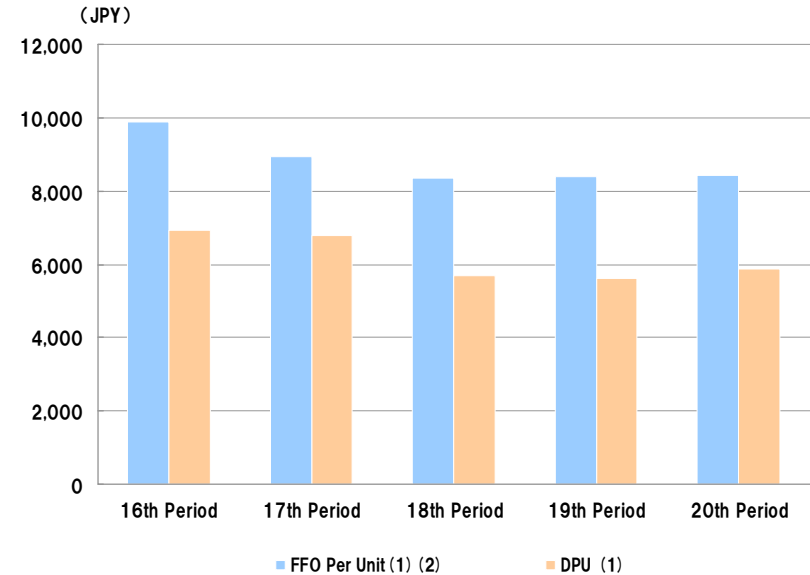
Operating Revenue, Operating Income and Net Income



(JPY mn)

	16th Period	17th Period	18th Period	19th Period	20th Period
Operating Revenue	11,493	12,314	11,870	11,529	11,772
Operating Income	5,827	6,484	5,886	5,603	5,763
Net Income	4,332	4,963	4,039	4,010	4,200

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



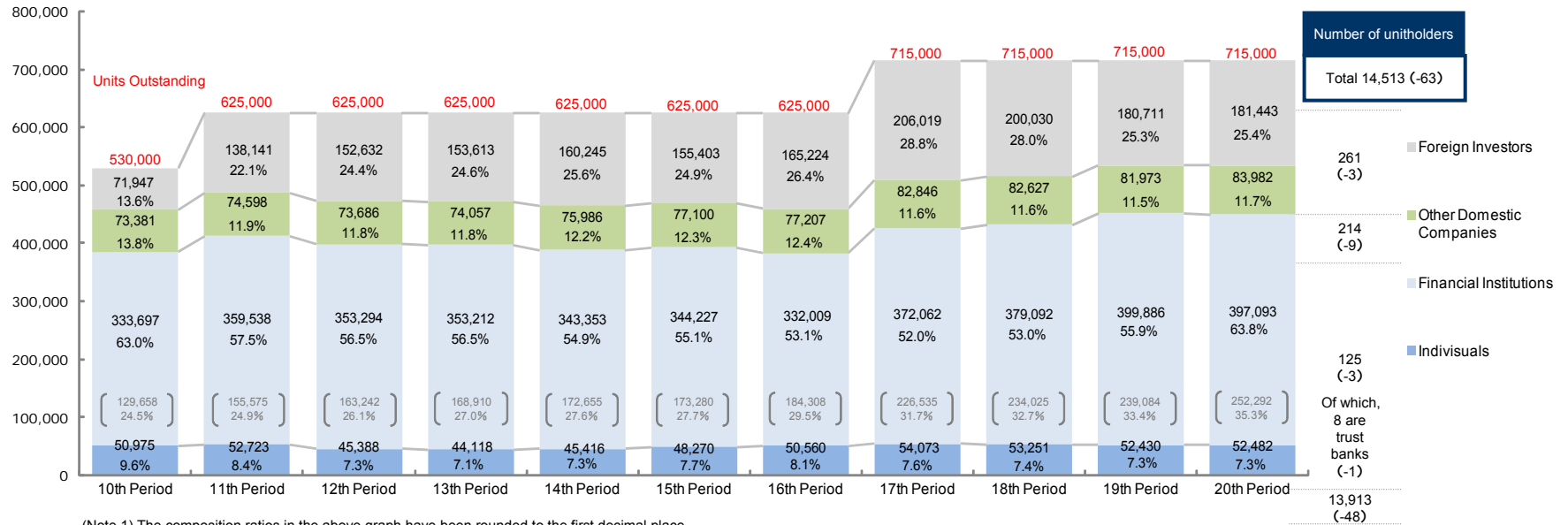
(JPY)

	16th Period	17th Period	18th Period	19th Period	20th Period
FFO Per Unit ⁽¹⁾⁽²⁾	9,892	8,952	8,347	8,372	8,426
DPU (1)	6,933	6,770	5,680	5,611	5,876
Number of Units Outstanding	625,000	715,000	715,000	715,000	715,000

- (1) DPU and FFO per unit are calculated by dividing distributions and FFO by the total units outstanding as of the end of each fiscal period.
 (2) FFO per unit = (Net income - Gains on sale of real estate - Gains on sale of investment securities - Extraordinary revenues and expenses + Depreciation + Other real estate-related depreciation) / Total units outstanding

Historical Unitholder Composition

Number of Units by Investor Type



(Note 1) The composition ratios in the above graph have been rounded to the first decimal place.

(Note 2) Figures in parentheses in the graph represent the number of investment units owned by trust banks within the category of financial institutions (including securities companies).

Principle Unitholders

19th Fiscal Period (Ended June 2011)

Name	Number of Units Owned	% of Units Outstanding*
Japan Trustee Services Bank, Ltd. (Trust Account)	110,555	15.46%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	58,104	8.12%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	41,587	5.81%
Tokyo Tatemono Co., Ltd.	29,300	4.09%
Northern Trust Company (AVFC), Account Singapore Clients (Standing Proxy: The Hongkong and Shanghai Banking Corporation Ltd., Tokyo Branch)	27,258	3.81%
Kawasaki Gakuen	25,000	3.49%
Meiji Yasuda Life Insurance Company	24,000	3.35%
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,341	3.26%
Nomura Bank (Luxembourg) S. A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	20,162	2.81%
Deutsche Securities Inc.	14,753	2.06%
Total	374,060	52.31%

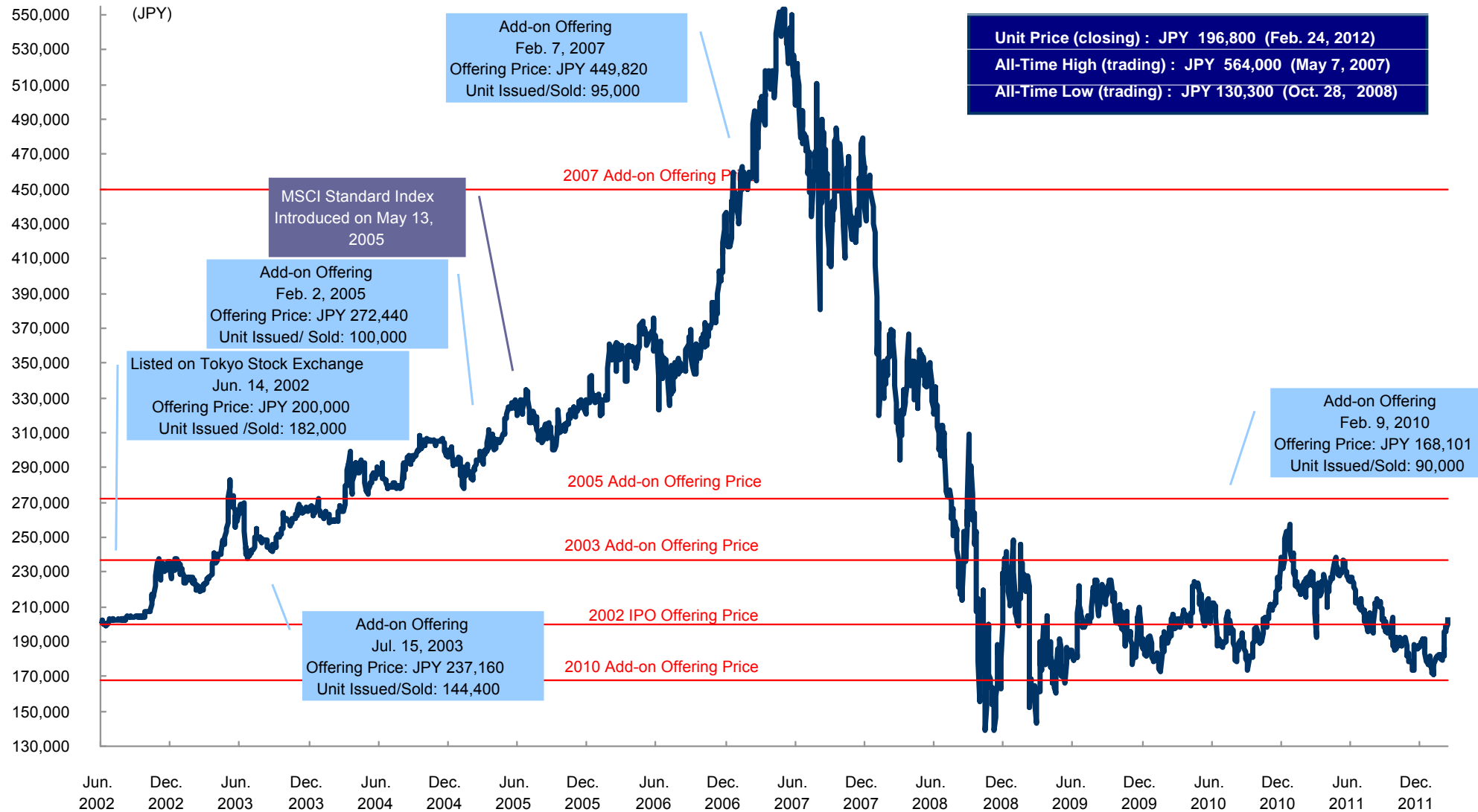
20th Fiscal Period (Ended December 2011)

Name	Number of Units Owned	% of Units Outstanding*
Japan Trustee Services Bank, Ltd. (Trust Account)	129,119	18.05%
The Nomura Trust and Banking Co., Ltd. (Investment Trsut Account)	53,652	7.50%
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	42,043	5.88%
Tokyo Tatemono Co., Ltd.	29,300	4.09%
Northern Trust Company (AVFC), Account Singapore Clients (Standing Proxy: The Hongkong and Shanghai Banking Corporation Ltd., Tokyo Branch)	27,258	3.81%
Kawasaki Gakuen	25,000	3.49%
Meiji Yasuda Life Insurance Company	24,000	3.35%
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,000	3.21%
The Senshu Ikeda Bank, Ltd.	13,630	1.90%
Nomura Bank (Luxembourg) S. A. (Standing Proxy: Sumitomo Mitsui Banking Corporation)	13,096	1.83%
Total	380,098	53.16%

(Note) For the percentages of units outstanding, figures after the second decimal place have been rounded off



Milestones since IPO and Historical Unit Price



Fiscal Period 1st Period 2nd Period 3rd Period 4th Period 5th Period 6th Period 7th Period 8th Period 9th Period 10th Period 11th Period 12th Period 13th Period 14th Period 15th Period 16th Period 17th Period 18th Period 19th Period 20th Period

DPU JPY2,545 JPY6,912 JPY6,873 JPY5,738 JPY6,081 JPY6,671 JPY6,370 JPY6,411 JPY6,509 JPY6,873 JPY6,996 JPY6,671 JPY7,122 JPY7,092 JPY3,731 JPY6,933 JPY6,770 JPY5,680 JPY5,611 JPY5,876

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

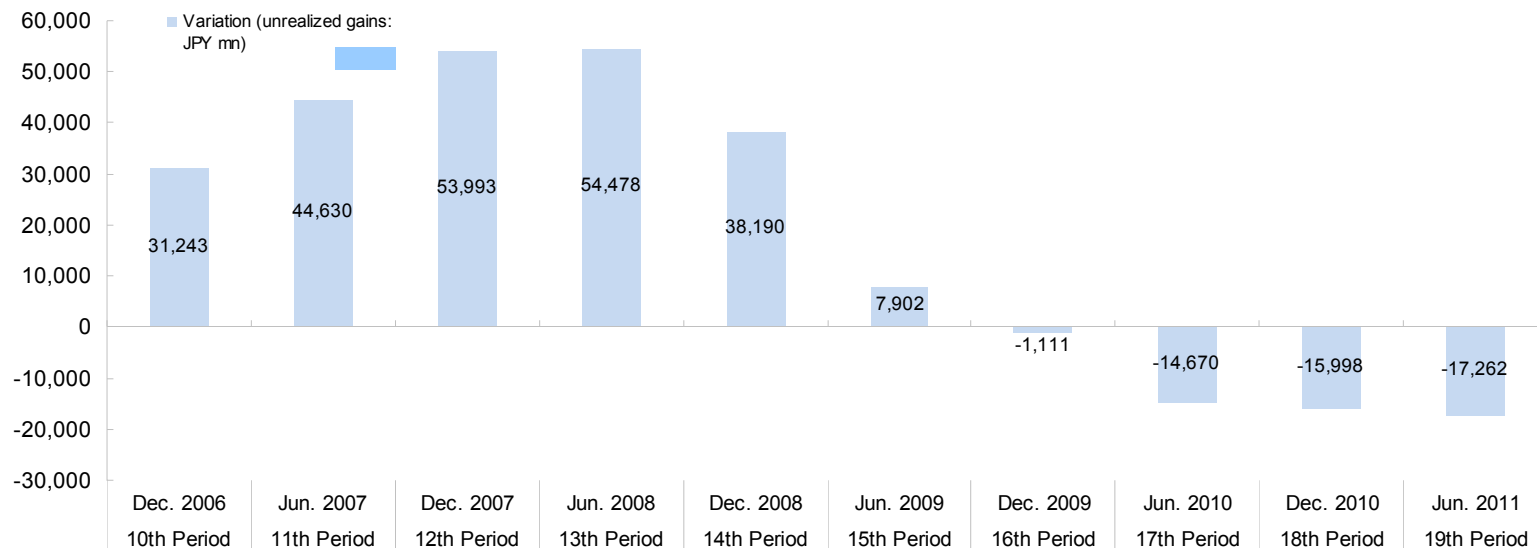
NAV (as of Dec.2011) : 220,229 yen

P/NAV:0.95(Note 1)

	10th Period Dec. 2006	11th Period Jun. 2007	12th Period Dec. 2007	13th Period Jun. 2008	14th Period Dec. 2008	15th Period Jun. 2009	16th Period Dec. 2009	17th Period Jun. 2010	18th Period Dec. 2010	19th Period Jun. 2011
Number of properties	46	48	49	50	52	51	53	55	56	56
Appraisal value at end of period (JPY mn)	249,366	285,176	299,995	322,984	311,513	300,509	301,979	308,134	315,806	313,274
Book Value (JPY mn)	218,123	240,546	246,002	268,506	273,323	292,607	303,090	322,804	331,804	330,536
Variation (unrealized gains: JPY mn)	31,243	44,630	53,993	54,478	38,190	7,902	-1,111	-14,670	-15,998	-17,262
Ratio of unrealized gains or losses (Note 2)	14.30%	18.60%	21.90%	20.30%	14.00%	2.70%	-0.37%	-4.54%	-4.82%	-5.22%

(Note 1) NAV:Net assets per unit after including unrealized gains = (Net assets at end of period + Unrealized gains or losses) / Number of outstanding units issued at end of period
P/NAV:Unit Price(Feb.24,2012)/NAV

(Note 2) Ratio of unrealized gains or loss = Variation / book value x 100



Appraisals and Cap Rates at End of Period

Area	No.	Property Name	End of 20th Period		End of 19th Period		Change	Appraiser	
			Appraisal Value (Note 2)	Cap Rate (Note 3)	Appraisal Value (Note 2)	Cap Rate (Note 3)			
Tokyo CBDS	1	Kanematsu Building	10,200	4.7%	10,200	4.8%	—	3	
	2	Kanematsu Building Annex	2,060	5.1%	2,260	5.1%	-200	-8.8%	3
	3	JPR Ningyo-cho Building	2,260	5.1%	2,370	5.2%	-110	-4.6%	1
	4	Shin-Kojimachi Building	3,030	4.8%	2,950	4.9%	80	2.7%	1
	5	JPR Crest Takebashi Building	3,470	4.7%	3,450	4.8%	20	0.6%	5
	6	MS Shibaura Building	13,400	4.9%	14,200	5.0%	-800	-5.6%	1
	7	Gotanda First Building	2,850	5.0%	2,780	5.1%	70	2.5%	1
	8	Fukuoka Building	3,180	4.5%	3,230	4.6%	-50	-1.5%	5
	9	JPR Ichigaya Building	4,760	4.6%	4,780	4.7%	-20	-0.4%	5
	10	Oval Court Ohsaki Mark West	4,280	4.8%	4,330	4.8%	-50	-1.2%	5
	11	Shinjuku Square Tower	7,796	4.6%	8,171	4.6%	-375	-4.6%	6
	12	BYGS Shinjuku Building	13,700	4.6%	13,500	4.7%	200	1.5%	5
	13	Across Shinagawa Building Annex	819	5.5%	829	5.6%	-10	-1.2%	5
	14	Shinjuku Center Building	13,300	4.3%	13,200	4.3%	100	0.8%	1
	15	Minami Azabu Building	2,730	5.2%	2,890	4.9%	-160	-5.5%	1
	16	Shinagawa Canal Building	1,790	4.9%	1,740	5.0%	50	2.9%	1
	17	Rokubanchō Building	3,090	6.1%	3,040	6.1%	50	1.6%	1
	18	Ryoshin Harajuku Building	7,250	4.5%	7,400	4.5%	-150	-2.0%	8
	19	Tokyo Tatemono no Kyobashi Building	5,210	4.9%	5,110	5.0%	100	2.0%	1
	20	JPR Nihonbashi-horidome Building	5,740	4.9%	5,730	4.9%	10	0.2%	8
	21	JPR Sendagaya Building	10,200	4.4%	10,300	4.4%	-100	-1.0%	8
	22	Ginza Sanwa Building	3,430	3.8%	-	-	-	-	8
	23	JPR Shibuya Tower Records Building	12,600	4.5%	12,600	4.5%	—	—	1
	24	JPR Daijanya	1,280	5.1%	1,300	5.0%	-20	-1.5%	3
	25	JPR Jingumae 432	3,750	3.5%	3,750	3.5%	—	—	7
	26	Shinjuku Sancho me East Building	2,330	4.5%	2,330	4.5%	—	—	1
	27	Yurakucho Ekimae Building (Yurakucho Ibcia)	2,620	4.3%	2,620	4.3%	—	—	1
Greater Tokyo	28	Arca East	5,890	4.7%	5,640	4.8%	250	4.4%	1
	29	JPR Chiba Building	1,550	6.1%	1,550	6.1%	—	—	5
	30	JPR Yokohama Nihon Odori Building	2,460	5.7%	2,450	5.7%	10	0.4%	5
	31	Shinyokohama 2nd Center Building	815	6.1%	790	6.2%	25	3.2%	3
	32	Kawaguchi Center Building	8,020	6.0%	8,080	6.1%	-60	-0.7%	3
	33	JPR Ueno East Building	4,620	5.1%	4,660	5.1%	-40	-0.9%	1
	34	Tachikawa Business Center Building	2,880	5.6%	2,880	5.7%	—	—	1
	35	Rise Arena Building	5,890	5.6%	5,710	5.6%	180	3.2%	4
	36	Yume-oka Office Tower	5,560	5.6%	5,550	5.6%	10	0.2%	1
	37	Olinas Tower	32,300	4.7%	32,000	4.8%	300	0.9%	1

Area	No.	Property Name	End of 20th Period		End of 19th Period		Change	Appraiser	
			Appraisal Value (Note 2)	Cap Rate (Note 3)	Appraisal Value (Note 2)	Cap Rate (Note 3)			
Greater Tokyo	38	Tokyo Tatemono Yokohama Building	6,990	5.6%	7,010	5.6%	-20	-0.3%	1
	39	Tanashi ASTA	12,300	5.8%	12,200	5.8%	100	0.8%	5
	40	Cupo-la Main Building	2,480	5.9%	2,480	5.9%	—	—	1
	41	JPR Musashikosugi Building	5,280	5.2%	5,940	5.2%	-660	-11.1%	8
	42	Musashirurawa Shopping Square	3,920	5.4%	3,920	5.4%	—	—	8
	43	Kawasaki Dice Bldg.	14,664	4.7%	14,664	4.7%	—	—	7
	Other Cities	44	Niigata Ekinan Center Building	2,090	6.7%	2,090	6.7%	—	—
45		Tokyo Tatemono Honmachi Building	3,210	5.7%	3,170	5.8%	40	1.3%	1
46		JPR Hakata Building	2,890	6.0%	2,900	6.0%	-10	-0.3%	2
47		JPR Naha Building	1,460	6.8%	1,520	6.8%	-60	-3.9%	2
48		Sompo Japan Sendai Building	3,320	6.3%	3,310	6.3%	10	0.3%	1
49		Sompo Japan Wakayama Building	1,670	7.5%	1,710	7.5%	-40	-2.3%	1
50		Tenjin 121 Building	2,070	5.8%	2,260	5.8%	-190	-8.4%	1
51		JPR Dojima Building	2,180	5.3%	2,180	5.4%	—	—	1
52		JPR Hakata-chuo Building	1,640	5.7%	1,680	5.7%	-40	-2.4%	1
53		JPR Nagoya Fushimi Building	2,660	6.3%	2,630	6.3%	30	1.1%	4
54	JPR Umeda Loft Building	13,500	4.8%	13,900	4.8%	-400	-2.9%	6	
55	Benetton Shinsai bashi Building	4,270	4.8%	4,260	4.8%	10	0.2%	4	
56	Housing Design Center Kobe	6,460	6.2%	6,450	6.3%	10	0.2%	4	
57	JPR Chayamachi Building	4,540	5.0%	4,630	5.0%	-90	-1.9%	4	
Total			314,704	-	313,274	-	-2,000		

(Note 2) At end of period (JPY mn)

(Note 3) Direct Capitalization Method

Properties whose appraisal values decreased by 5% or more compared with those at the end of the 19th period

Properties whose appraisal values increased compared with those at the end of the 19th period

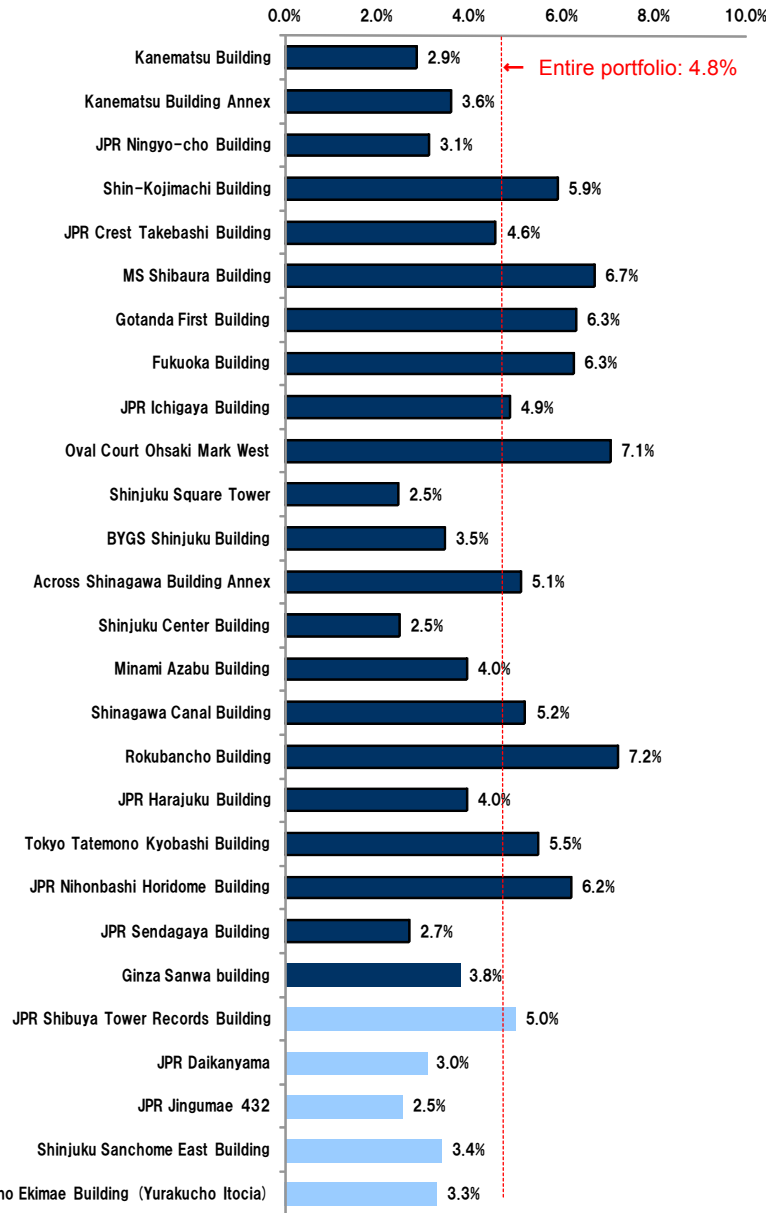
Appraiser	No.
Japan Real Estate Institute	1
The Tanizawa Sogo Appraisal Co., Ltd.	2
Nippon Tochi-Tatemono Co., Ltd.	3
CBRE K.K.	4
Daiwa Real Estate Appraisal Co., Ltd.	5
LCR Co., Ltd.	6
Appraisal Firm A Square Ltd.	7
Japan Valuers Co., Ltd.	8

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

NOI Yield by Property for the 20th Fiscal Period

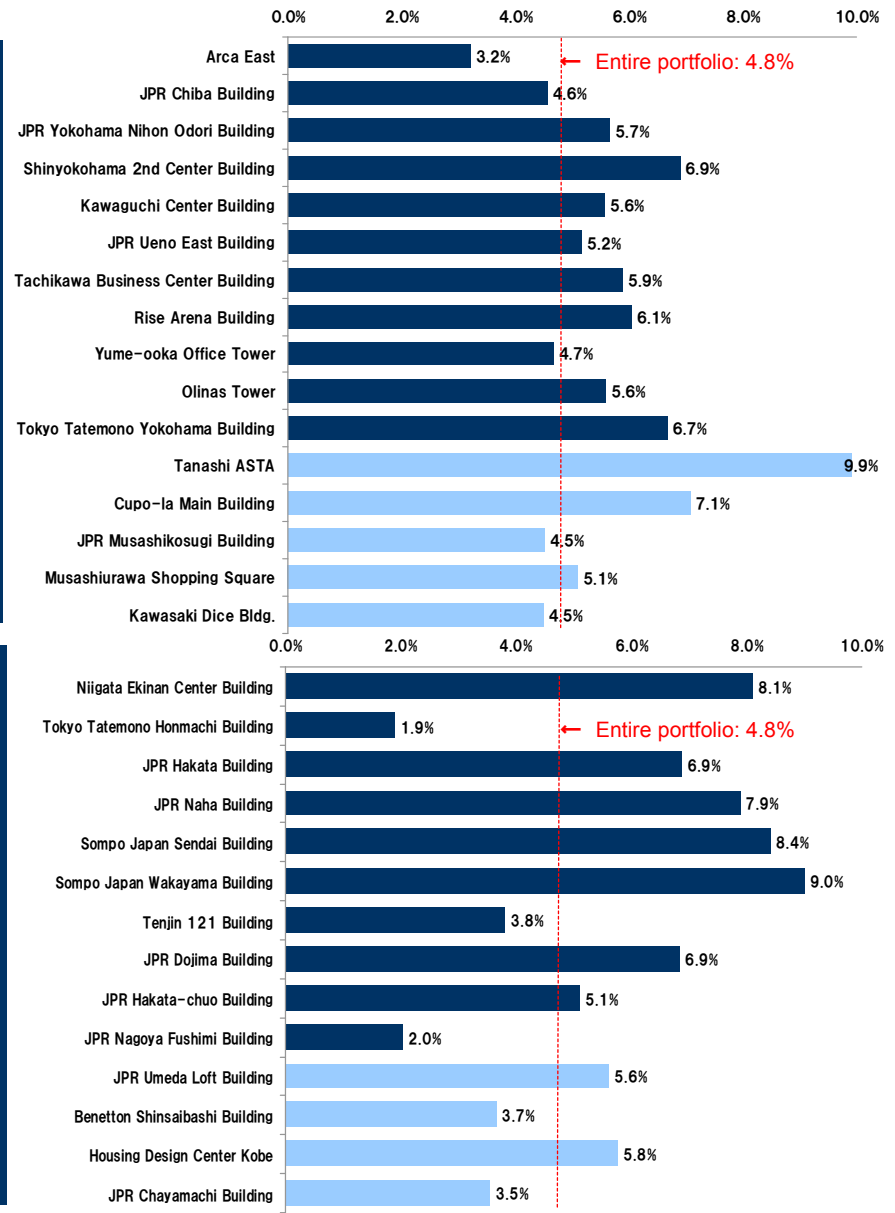
Portfolio NOI: 4.8% Office building NOI: 4.6% Retail property NOI: 5.2%

Tokyo CBDS



Greater Tokyo

Other Cities

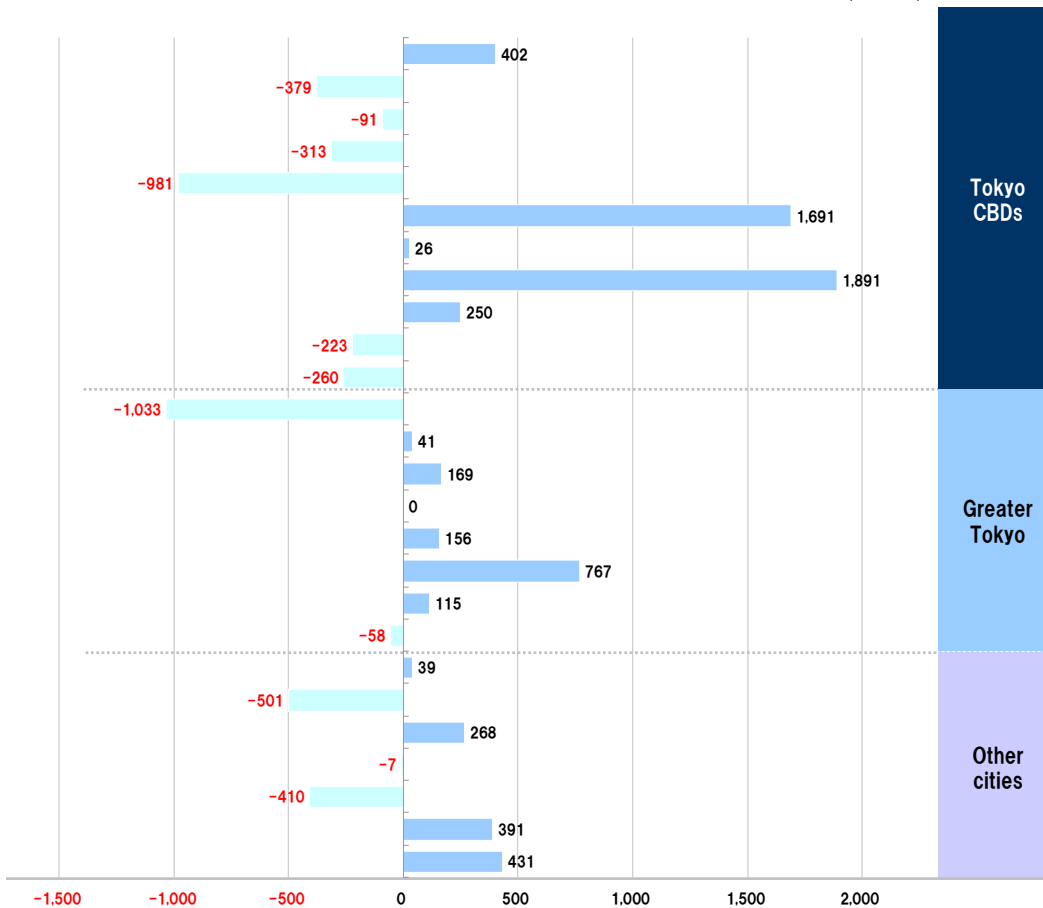


(Note) NOI yield = (Operating revenues - Operating expenses + Depreciation) x 365 / 184 ÷ Acquisition price. However, for properties acquired during the fiscal period, the annualized NOI yield has been calculated on a daily pro rata basis. The entered properties are those owned as of the end of the 20th fiscal period.

Contracting Status of Tenants by Property for the 20th Fiscal Period

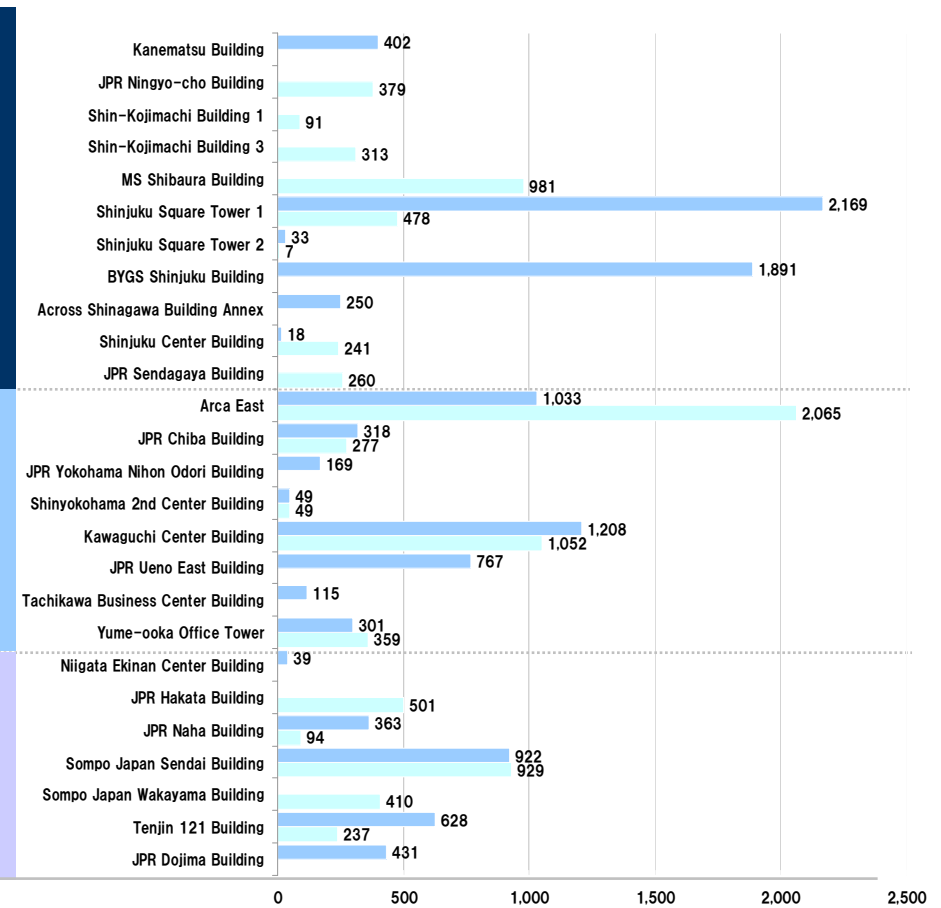
Net Increase / Decrease of Floor Space by Property (Occupied-Vacated)

(Unit: m²)



Occupied / Vacated Floor Space by Property

(Unit: m²)



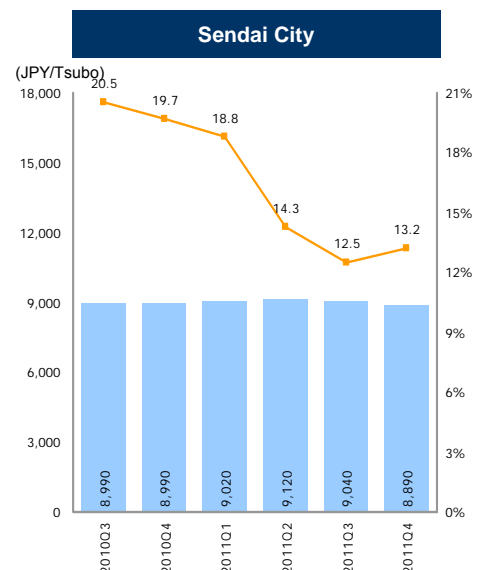
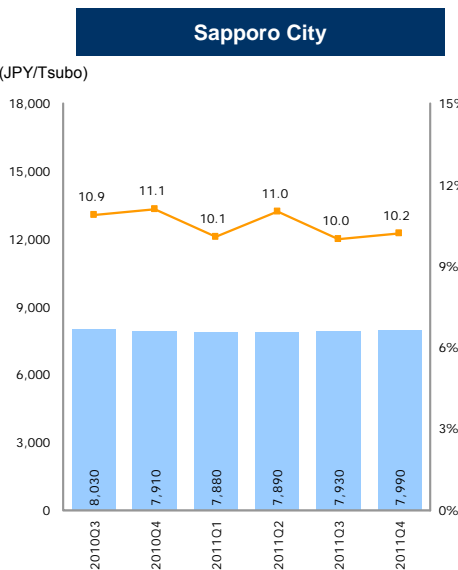
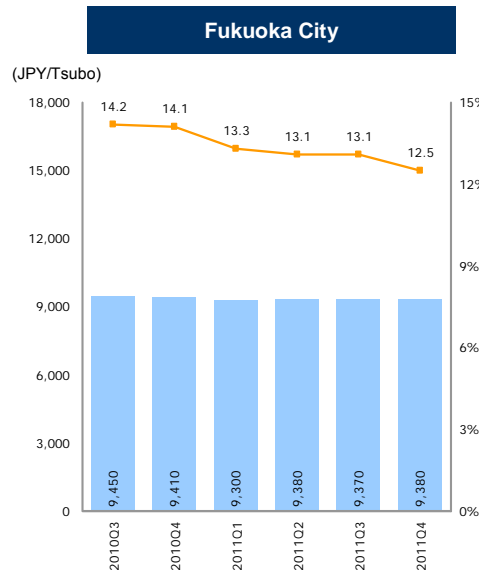
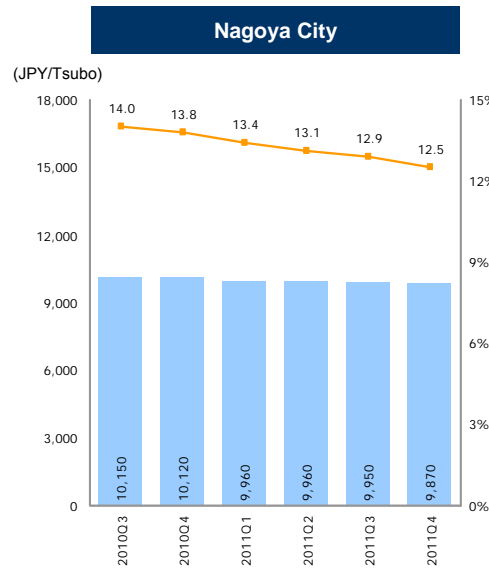
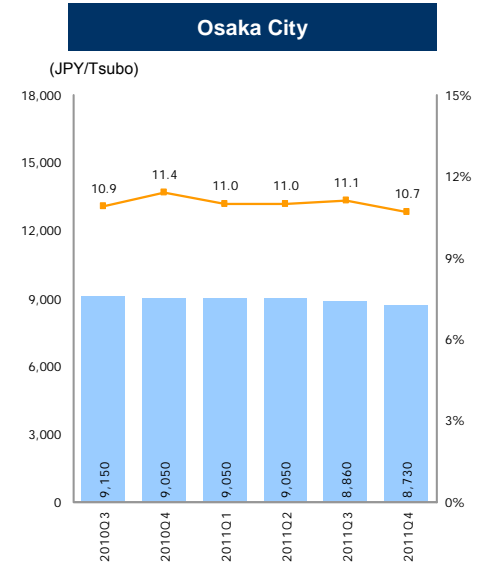
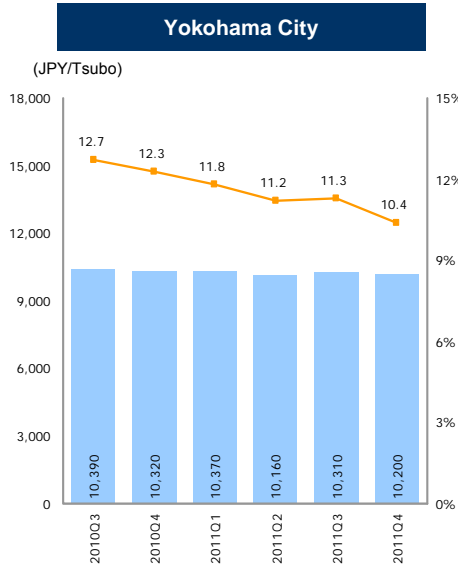
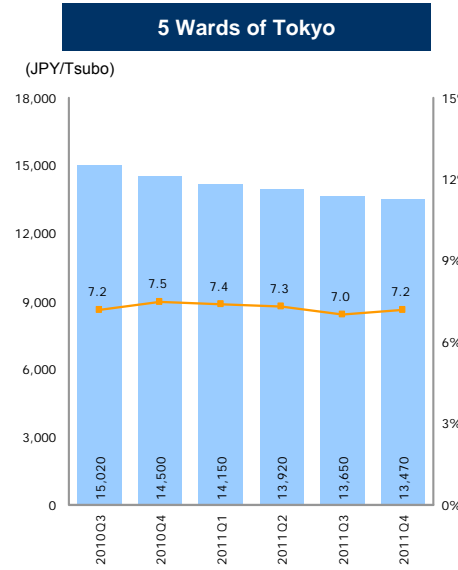
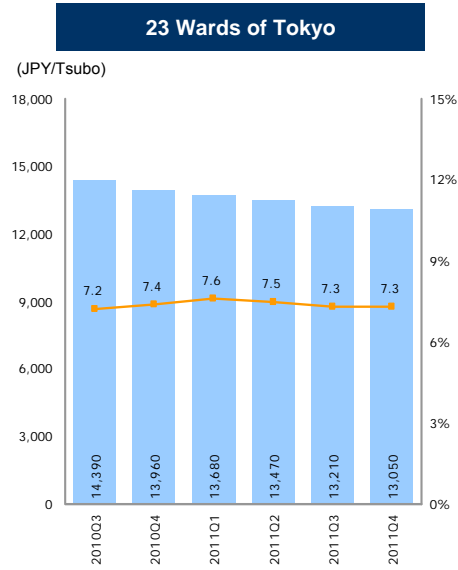
*The above graphs exclude properties at which there were no changes in tenants during the 19th fiscal period, but include changes in tenants from the amendment of lease contracts.

	Occupied	Vacated	Net
Office (Tokyo CBDs)	4,762	2,750	2,012
Office (Greater Tokyo)	3,959	3,802	158
Office (Other cities)	2,383	2,172	211
Retail	0	0	0
Total	11,104	8,723	2,380

Office Vacancy Rates and Average Advertised Rents in Major Investment Areas

Advertised rents Vacancy rate

(Rents are average advertised rents for relevant periods. Vacancy rates are those as of the end of each fiscal period for relevant periods.)



Environmental Initiatives

Environmental initiatives are being proactively taken, such as acquiring DBJ Green Building Certification

Acquisition of DBJ Green Building Certification ~Acquisition of the First “Gold” among J-REITs~

- Development Bank of Japan Inc.’s DBJ Green Building Certification is a system designed to select superior real estate that meets the demand of the times, with a purpose of promoting properties that are environmentally friendly, equipped to mitigate disaster and prevent crime, as well as meet the various social requirements surrounding real estate from stakeholders (“Green Buildings”). In addition, receiving the Certification allows expectations for financial support by utilizing DBJ’s investment and financing menu.
- JPR acquired Gold certification, the first achievement among J-REITs, for Olinas Tower, and Silver certification for JPR Sendagaya Building, in August 2011.

Acquisition of GRESB Ranking by Asset Manager Tokyo Realty Investment Management, Inc.

- GRESB is a system for establishing a benchmark to analyze and evaluate sustainability of real estate companies, asset managers and other companies, as well as real estate funds, in terms of environmental friendliness and social nature.
- JPR ranked third among listed companies in Asia.

Leveraging the Know-How of the Asset Manager’s Sponsors

- Entrust operations related to environmental laws and regulations to one of the sponsors, Tokyo Tatemono Co., Ltd.
 - Initiatives advanced by promptly establishing a system to be provided with know-how and given advice
- Construction planning initiatives for individual real estate
 - Construction management advice from Tokyo Tatemono Co., Ltd.
 - Provision of support in terms of properties, human resources and information based on the technological know-how of Taisei Corporation that realizes appropriate execution of construction planning and draws on the strengths of the respective sponsor companies



Olinas Tower
4-1-3 Taihei-cho, Sumida-ku, Tokyo



Location	Taihei-cho, Sumida-ku, Tokyo
Structure/ Floors	SRC/RC/S with flat roof B2F/45F (Business tower: B2F/31F)
Total floor space	257,842.41㎡
Completion date	February 2006
Acquisition date	June 2009



JPR Sendagaya Building
4-23-5 Sendagaya, Shibuya-ku, Tokyo



Location	Sendagaya, Shibuya-ku, Tokyo
Structure/ Floors	S with flat roof 8F
Total floor space	7,683.19㎡
Completion date	May 2009
Acquisition date	May 2010

Governance Initiatives

JPR has consistently set reinforcement of “governance” as one of the most important themes in the sound and efficient operation of a corporation and has consequently been establishing such a structure from the listing criteria stage

Independent Officer Composition

- Executive officer and supervising officers do not serve concurrently as officers of the Asset Manager, thereby ensuring independence
- Human resources with high expertise, such as attorneys and accountants, are appointed from the outside

JPR Officers

Executive Officer	Hirohito Kaneko	(attorney)
Supervising Officer	Sosuke Yasuda	(certified public accountant)
Supervising Officer	Masato Denawa	(attorney)

Mutual Checks and Controls between the Investment Corporation and Asset Manager

- The Asset Manager has installed a Compliance Committee, the members of which include an outside attorney
- Transactions with related parties are subject to verification in advance in deliberations that are based on the unanimous vote of the Compliance Committee as a rule
- Organization operated in a manner that requires approval in advance by JPR’s Board of Directors in executing transactions with related parties
- Monitoring through internal and external checks and controls, involving the above screening/verification and approval in advance

Support and Monitoring of Management by the Asset Manager’s 5 Sponsors

- Provision of support in terms of properties, human resources and information, taking advantage of the strengths of the respective sponsor companies
- Monitoring / Mutual checks and controls of investment corporation operational management from various perspectives
- TRIM president not seconded from sponsor companies, but rather assumed position after transferring employment to TRIM
- Compliance Office general manager position assumed by career employee
- Respective sponsor companies’ shareholding kept below 40% so that none are subject to consolidation, thereby ensuring independence

TRIM Compliance Committee Members

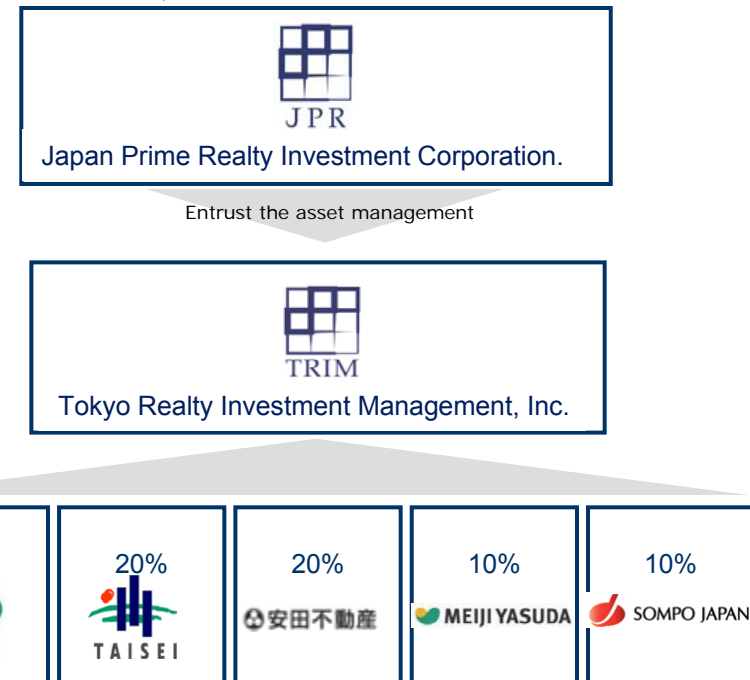
President and CEO	
Corporate Planning / Administration Division General Manager	Investment Management Division General Manager
Financial Division General Manager	Compliance Office General Manager
Special member (outside attorney)	

The Compliance Committee is held by inviting an outside attorney as special member. As a rule, the Committee employs unanimous voting system rather than majority voting system.

The asset management of Japan Prime Realty Investment Corporation (JPR) is conducted by entrusting such services to an asset manager (Tokyo Realty Investment Management, Inc. (TRIM)). TRIM maintains close relationships with its sponsors, which are 5 companies of the Fuyo Group.

Such relationships allow to build on the strengths of respective sponsor companies. On the other hand, if the sponsor companies become too influential, priority might end up being placed on the interest of the sponsor companies rather than the interest of the investment corporation, causing disadvantages to the investment corporation and unitholders. For sound and efficient operations of the investment corporation, it is particularly important to prevent disadvantages to unitholders

To that end, JPR thinks it is vital and has worked to build a compliance structure so that sound and efficient operations can be promised to unitholders.



*Figures represent the ratio of shares owned by the respective sponsor companies against the number of shares outstanding of the Asset Manager.



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