

IPO of New J-REIT

Japan Prime Realty Investment Corporation (JPR)

July 2002

Tokyo Tatemono
Investment Management Division



Japan Prime Realty Investment Corporation (JPR)

- On June 14, JPR, a project which Tokyo Tatemono was pursuing jointly with other partner companies, was listed on the Tokyo Securities Exchange.

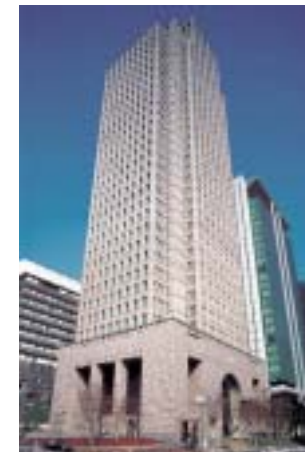
- Asset Volume (as of June 30, 2002)
 - 25 buildings, total acquisition price is 92.18 billion yen (approx. USD 768million)
 - Total rental floor area is 162,843.81sqm (approx.1,752,830sqft)
- Investment Criteria
 - Primarily outstanding office building and retail property in popular locations.
- Asset management strategy
 - JPR plans to achieve stable growth to 300 billion yen by December 2006



Kanematsu Bldg.



Tanashi ASTA



Yasuda-life Osaka Bldg.

In this report, we will report on the key points of JPR

Point 1 - Property types

- Ratio of property type - 80% office buildings and 20% retail properties
 - Investment ratio at time of listing
 - 85.6% office buildings and 14.4% retail properties

- Retail properties
 - Both of the retail properties owned by JPR are located next to stations in the Tokyo area.
 - Seiyu, a major retailer, is a tenant in both properties.
 - In March of this year, Seiyu signed an agreement with Wal-Mart Stores Inc. for a comprehensive business alliance.
 - JPR has concluded a long-term lease contract with Seiyu for both properties, realizing stable profitability and limited risk.

Investment property types of previously listed J-REITs (included as a reference)

NBF, JRE	Office buildings
JRF	Retail property
ORIX	Combination portfolio including office buildings, housing, and commercial facilities

Point 2 - Location diversity

- JPR aims to achieve a well-balanced, geographically distributed portfolio by including competitive properties in major provincial cities in addition to Tokyo.
 - Compared to NBF and JRE, two J-REITs invest in office buildings, JPR includes a higher proportion of properties in provincial cities.

- Targeting ratio of property locations
 - 60% in Tokyo (central Tokyo and areas surrounding Tokyo)
 - 40% in provincial cities
 - Investment ratio at time of listing:
 - 58.9% in Tokyo and 42.1% in provincial cities

Point 3 - Attraction for individual investors

- JPR has set the amount of each investment unit at ¥200,000 in order to expand the scope of investors to include individual investors.
 - Other previously listed J-REITs have set the amount of each investment unit at ¥500,000.

- As we described in Market Report Vol.12, investment of individual investors is a key for J-REITs' asset management strategy.

- JPR is expected to draw a large inflow of individual financial capital into real estate by becoming another financial product that is an option for financial assets, along with stocks and investment trusts.

Point 4 - Tokyo Realty Investment Management (TRIM)

TRIM is the asset manager of JPR.

It was established by Tokyo Tatemono, Yasuda Life, Taisei Corp., Yasuda Real Estate, Yasuda Fire & Marine Insurance. Most of the founders are member of the Fuyo Group.

In addition to the real estate asset management record of Tokyo Tatemono, TRIM offers advanced asset management capabilities using the expertise of partners in the areas of finance and facility management.

A strategic plan has been laid to increase the value of the overall fund through TRIM's strategies to improve profitability through advanced asset management.

TRIM uses an incentive system in which compensation is linked to performance, with the goal of maximizing investor profits.

Compensation system of the asset management company

Type of compensation	Compensation and calculation of amounts
Fixed	12.50 million yen per month
Incentive #1	2% of total revenue during business period (or 1.5% if total revenue during one business period exceeds 8 billion yen)
Incentive #2	3% of amount available for distributions prior to deduction of Incentive #2 for the business period

Point 5 - Roles of Tokyo Tatemono

Tokyo Tatemono is the main property manager of JPR.

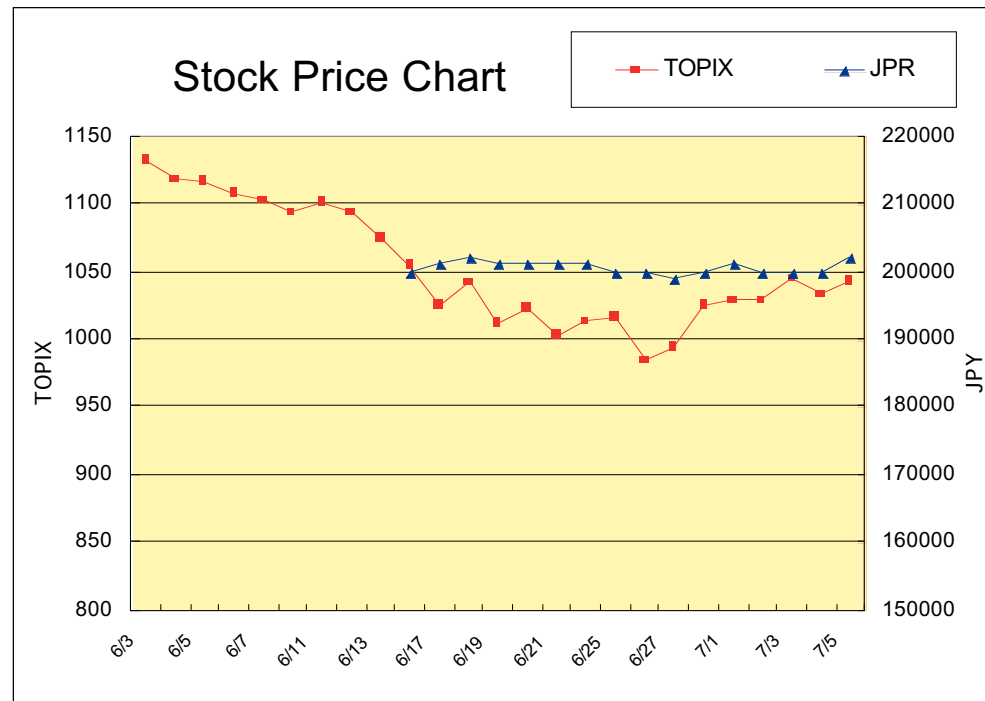
There have been questions concerning a conflict of interest when the originator participates in the asset management company and is commissioned to perform the property management.

However, it is necessary for a J-REIT to receive the support of its originator in the current, initial phase, while eliminating the possibility of a conflict of interest.

We believe that the most important point is management skill. We have an outstanding record in achieving improved performance through our office building management expertise and our leasing capabilities.

Point 6 - Market valuation

- The investment units of JPR were issued and offered at ¥200,000 on June 14 at the IPO on the Tokyo Securities Exchange.
- The opening price was ¥201,000. The closing price on the ex-dividend date (June 25) was ¥200,000, and the price has been stable - between ¥199,000 and ¥202,000 as of July 5.



Point 7 - Strategy for expansion

JPR procured ¥25.9 billion in new funding (total issue price: ¥26.8 billion) as a result of this public offering of investment units.

The current market cap is about ¥57.9 billion. By setting the price per investment unit to ¥200,000 and the increasing popularity of these units, an inflow of more capital from individual investors is expected.

JPR plans to achieve asset expansion by realizing a capital increase from an additional public offering in the near future, in addition to the acquisition of new properties under its strategy for increasing value.

Appendix – JPR Portfolio

Classification	Area	Name of Building	Seat	Acquisition Price	
				Price (million yen)	Percentage
Office	Tokyo CBD	Kanematsu Bldg.	Chuo-ward Tokyo	16,276	17.7%
Office	Tokyo CBD	Kanematsu Bldg. Annex	Chuo-ward Tokyo	2,874	3.1%
Office	Tokyo CBD	Yasuda-Life Ningyo-cho Bldg.	Chuo-ward Tokyo	2,100	2.3%
Office	Tokyo CBD	Shin-Kojimachi Bldg.	Chuo-ward Tokyo	1,670	1.8%
Office	Tokyo CBD	Crest Yasuda Bldg.	Chiyoda-ward Tokyo	4,000	4.3%
Office	Tokyo Fringe Area	Area East	Sumida-ward Tokyo	5,880	6.4%
Office	Tokyo Fringe Area	JPR Chiba Bldg.	Chiba-city Chiba Pref.	2,350	2.5%
Office	Tokyo Fringe Area	Asahi-Life Yokohama Nihon Odori Bldg.	Yokohama-City Kanagawa Pref.	2,927	3.2%
Office	Tokyo Fringe Area	Yasuda-Life Ikebukuro Bldg.	Toshima-ward Tokyo	2,040	2.2%
Retail	Tokyo Fringe Area	Tanashi Asta	Nishi-Tokyo-ctiy Tokyo	10,200	11.1%
Retail	Tokyo Fringe Area	Tsurumi Fuga 1	Yokohama-City Kanagawa Pref.	3,040	3.3%
Office	Provincial City	Niigata Ekinan Center Bldg.	Niigata-city Niigata pref.	2,140	2.3%
Office	Provincial City	Yasuda-Life Osaka Bldg.	Osaka-city Osaka Pref.	8,300	9.0%
Office	Provincial City	Yasuda-Life Tenroku Bldg.	Osaka-city Osaka Pref.	418	0.5%
Office	Provincial City	Tokyo Tatemono Honmachi Bldg.	Osaka-city Osaka Pref.	4,150	4.5%
Office	Provincial City	Asahi-Life Takamatsu 2nd Bldg.	Takamatsu-city Kagawa Pref.	872	0.9%
Office	Provincial City	JPR Takamatsu Bldg.	Takamatsu-city Kagawa Pref.	2,130	2.3%
Office	Provincial City	Yasuda Life Hakata Bldg.	Fukuoka-city Fukuoka Pref.	2,900	3.1%
Office	Provincial City	Asahi-Life Fukuoka 3rd and 4th Bldg.	Fukuoka-city Fukuoka Pref.	2,873	3.1%
Office	Provincial City	Yasuda-Life Naha Bldg.	Naha-city Okinawa Pref.	1,560	1.7%
Office	Provincial City	North 33 Bldg.	Sapporo-city Hokkaido	3,700	4.0%
Office	Provincial City	Park East Sapporo	Sapporo-city Hokkaido	2,150	2.3%
Office	Provincial City	Sompo Japan Sendai Bldg.	Sendai City Miyagi Pref.	3,150	3.4%
Office	Provincial City	Sompo Japan Wakayama Bldg.	Wakayama-city Wakayama Pref.	1,670	1.8%
Office	Provincial City	Tenjin 21 Bldg.	Fukuoka-city Fukuoka Pref.	2,810	3.0%
Total				92,180	100.0%



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