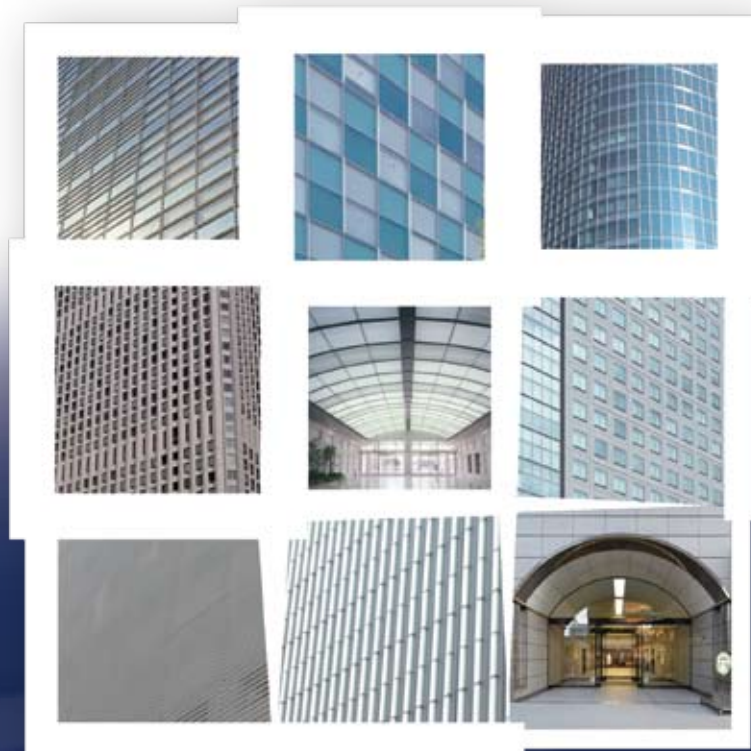


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Nineteenth Fiscal Period Business Report
January 1, 2011 - June 30, 2011
Japan Prime Realty Investment Corporation

Corporate Profile

Established on September 14, 2001, Japan Prime Realty Investment Corporation (JPR or the Company) is a closed-end corporate fund that focuses on a diverse investment portfolio of office and retail properties. Through its investment activities, JPR has been awarded high credit ratings from rating agencies, reflecting the Company's high-quality portfolio, earnings stability and sound financial standing. As of June 30, 2011, JPR had an investment portfolio totaling 341.58 billion yen on an acquisition basis, 493 tenants and 56 properties, and is recognized as one of the top diversified REITs in Japan.

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Investment Highlights

Portfolio Overview

- Top-ranked diversified J-REIT
- Focusing on high-quality office buildings and high-profile retail properties
- Sponsored by major real estate developers, a general contractor, financial institutions
 - Providing support in property pipeline and financial aspects through expertise in real estate, construction and finance

Growth Strategies

- Investing with emphasis on properties with strong potential using diversified acquisition methods
- Maintaining high occupancy level through reinforcing the competitiveness of the properties
- Maintaining conservative financial operations and maintaining a stable financial foundation

Targets

- Asset size exceeding 500 billion yen
- Raise cash distribution per unit





Message to Our Unitholders

Thank you for your continued loyal patronage of Japan Prime Realty Investment Corporation (JPR).

We at JPR would like to express our heartfelt condolences to all those affected by the Great East Japan Earthquake in March 2011, and wish for the quick recovery of the affected areas.

As we settled the 19th fiscal period (January 1, 2011 – June 30, 2011), allow us provide you, our unitholders, with an overview of the asset management and financial results of JPR for the period.

First, in terms of the portfolio, JPR conducted no acquisition or sale of properties during the fiscal period, partly because the real estate transaction market becoming stagnant due to the impact of the Great East Japan Earthquake and other factors. Accordingly, JPR's portfolio remained unchanged from the end of the previous fiscal period, consisting of 56 properties or 341.5 billion yen on an acquisition price basis as of the end of the 19th fiscal period.

In financing, JPR has continued to secure a stable financial standing through such measures as refinancing of borrowings to long-term, fixed-rate borrowings with an aim to avoid the risk of interest rate fluctuations, while paying attention to the diversification of repayment and redemption dates, etc. As a result, the balance of total outstanding interest-bearing debt as of the end of the fiscal period was 162.7 billion yen, with the LTV (ratio of interest-bearing debt to total assets at end of period) being 45.2%.

As for the financial results of the 19th fiscal period, although 64 million yen in losses accompanying the Great East Japan Earthquake was recorded as extraordinary loss, rental revenues and other earnings increased slightly period-on-period as we focused on raising the occupancy rates of existing properties and other endeavors. This led JPR to post 11,529 million yen in operating revenue, 4,075 million yen in ordinary income and 4,010 million yen in net income.

As a result, the cash distribution per unit for the 19th fiscal period came to 5,611 yen.

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

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

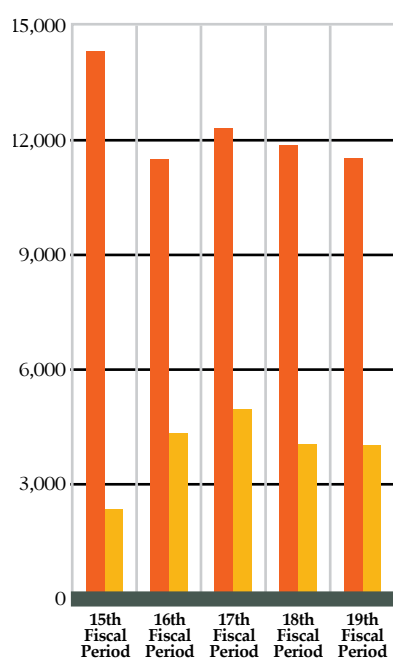
Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation

Account Highlights

(All amounts in millions of yen unless otherwise stated)

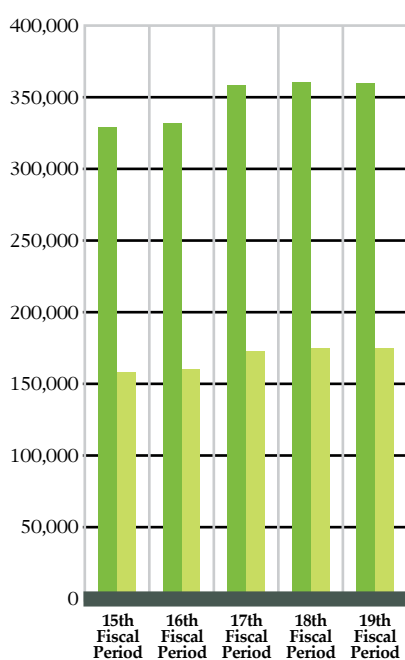
	15th Fiscal Period ended June 2009	16th Fiscal Period ended December 2009	17th Fiscal Period ended June 2010	18th Fiscal Period ended December 2010	19th Fiscal Period ended June 2011
Operating revenues	14,330	11,493	12,314	11,870	11,529
Ordinary income	5,572	4,333	4,964	4,039	4,075
Net income	2,331	4,332	4,963	4,039	4,010
Total cash distributions	2,331	4,333	4,840	4,061	4,011
Total assets	329,163	332,380	358,339	360,904	360,004
Total unitholders' equity	159,057	161,058	176,303	175,502	175,452
Equity ratio (%)	48.3	48.5	49.2	48.6	48.7
Unitholders' equity per unit (yen)	254,492	257,693	246,578	245,458	245,387
Cash distribution per unit (yen)	3,731	6,933	6,770	5,680	5,611

Operating Revenues and Net Income



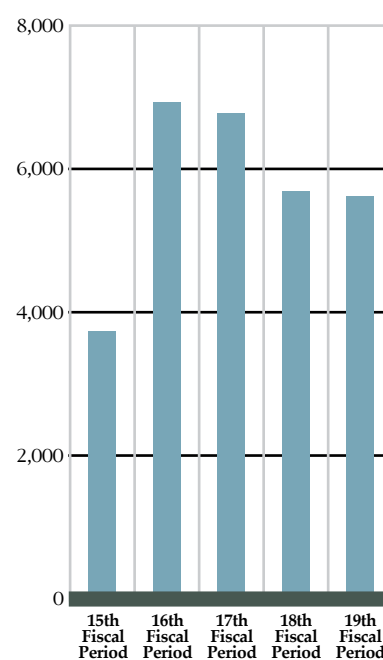
■ Operating revenues (million yen)
■ Operating revenues (million yen)

Total Assets and Total Unitholders' Equity



■ Total assets (million yen)
■ Total unitholders' equity (million yen)

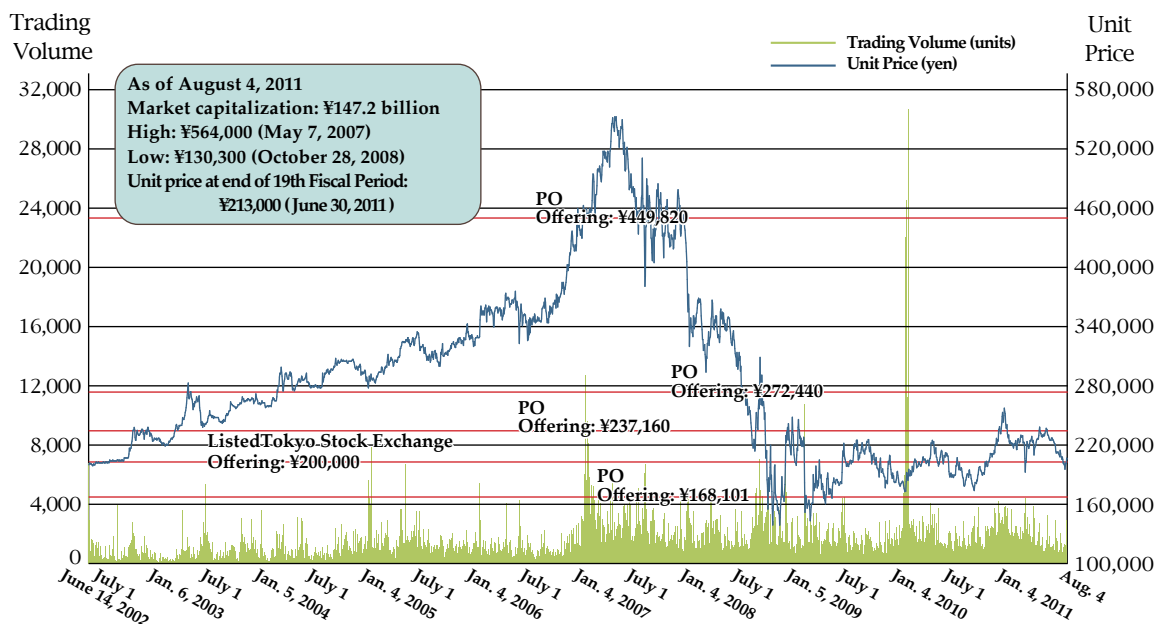
Cash Distribution per Unit



■ Cash Distribution

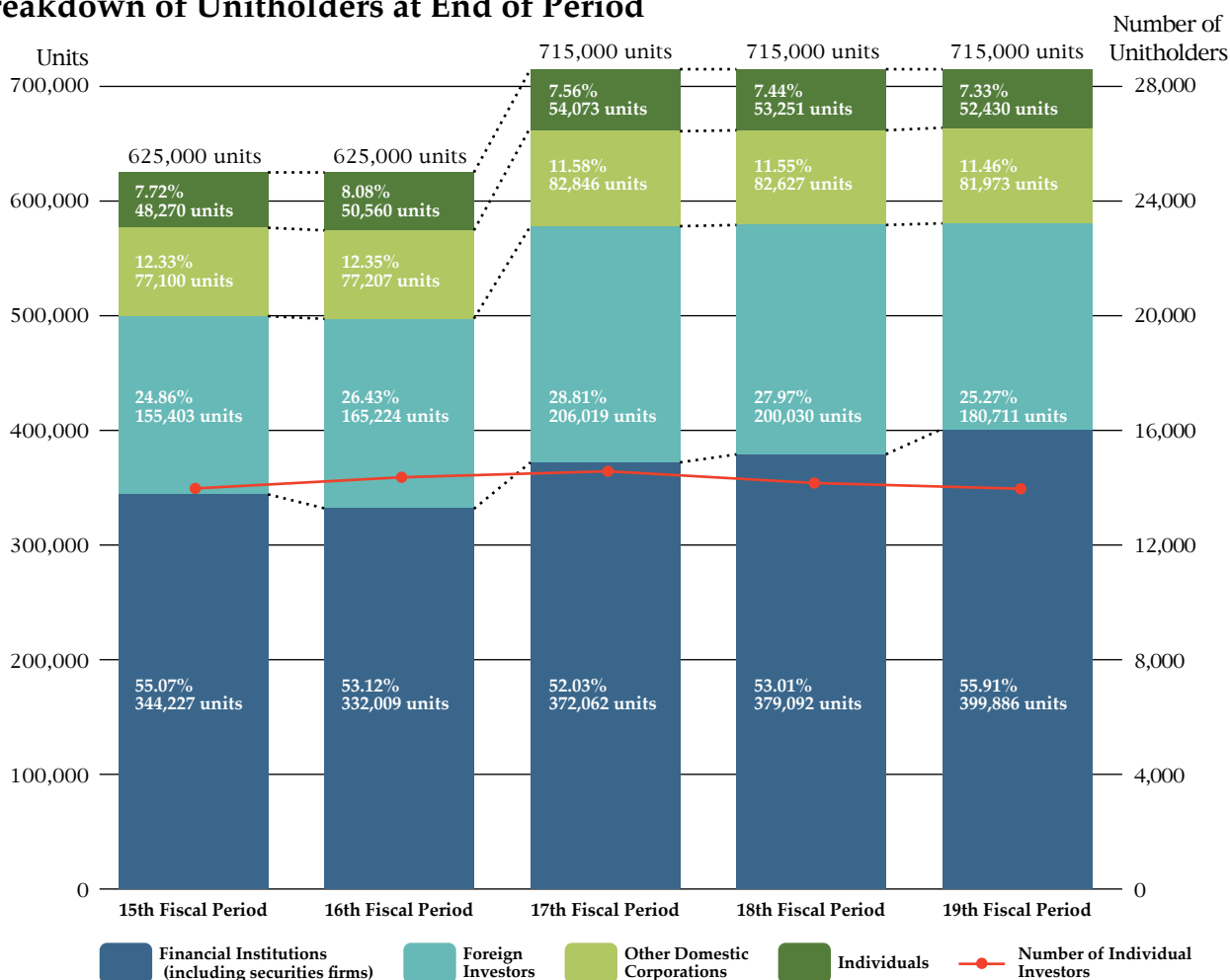
Investment Unit Status

Historical Unit Price



(Note) Unit prices are based on closing prices.

Breakdown of Unitholders at End of Period



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

New Acquisitions during the 19th Fiscal Period and After

Property to be Acquired in the 20th Fiscal Period

Ginza Sanwa Bldg.

A 22

(Office)



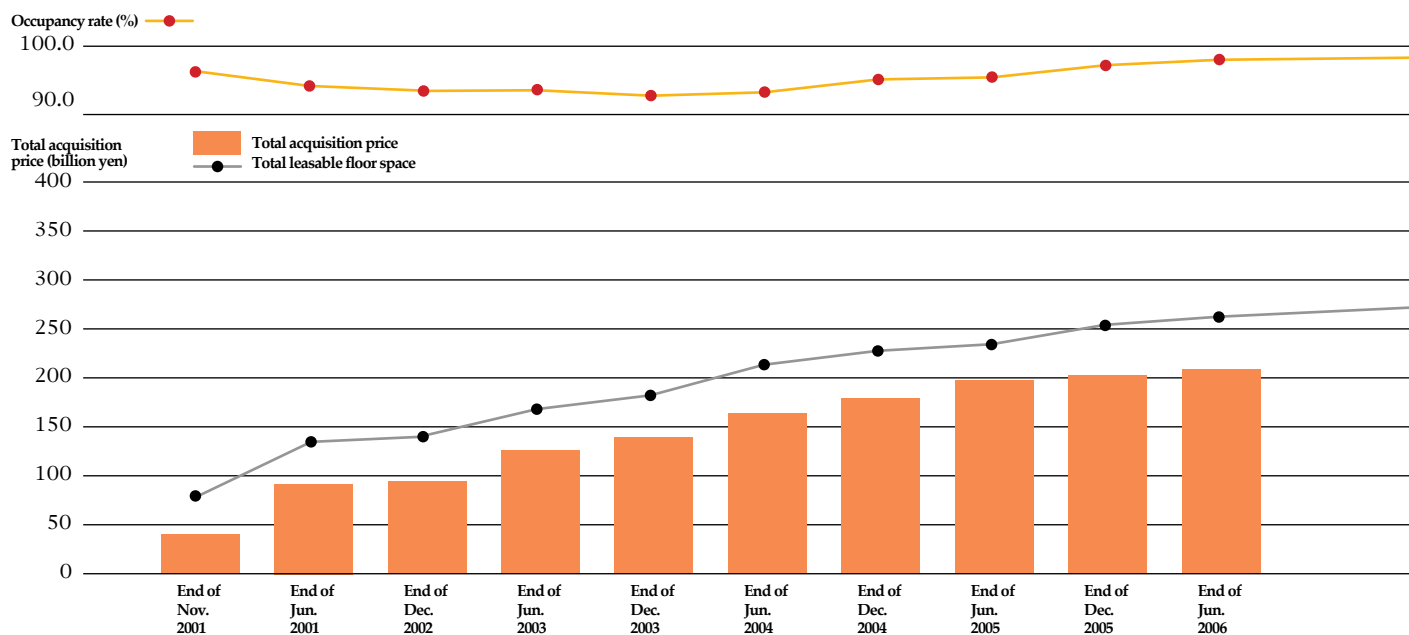
Location	Chuo Ward, Tokyo
Acquisition Date	August 29, 2011
Acquisition Price	¥3,400 million
Site Area	1,119.27m ²
Total Floor Space	8,851.00 m ²
Structure	Floors
SRC	B2/9F
Completed	October 1, 1982

*Land: The Premises of the property is divided into 4 sections. One of these sections is to be owned by JPR (64.72%, the other owner is Matsuya Co., Ltd., owning 35.28%). The other 3 sections are owned by Matsuya Co., Ltd. and Japan Real Estate Investment Corporation. JPR owns land use rights for 18.35% of the entire premises.

*Building: The building is divided into 2 sectional ownership rights. One of these sectional ownership rights is to be owned by JPR (35.40%, other owners are Japan Real Estate Investment Corporation (45.31%) and Matsuya Co., Ltd. (19.29%)). The remaining sectional ownership right is co-owned by Matsuya Co., Ltd. and Japan Real Estate Investment Corporation. JPR owns 18.35 % of the shared area of the building.

Portfolio Topics

Portfolio Growth



Total acquisition price (billion yen)	40.73	92.18	94.59	125.79	139.64	163.65	179.62	197.65	202.66	209.22
Total leasable floor space (m)	94,935.49	162,734.50	168,987.78	201,808.72	218,734.67	256,329.13	273,330.52	281,408.97	308,205.26	315,156.84
Occupancy rate (%)	96.3	94.1	93.4	93.5	92.7	93.2	95.1	95.4	97.2	98.0
Properties	13	25	27	30	32	38	42	42	42	44
Total number of tenants	133	281	311	324	357	437	496	459	441	462

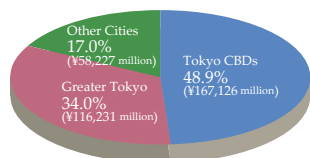
(Note 1) When a single tenant leases multiple rooms in the same property, the tenant is counted as one. If the leased rooms are in multiple buildings, the tenant is counted in plural.

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

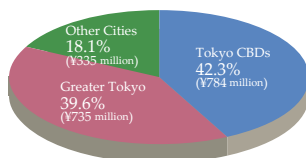
Portfolio Diversification by Region

■ Tokyo CBDs ■ Greater Tokyo ■ Other Cities

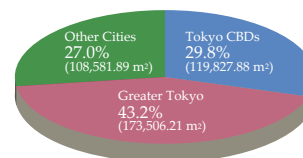
Value breakdown by acquisition price



Value breakdown by monthly rental revenue at period end



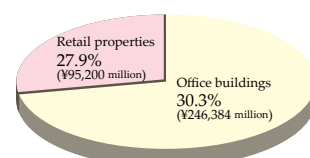
Value breakdown by leased floor space at period end



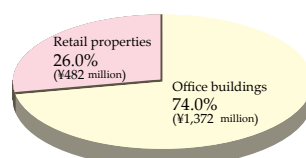
Portfolio Diversification by Asset Class

■ Office buildings ■ Retail properties

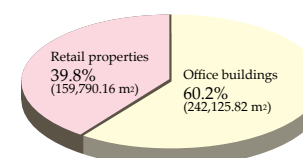
Value breakdown by acquisition price

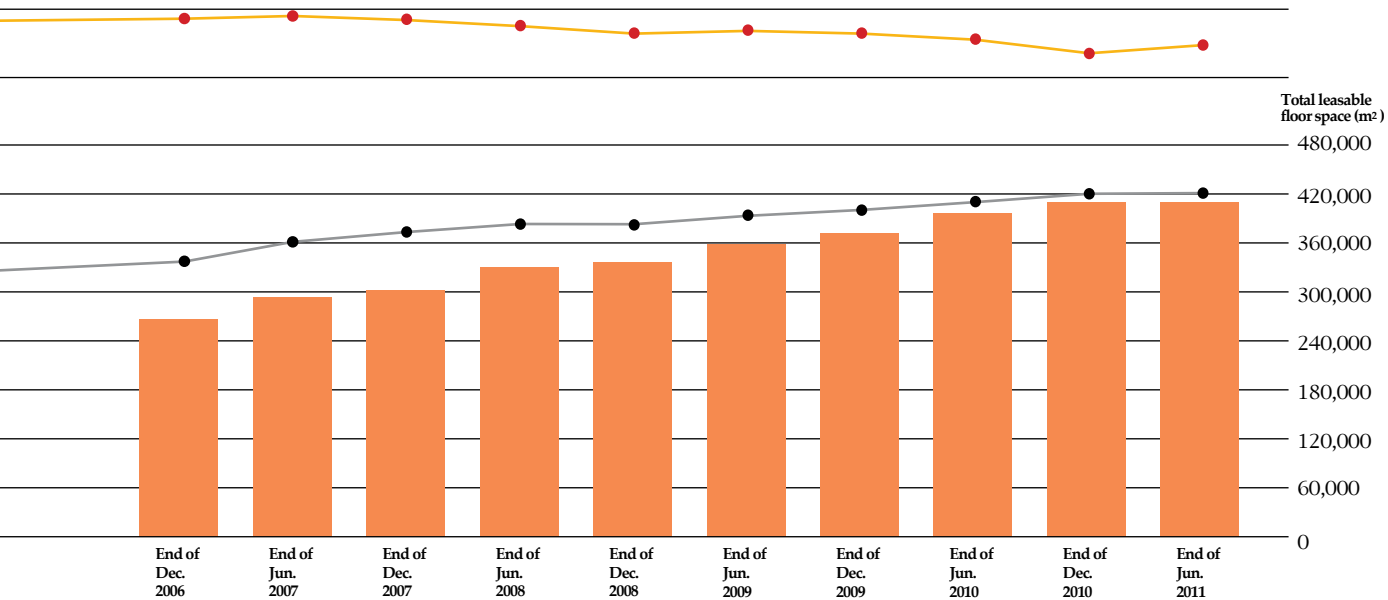


Value breakdown by monthly rental revenue at period end



Value breakdown by leased floor space at period end





	222.48	245.39	251.90	275.10	280.61	299.41	310.61	331.28	341.58	341.58
	337,382.05	361,574.77	373,609.99	383,491.03	383,215.57	393,532.31	400,751.87	410,326.04	420,544.51	421,371.51
	98.6	99.0	98.4	97.5	96.4	96.8	96.4	95.5	93.5	94.7
	46	48	49	50	52	51	53	55	56	56
	479	491	517	537	499	476	476	460	479	493

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

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

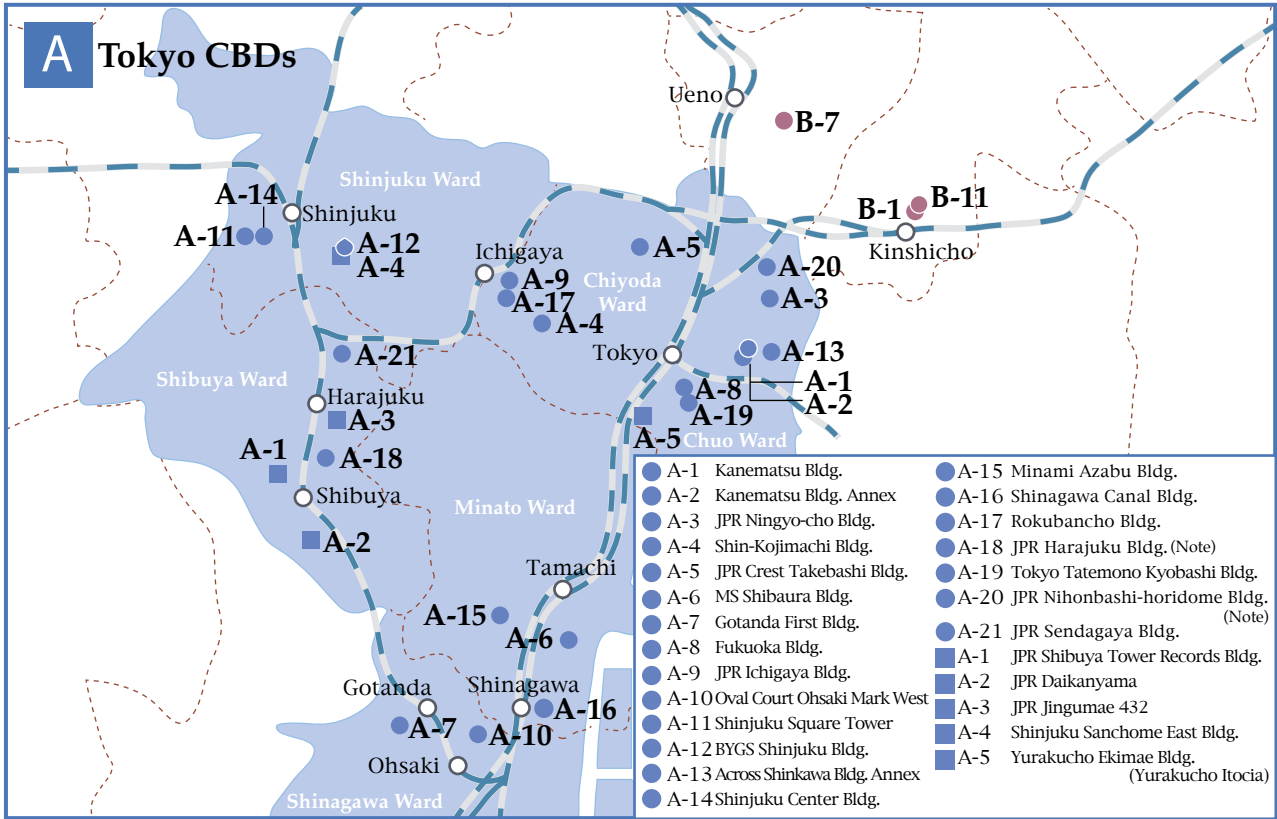
Major Tenants

(As of June 30, 2011)

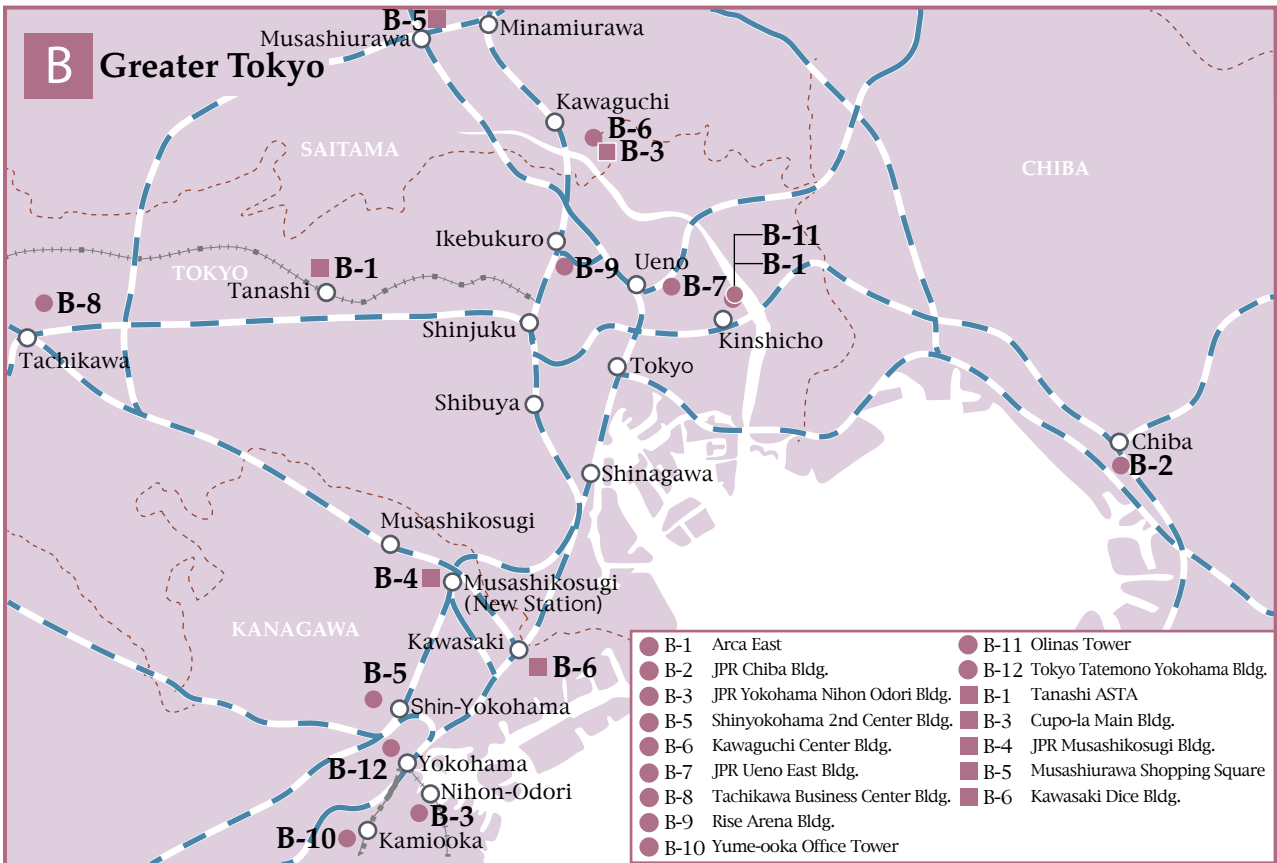
#	Tenant	Name of Property	Leased floor area at period end (m ²)	Percentage of total leased floor area at period end
1	ABC Development Corporation	Housing Design Center Kobe	35,444.13	8.8%
2	The Seiyu, Ltd.	Tanashi ASTA	31,121.71	7.7%
3	Tokyo Tatemono Co., Ltd.	Shinjuku Center Building, Arca East, Kawasaki Dice Bldg.	22,978.11	5.7%
4	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	4.9%
5	The Loft Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	4.6%
6	Shinjuku Square Tower Management Co., Ltd.	Shinjuku Square Tower	11,267.72	2.8%
7	Olympic Corporation	Musashiurawa Shopping Square	9,558.51	2.4%
8	Tower Records Japan, Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	2.0%
9	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg., Yume-ooka Office Tower, Sompo Japan Sendai Bldg., Sompo Japan Wakayama Bldg.	7,883.30	2.0%
10	Yuraku Real Estate Co., Ltd.	Rise Arena Bldg.	6,023.39	1.5%

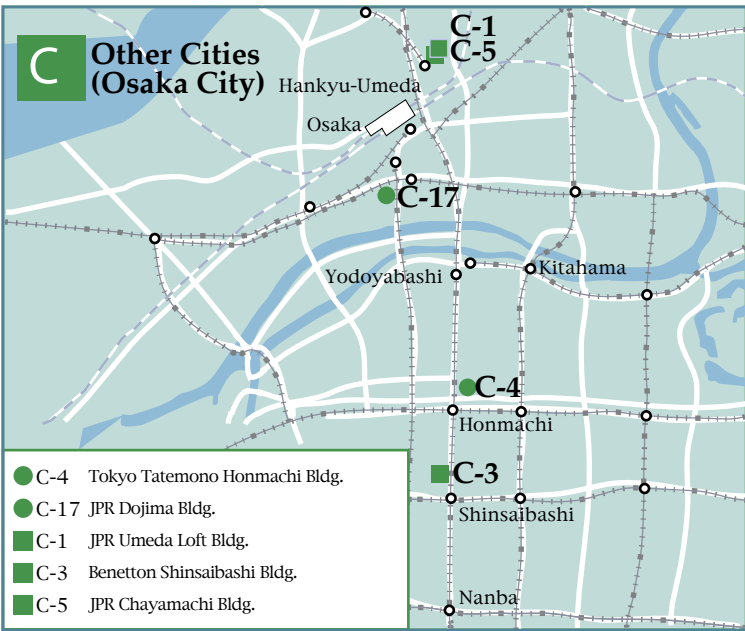
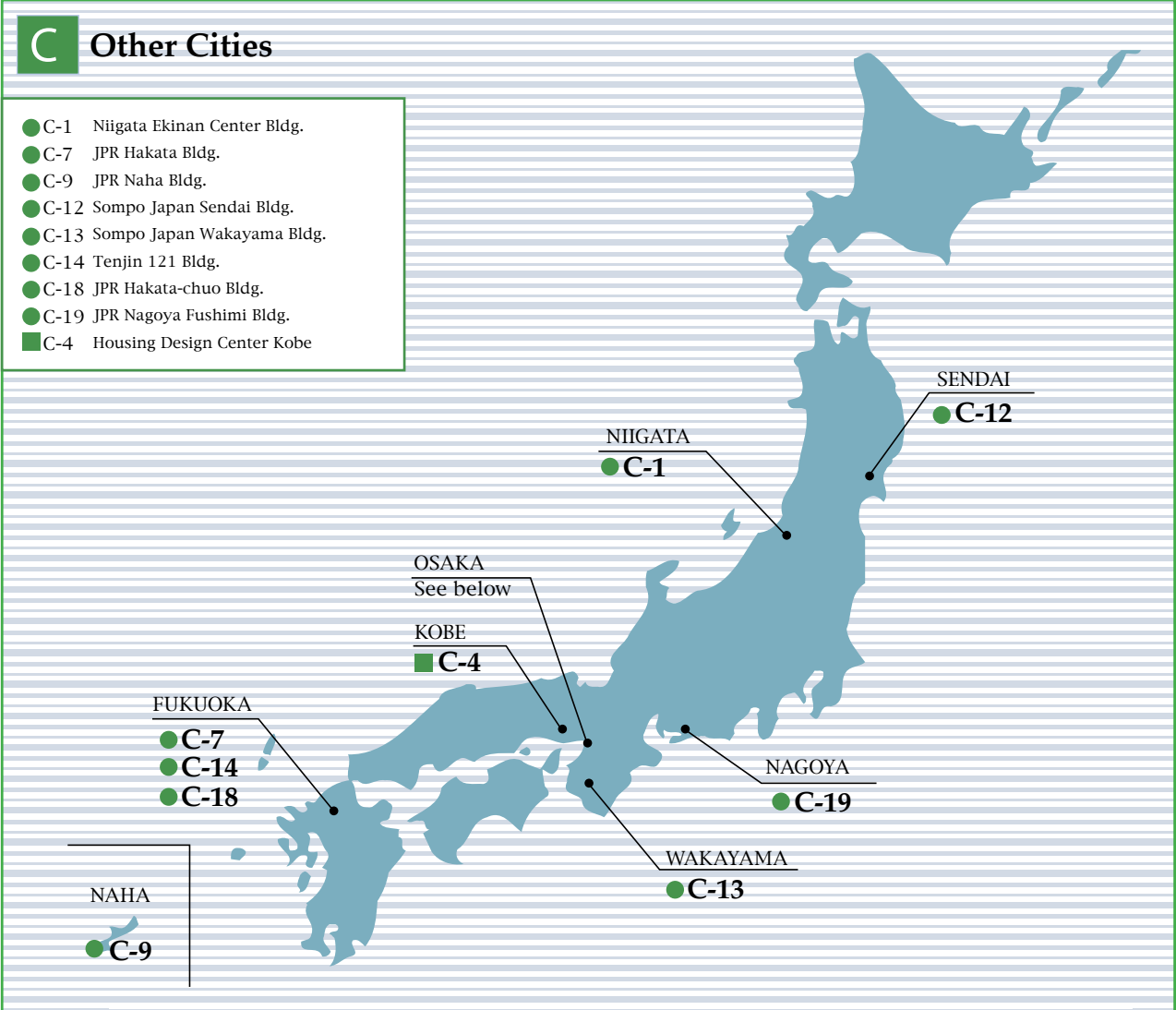
(Note) The areas of co-owned buildings corresponding to the portions owned by JPR are indicated.

Property Portfolio



(Note) Property names were changed from Ryoshin Harajuku Building to JPR Harajuku Building on March 1, 2011 and from TK Horidome Building to JPR Nihonbashi-horidome Building on January 1, 2011, respectively.





A	Chiyoda Ward Chuo Ward Minato Ward Shinjuku Ward Shinagawa Ward Shibuya Ward
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B	All other areas of Tokyo and Chiba, Kanagawa and Saitama Prefectures
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C	All other areas in Japan
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Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-2	Kanematsu Bldg. Annex	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-3	JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	1989.12	2001.11	
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	1984.10	2001.11 2002.11 2004.11	
	Office	A-5	JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	1999.9	2002.6	
	Office	A-6	MS Shibaura Bldg.	Minato Ward, Tokyo	1988.2	2003.3	
	Office	A-7	Gotanda First Bldg.	Shinagawa Ward, Tokyo	1989.7	2003.7	
	Office	A-8	Fukuoka Bldg.	Chuo Ward, Tokyo	1990.5	2003.10 2005.4	
	Office	A-9	JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	1989.3	2004.5	
	Office	A-10	Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	2001.6	2004.6	
	Office	A-11	Shinjuku Square Tower	Shinjuku Ward, Tokyo	1994.10	2004.7 2008.9	
	Office	A-12	BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	1985.4	2004.11 2005.4 2010.7	
	Office	A-13	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	1994.6	2004.11	
	Office	A-14	Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	1979.10	2008.3	
	Office	A-15	Minami Azabu Bldg.	Minato Ward, Tokyo	1992.6	2008.7	
	Office	A-16	Shinagawa Canal Bldg.	Minato Ward, Tokyo	2008.7	2008.12	
	Office	A-17	Rokubancho Bldg.	Chiyoda Ward, Tokyo	1991.10	2009.12	
	Office	A-18	JPR Harajuku Bldg.	Shibuya Ward, Tokyo	1989.3	2009.12	
	Office	A-19	Tokyo Tatemono Kyobashi Bldg.	Chuo Ward, Tokyo	1981.1	2010.2	
	Office	A-20	JPR Nihonbashi-horidome Bldg.	Chuo Ward, Tokyo	2002.6	2010.3	
	Office	A-21	JPR Sendagaya Bldg.	Shibuya Ward, Tokyo	2009.5	2010.5	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	1992.2	2003.6	
	Retail	A-2	JPR Daikanyama	Shibuya Ward, Tokyo	2002.7	2004.10	
	Retail	A-3	JPR Jingumae 432	Shibuya Ward, Tokyo	2006.2	2006.3	
	Retail	A-4	Shinjuku Sanhome East Bldg.	Shinjuku Ward, Tokyo	2007.1	2007.3 2008.4	
	Retail	A-5	Yurakucho Ekimae Bldg. (Yurakucho Itocia)	Chiyoda Ward, Tokyo	2007.10	2008.8	
Subtotal (26 Properties)							

Notes: (1) Acquisition price does not include miscellaneous expenses of acquisition (real estate transaction brokerage fee and consumption tax).

(2) Percentages and ratios are rounded to the first decimal point.

(3) Ownership indicates the ratio of proprietary ownership of JPR to the total proprietary ownership stipulated in the management regulations, etc. As for cases that proprietary ownership includes parking lots, figure in parentheses indicates ratio calculated excluding parking lots. In addition, ratio for Rise Arena Bldg., Olinas Tower and Tanashi ASTA do not include the residential portion and ratio for Yume-ooka Office Tower is that of for the business tower only.

(As of June 30, 2011)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	16,276	4.8	79.4	1,751.13	7,994.02	90.0	7	313,381
	2,874	0.8	79.4	679.06	2,291.13	100.0	1	86,544
	2,100	0.6	100.0	550.06	2,796.16	59.6	3	70,366
	2,420	0.7	77.2	657.80	2,107.58 901.36 312.53 3,321.47	100.0 67.4 100.0	10	73,455 20,495 12,312
	4,000	1.2	100.0	636.90	3,265.34	94.9	8	130,972
	11,200	3.3	58.0	8,992.18	14,470.72	100.0	8	513,295
	2,920	0.9	59.6	1,551.19	4,243.58	100.0	2	131,459
	2,920	0.9	26.2	1,302.17	1,250.06 687.34 1,937.40	100.0 100.0	1	87,356 38,973
	5,100	1.5	100.0	1,058.04	4,224.96	100.0	9	153,058
	3,500	1.0	23.9	4,006.00	4,088.44	100.0	3	187,748
	10,180	3.0	38.8	8,409.52	10,982.03 168.75 11,150.78	83.7 83.7	21	218,130 3,351
	15,121	4.4	100.0	3,522.46	15,202.86	85.1	21	538,412
	710	0.2	35.5	858.48	1,253.39	80.1	3	43,105
	21,000	6.1	8.6	14,917.11	8,861.34	90.0	24	457,860
	3,760	1.1	100.0	778.09	3,405.73	100.0	1	(Note 5)
	1,870	0.5	45.6	828.82	1,700.57	100.0	4	67,363
	2,800	0.8	100.0	716.95	2,488.36	100.0	1	(Note 5)
	8,400	2.5	100.0	1,205.07	4,760.13	88.5	7	243,048
	5,250	1.5	100.0	547.10	3,499.31	100.0	2	(Note 5)
	5,100	1.5	100.0	937.59	5,299.86	100.0	7	178,874
	15,050	4.4	100.0	2,217.49	6,177.74	94.1	5	127,304
	12,000	3.5	100.0	1,010.47	8,076.85	100.0	1	345,576
	2,160	0.6	100.0	277.12	651.29	100.0	4	41,297
	4,275	1.3	100.0	198.10	1,027.33	89.8	5	62,498
	2,740	0.8	12.5	2,578.69	2,347.81	100.0	1	74,499
	3,400	1.0	1.9	6,808.12	1,101.92	100.0	1	(Note 5)
	167,126	48.9	—	—	125,638.49	—	—	—

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

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

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

Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Greater Tokyo	Office	B-1	Arca Eazast	Sumida Ward, Tokyo	1997.3	2001.11	
	Office	B-2	JPR Chiba Bldg.	Chiba City, Chiba	1991.1	2001.12	
	Office	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	1989.10	2001.11	
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	1991.8	2002.9	
	Office	B-6	Kawaguchi Center Bldg.	Kawaguchi City, Saitama	1994.2	2004.2	
	Office	B-7	JPR Ueno East Bldg.	Taito Ward, Tokyo	1992.10	2004.3	
	Office	B-8	Tachikawa Business Center Bldg.	Tachikawa City, Tokyo	1994.12	2005.9 2007.2	
	Office	B-9	Rise Arena Bldg.	Toshima Ward, Tokyo	2007.1	2007.3	
	Office	B-10	Yume-ooka Office Tower	Yokohama City, Kanagawa	1997.3	2007.7	
	Office	B-11	Olinas Tower	Sumida Ward, Tokyo	2006.2	2009.6	
	Office	B-12	Tokyo Tatemono Yokohama Bldg.	Yokohama City, Kanagawa	1981.5	2010.12	
	Retail	B-1	Tanashi ASTA	Nishitokyo City, Tokyo	1995.2	2001.11	
	Retail	B-3	Cupo-la Main Bldg.	Kawaguchi City, Saitama	2006.1	2006.3	
	Retail	B-4	JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	1983.3	2006.9	
	Retail	B-5	Musashiurawa Shopping Square	Saitama City, Saitama	2005.10	2007.3	
	Retail	B-6	Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	2003.8	2007.4	
Subtotal (16 Properties)							
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata City, Niigata	1996.3	2001.11	
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	1970.2	2001.11	
	Office	C-7	JPR Hakata Bldg.	Fukuoka City, Fukuoka	1985.6 2003.11	2001.11	
	Office	C-9	JPR Naha Bldg.	Naha City, Okinawa	1991.10	2001.11	
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai City, Miyagi	1997.12	2002.6	
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	1996.7	2002.6	
	Office	C-14	Tenjin 121 Bldg.	Fukuoka City, Fukuoka	2000.7	2002.6	
	Office	C-17	JPR Dojima Bldg.	Osaka City, Osaka	1993.10	2004.1	
	Office	C-18	JPR Hakata-Chuo Bldg.	Fukuoka City, Fukuoka	1993.2	2004.6	
	Office	C-19	JPR Nagoya Fushimi Bldg.	Nagoya City, Aichi	1991.3	2005.3	
	Retail	C-1	JPR Umeda Loft Bldg.	Osaka City, Osaka	1990.4	2003.5-7	
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka City, Osaka	2003.2 2005.1	2005.5	
	Retail	C-4	Housing Design Center Kobe	Kobe City, Hyogo	1994.6	2005.9	
	Retail	C-5	JPR Chayamachi Bldg.	Osaka City, Osaka	1994.6	2006.8	
Subtotal (14 Properties)							
Total (56 Properties)							

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

(As of June 30, 2011)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	5,880	1.7	38.3	3,755.01	7,022.76	100.0	6	258,569
	2,350	0.7	100.0	1,382.35	5,545.03	84.6	30	114,724
	2,927	0.9	100.0	1,100.59	6,066.53	97.2	13	126,344
	920	0.3	50.0	841.71	2,642.38	85.5	12	50,639
	8,100	2.4	86.5	4,524.61	15,461.98	82.1	37	404,174
	3,250	1.0	100.0	1,242.97	6,490.05	71.8	5	168,553
	3,188	0.9	47.9	2,047.22	1,747.13 2,983.91 4,731.04	100.0 96.1	17	60,543 88,599
	5,831	1.7	25.2	9,377.28	6,023.39	100.0	1	239,567
	6,510	1.9	48.8	12,011.00	12,010.37	88.4	34	315,801
	31,300	9.2	23.3	27,335.29	23,987.40	98.6	12	1,153,362
	7,000	2.0	100.0	1,110.28	6,494.09	100.0	13	304,889
	10,200	3.0	43.6	12,326.30	31,121.71	100.0	1	596,400
	2,100	0.6	16.7	15,008.28	5,963.00	100.0	1	(Note 5)
	7,260	2.1	100.0	4,761.62	19,740.95	100.0	1	(Note 5)
	4,335	1.3	50.0	8,317.99	14,960.69	100.0	3	129,061
	15,080	4.4	46.6	4,475.45	13,066.69	98.2	19	472,271
	116,231	34.0	—	—	181,328.06	—	—	—
	2,140	0.6	32.9	2,706.99	5,326.88	99.3	8	132,562
	4,150	1.2	72.0	1,432.64	7,162.60	78.0	10	52,737
	2,900	0.8	100.0	1,214.63	6,581.15	98.9	28	150,528
	1,560	0.5	100.0	959.87	3,946.41	87.0	16	91,347
	3,150	0.9	100.0	1,895.67	7,128.81	100.0	12	183,486
	1,670	0.5	100.0	1,128.45	4,874.91	96.8	16	120,168
	2,810	0.8	52.2	1,164.39	3,257.73	79.4	12	91,660
	2,140	0.6	100.0	668.11	3,930.21	89.0	8	107,630
	1,920	0.6	100.0	680.63	3,290.42	100.0	5	78,615
	4,137	1.2	100.0	1,610.38	7,086.37	66.6	3	65,472
	13,000	3.8	100.0	3,518.68	18,586.97	100.0	1	402,411
	5,430	1.6	100.0	609.31	5,303.98	100.0	1	(Note 5)
	7,220	2.1	100.0	3,994.47	35,444.13	100.0	1	(Note 5)
	6,000	1.8	100.0	592.45	2,484.39	100.0	7	145,268
	58,227	17.0	—	—	114,404.96	—	—	—
	341,584	100.0	—	—	421,371.51	94.7	493	11,529,624

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

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

(5) The portion owned by JPR is leased to a single tenant.

JPR was unable to obtain the tenants' approval to disclose rental information.

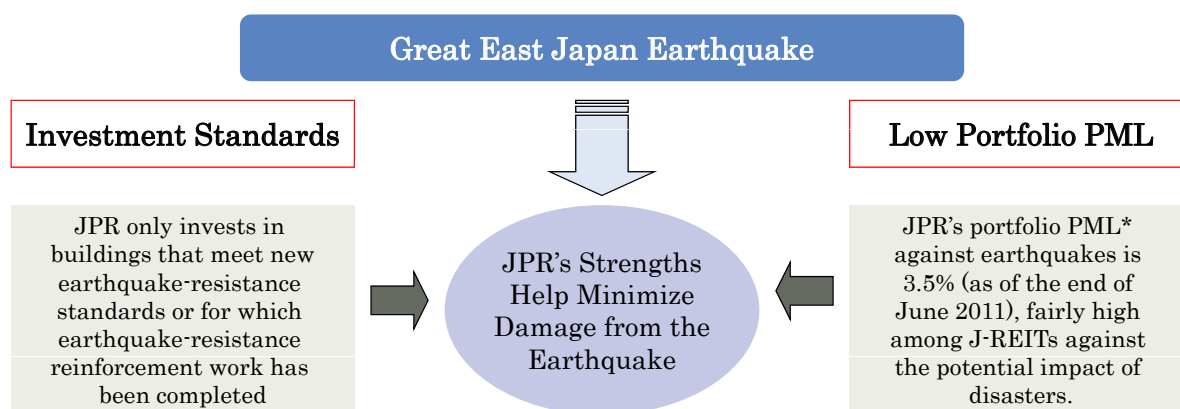
(6) For JPR Hakata Bldg. the upper figures are for the office building portion and the lower figures are for the parking lot portion. In addition, the acquisition price does not include the acquisition of the parking lot portion.

Beyond the Disaster: JPR's Strengths Hold True

The Great East Japan Earthquake in March 2011 had a significant impact on the Japanese economy, which is now returning to a recovery track. However, the impact on the operations of JPR was fairly limited.

[Impact on JPR]

No damage that will materially impact JPR's operating results	→	Even the Sampo Japan Sendai Bldg., located near the epicenter, had only slight physical damage including wall cracks and partial falling of ceiling boards.
Repair costs incurred at 30 properties out of 56 as a result of the earthquake	→	JPR recorded 64 million yen in total for repairing damaged interiors and facilities as an extraordinary loss for the 19th fiscal period, but this had no major impact on overall performance.



*See page 64 for PML.

[Measures Anticipating Disasters]

JPR conducted anti-seismic work for long-period earthquake ground motion at Shinjuku Center Building in 2009, which proved effective against the Great East Japan Earthquake.

A long-period earthquake ground motion means vibrations with a cycle of motion ranging from about 2 to 20 seconds. Such motion particularly affects skyscrapers, even if they are located far from the epicenter, and thus has become a major issue in anti-seismic measures. The Great East Japan Earthquake caused a long-period earthquake ground motion, and large vibrations were observed on upper floors of ultra-skyscrapers in Tokyo. The anti-seismic work at Shinjuku Center Building (installation of 288 seismic dampers on 24 floors in total) helped reduce the amplitude and duration of vibrations at the building.



Shinjuku Center Building



Newly installed seismic damper

Overview of Portfolio Properties

Tokyo CBDs

Kanematsu Bldg. A 1



Chuo Ward, Tokyo

Acquisition Price
¥16,276 million
Site Area
1,751.13 m²
Total Floor Space
14,995.09 m²
Structure/Floors
S/RC/SRC B2/13F
Completed
February 1993

Kanematsu Bldg. Annex A 2



Chuo Ward, Tokyo

Acquisition Price
¥2,874 million
Site Area
679.06 m²
Total Floor Space
4,351.46 m²
Structure/Floors
SRC B1/8F
Completed
February 1993

JPR Ningyo-cho Bldg. A 3



Chuo Ward, Tokyo

Acquisition Price
¥2,100 million
Site Area
550.06 m²
Total Floor Space
4,117.70 m²
Structure/Floors
SRC/RC B1/8F
Completed
December 1989

Shin-Kojimachi Bldg. A 4



Chiyoda Ward, Tokyo

Acquisition Price
¥2,420 million
Site Area
657.80 m²
Total Floor Space
5,152.98 m²
Structure/Floors
SRC B1/9F
Completed
October 1984

JPR Crest Takebashi Bldg. A 5



Chiyoda Ward, Tokyo

Acquisition Price
¥4,000 million
Site Area
636.90 m²
Total Floor Space
4,790.68 m²
Structure/Floors
SRC B1/9F
Completed
September 1999

MS Shibaura Bldg. A 6



Minato Ward, Tokyo

Acquisition Price
¥11,200 million
Site Area
8,992.18 m²
Total Floor Space
31,020.21 m²
Structure/Floors
SRC/RC/S B2/13F
Completed
February 1988

Gotanda First Bldg. A 7



Shinagawa Ward, Tokyo

Acquisition Price
¥2,920 million
Site Area
1,551.19 m²
Total Floor Space
10,553.34 m²
Structure/Floors
SRC/RC B2/11F
Completed
July 1989

Fukuoka Bldg. A 8



Chuo Ward, Tokyo

Acquisition Price
¥2,920 million
Site Area
1,302.17 m²
Total Floor Space
11,627.74 m²
Structure/Floors
SRC B2/10F
Completed
May 1990

JPR Ichigaya Bldg.

A 9



Chiyoda Ward, Tokyo

Acquisition Price
¥5,100 million
Site Area
1,058.04 m²
Total Floor Space
5,888.82 m²
Structure/Floors
SRC B1/9F
Completed
March 1989

Oval Court Ohsaki Mark West

A 10



Shinagawa Ward, Tokyo

Acquisition Price
¥3,500 million
Site Area
4,006.00 m²
Total Floor Space
28,575.80 m²
Structure/Floors
S/SRC B2/17F
Completed
June 2001

Shinjuku Square Tower

A 11



Shinjuku Ward, Tokyo

Acquisition Price
¥10,180 million
Site Area
8,409.52 m²
(entire redevelopment project)
Total Floor Space
78,796.00 m²
(entire redevelopment project)
Structure/Floors
S/RC/SRC B4/30F
Completed
October 1994

BYGS Shinjuku Bldg.

A 12



Shinjuku Ward, Tokyo

Acquisition Price
¥15,121 million
Site Area
3,522.46 m²
Total Floor Space
25,733.10 m²
Structure/Floors
SRC B2/14F
Completed
April 1985

Across Shinkawa Bldg. Annex

A 13



Chuo Ward, Tokyo

Acquisition Price
¥710 million
Site Area
858.48 m²
Total Floor Space
5,535.90 m²
Structure/Floors
S/SRC B2/10F
Completed
June 1994

Shinjuku Center Bldg.

A 14



Shinjuku Ward, Tokyo

Acquisition Price
¥21,000 million
Site Area
14,917.11 m²
Total Floor Space
176,607.89 m²
Structure/Floors
SRC/RC/S B5/54F
Completed
October 1979

Minami Azabu Building

A 15



Minato Ward, Tokyo

Acquisition Price
¥3,760 million
Site Area
778.09 m²
Total Floor Space
4,570.63 m²
Structure/Floors
S 9F
Completed
June 1992

Shinagawa Canal Building

A 16



Minato Ward, Tokyo

Acquisition Price
¥1,870 million
Site Area
828.82 m²
Total Floor Space
5,216.21 m²
Structure/Floors
S B1/8F
Completed
July 2008

Rokubancho Building

A 17

Chiyoda Ward, Tokyo



Acquisition Price
¥2,800 million
Site Area
716.95 m²
Total Floor Space
4,205.09 m²
Structure/Floors
SRC B3/7F
Completed
October 1991

JPR Harajuku Building

A 18

Shibuya Ward, Tokyo



Acquisition Price
¥8,400 million
Site Area
1,205.07 m²
Total Floor Space
6,466.94 m²
Structure/Floors
SRC B1/9F
Completed
March 1989

Tokyo Tatemono Kyobashi Building

A 19

Chuo Ward, Tokyo



Acquisition Price
¥5,250 million
Site Area
547.10 m²
Total Floor Space
4,419.79 m²
Structure/Floors
SRC/S B1/10F
Completed
January 1981

JPR Nihonbashi-horidome Building

A 20

Chuo Ward, Tokyo



Acquisition Price
¥5,100 million
Site Area
937.59 m²
Total Floor Space
7,190.82 m²
Structure/Floors
SRC B1/9F
Completed
June 2002

JPR Sendagaya Building

A 21

Shibuya Ward, Tokyo



Acquisition Price
¥15,050 million
Site Area
2,217.49 m²
Total Floor Space
7,683.19 m²
Structure/Floors
S 8F
Completed
May 2009

JPR Shibuya Tower Records Bldg. (Retail)

A 1

Shibuya Ward, Tokyo



Acquisition Price
¥12,000 million
Site Area
1,010.47 m²
Total Floor Space
8,449.56 m²
Structure/Floors
SRC/S B3/8F
Completed
February 1992

JPR Daikanyama (Retail)

A 2

Shibuya Ward, Tokyo



Acquisition Price
¥2,160 million
Site Area
277.12 m²
Total Floor Space
668.09 m²
Structure/Floors
RC B2/2F
Completed
July 2002

JPR Jingumae 432 (Retail)

A 3

Shibuya Ward, Tokyo



Acquisition Price
¥4,275 million
Site Area
198.10 m²
Total Floor Space
1,066.81 m²
Structure/Floors
S/SRC B1/7F
Completed
February 2006

*Does not include area transferred to Tokyo Metropolitan Government

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



Shinjuku Ward, Tokyo

Acquisition Price
¥2,740 million
Site Area
2,578.69 m²
Total Floor Space
24,617.65 m²
Structure/Floors
S/SRC/RC B3/14F
Completed
January 2007

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



Chiyoda Ward, Tokyo

Acquisition Price
¥3,400 million
Site Area
6,808.12 m²
Total Floor Space
71,957.65 m²
Structure/Floors
S/SRS B4/20F
Completed
October 2007

Greater Tokyo

Arca East **B 1**



Sumida Ward, Tokyo

Acquisition Price
¥5,880 million
Site Area
3,755.01 m²
Total Floor Space
34,281.86 m²
Structure/Floors
S/SRC B3/19F
Completed
March 1997

JPR Chiba Bldg. **B 2**



Chiba City, Chiba

Acquisition Price
¥2,350 million
Site Area
1,382.35 m²
Total Floor Space
9,072.57 m²
Structure/Floors
S/SRC B1/13F
Completed
January 1991

JPR Yokohama Nihon Odori Bldg. **B 3**



Yokohama City, Kanagawa

Acquisition Price
¥2,927 million
Site Area
1,100.59 m²
Total Floor Space
9,146.52 m²
Structure/Floors
SRC B1/11F
Completed
October 1989

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



Yokohama City, Kanagawa

Acquisition Price
¥920 million
Site Area
841.71 m²
Total Floor Space
7,781.93 m²
Structure/Floors
S/SRC B2/12F
Completed
August 1991

Kawaguchi Center Bldg. **B 6**



Kawaguchi City, Saitama

Acquisition Price
¥8,100 million
Site Area
4,524.61 m²
Total Floor Space
28,420.85 m²
Structure/Floors
S/SRC B2/15F
Completed
February 1994

JPR Ueno East Bldg. **B 7**



Taito Ward, Tokyo

Acquisition Price
¥3,250 million
Site Area
1,242.97 m²
Total Floor Space
8,490.44 m²
Structure/Floors
S/SRC B1/8F
Completed
October 1992

Tachikawa Business Center Bldg. **B 8**



Tachikawa City, Tokyo

Acquisition Price
 ¥3,188 million
 Site Area
 2,047.22 m²
 Total Floor Space
 14,706.36 m²
 Structure/Floors
 S/SRC B1/12F
 Completed
 December 1994

Rise Arena Bldg. **B 9**



Toshima Ward, Tokyo

Acquisition Price
 ¥5,831 million
 Site Area
 9,377.28 m²
 (entire redevelopment project)
 Total Floor Space
 91,280.94 m²
 (including residential tower)
 Structure/Floors
 RC/SRC/S B3/42F*
 Completed
 January 2007

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

Yume-ooka Office Tower **B 10**



Yokohama City, Kanagawa

Acquisition Price
 ¥6,510 million
 Site Area
 12,011.00 m²
 Total Floor Space
 185,974.87 m²
 Structure/Floors
 S/SRC/RC B3/27F
 Completed
 March 1997

Olinas Tower **B 11**



Sumida Ward, Tokyo

Acquisition Price
 ¥31,300 million
 Site Area
 27,335.29 m²
 Total Floor Space
 257,842.41 m²
 Structure/Floors
 SRC/RC/S B2/45F*
 Completed
 February 2006

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

Tokyo Tatemono Yokohama Bldg. **B 12**



Yokohama City, Kanagawa

Acquisition Price
 ¥7,000 million
 Site Area
 1,110.28 m²
 Total Floor Space
 8,772.51 m²
 Structure/Floors
 SRC B1/9F
 Completed
 May 1981

Tanashi ASTA (Retail) **B 1**



Nishitokyo City, Tokyo

Acquisition Price
 ¥10,200 million
 Site Area
 12,326.30 m²
 Total Floor Space
 80,675.27 m²
 Structure/Floors
 SRC B2/17F
 Completed
 February 1995

Cupo-la Main Bldg. (Retail) **B 3**



Kawaguchi City, Saitama

Acquisition Price
 ¥2,100 million
 Site Area
 15,008.28 m²
 (entire redevelopment project)
 Total Floor Space
 48,321.96 m²
 Structure/Floors
 S/RC/SRC B2/10F
 Completed
 January 2006

JPR Musashikosugi Bldg. (Retail) **B 4**



Kawasaki City, Kanagawa

Acquisition Price
 ¥7,260 million
 Site Area
 4,761.62 m²
 Total Floor Space
 18,394.32 m²
 Structure/Floors
 SRC/RC/S B1/6F
 Completed
 March 1983

Musashiurawa Shopping Square (Retail) **B 5**

Saitama City, Saitama



Acquisition Price
¥4,335 million
Site Area
8,317.99 m²
Total Floor Space
28,930.36 m²
Structure/Floors
S B1/4F
Completed
October 2005

Kawasaki Dice Bldg. (Retail) **B 6**

Kawasaki City, Kanagawa



Acquisition Price
¥15,080 million
Site Area
4,475.45 m²
Total Floor Space
36,902.01 m²
Structure/Floors
S/SRC/RC B2/11F
Completed
August 2003

Other Cities

Niigata Ekinan Center Bldg. **C 1**

Niigata City, Niigata



Acquisition Price
¥2,140 million
Site Area
2,706.99 m²
Total Floor Space
19,950.42 m²
Structure/Floors
S/SRC B1/10F
Completed
March 1996

Tokyo Tatemono Honmachi Bldg. **C 4**

Osaka City, Osaka



Acquisition Price
¥4,150 million
Site Area
1,432.64 m²
Total Floor Space
14,619.52 m²
Structure/Floors
SRC B3/9F
Completed
February 1970

JPR Hakata Bldg. **C 7**

Fukuoka City, Fukuoka



Acquisition Price
¥2,900 million
Site Area
1,214.63 m²
Total Floor Space
9,828.73 m²
Structure/Floors
S/RC B1/12F
Completed
June 1985

JPR Naha Bldg. **C 9**

Naha City, Okinawa



Acquisition Price
¥1,560 million
Site Area
959.87 m²
Total Floor Space
5,780.71 m²
Structure/Floors
SRC/S 12F
Completed
October 1991

Sompo Japan Sendai Bldg. **C 12**

Sendai City, Miyagi



Acquisition Price
¥3,150 million
Site Area
1,895.67 m²
Total Floor Space
10,783.52 m²
Structure/Floors
SRC B1/12F
Completed
December 1997

Sompo Japan Wakayama Bldg. **C 13**

Wakayama City, Wakayama



Acquisition Price
¥1,670 million
Site Area
1,128.45 m²
Total Floor Space
6,715.07 m²
Structure/Floors
S 9F
Completed
July 1996

Tenjin 121 Bldg.

C 14

Fukuoka City, Fukuoka



Acquisition Price
¥2,810 million
Site Area
1,164.39 m²
Total Floor Space
8,690.95 m²
Structure/Floors
S/SRC 13F
Completed
July 2000

JPR Dojima Bldg.

C 17

Osaka City, Osaka



Acquisition Price
¥2,140 million
Site Area
668.11 m²
Total Floor Space
5,696.01 m²
Structure/Floors
SRC B2/9F
Completed
October 1993

JPR Hakata-Chuo Bldg.

C 18

Fukuoka City, Fukuoka



Acquisition Price
¥1,920 million
Site Area
680.63 m²
Total Floor Space
3,874.81 m²
Structure/Floors
SRC 8F
Completed
February 1993

JPR Nagoya Fushimi Building

C 19

Nagoya City, Aichi



Acquisition Price
¥4,137 million
Site Area
1,610.38 m²
Total Floor Space
10,201.44 m²
Structure/Floors
SRC B1/9F
Completed
March 1991

JPR Umeda Loft Bldg. (Retail)

C 1

Osaka City, Osaka



Acquisition Price
¥13,000 million
Site Area
3,518.68 m²
Total Floor Space
17,897.56 m²
Structure/Floors
SRC B1/8F
Completed
April 1990

Benetton Shinsaibashi Bldg. (Retail)

C 3

Osaka City, Osaka



Acquisition Price
¥5,430 million
Site Area
609.31 m²
Total Floor Space
5,303.98 m²
Structure/Floors
S B2/10F
Completed
February 2003

Housing Design Center Kobe (Retail)

C 4

Kobe City, Hyogo



Acquisition Price
¥7,220 million
Site Area
3,994.47 m²
Total Floor Space
33,877.71 m²
Structure/Floors
SRC/S B2/11F
Completed
June 1994

JPR Chayamachi Bldg. (Retail)

C 5

Osaka City, Osaka



Acquisition Price
¥6,000 million
Site Area
592.45 m²
Total Floor Space
3,219.36 m²
Structure/Floors
S/SRC 9F
Completed
June 1994

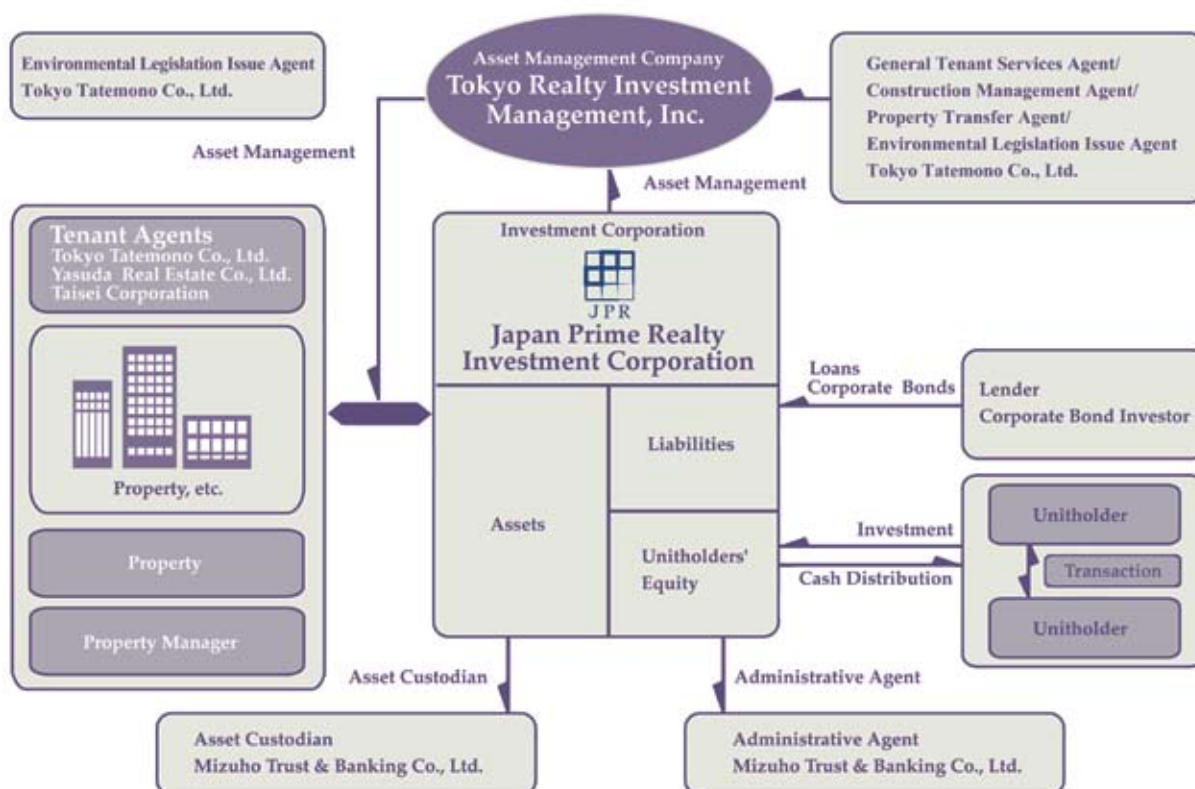
Characteristics and Corporate History

The Objective and Basic Characteristics of JPR

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

Corporate History

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



Members of the Board (As of June 30, 2011)



Executive Officer

Hirohito Kaneko

- Dec. 2001** Executive Officer, Japan Prime Realty Investment Corporation (currently held position)
- Apr. 1979** Representative Counsel, Hirohito Kaneko Law Office (currently held position)
- Apr. 1977** Bar admission (Tokyo Bar Association), Shigeru Yamada Law Office

Supervising Officer

Sosuke Yasuda

- Jan. 2009** Adviser, Gyosei Audit Corporation (currently held position)
Group Representative Partner, GYOSEI Certified Public Tax & Accountants' Co. (currently held position)
- Apr. 2008** Outside Auditor, Mitsui Sumitomo Insurance Group Holdings, Inc. currently MS&AD Insurance Group Holdings, Inc. (part-time, currently held position)
- Jan. 2008** Group Representative Partner, Gyosei Audit Corporation (Tokyo Hokuto & Co. merged with Serizawa Accounting Firm)
- Oct. 2006** CPA and Director, Gyosei Audit Corporation
- Jun. 2006** Outside Auditor, Nomura Research Institute, Ltd. (currently held position)
- Jun. 2005** Outside Auditor, Mitsui Sumitomo Insurance Company, Ltd.
- Sep. 2001** Supervising Officer, Japan Prime Realty Investment Corporation (currently held position)
- Oct. 1999** Director and Senior Partner, Tokyo Hokuto & Co. (Tokyo Akasaka Audit Co. merged with Hokuto Audit Co.)
- Jul. 1993** Senior Partner, Tokyo Akasaka Audit Co.
- Feb. 1983** Representative, Tokyo Akasaka CPA Joint Office
- Jun. 1980** Sosuke Yasuda Tax Accountant Office
- Dec. 1975** Masamitsu Serizawa Accounting Firm
- Apr. 1968** Main Store, KK Ohgiya

Supervising Officer

Masato Denawa

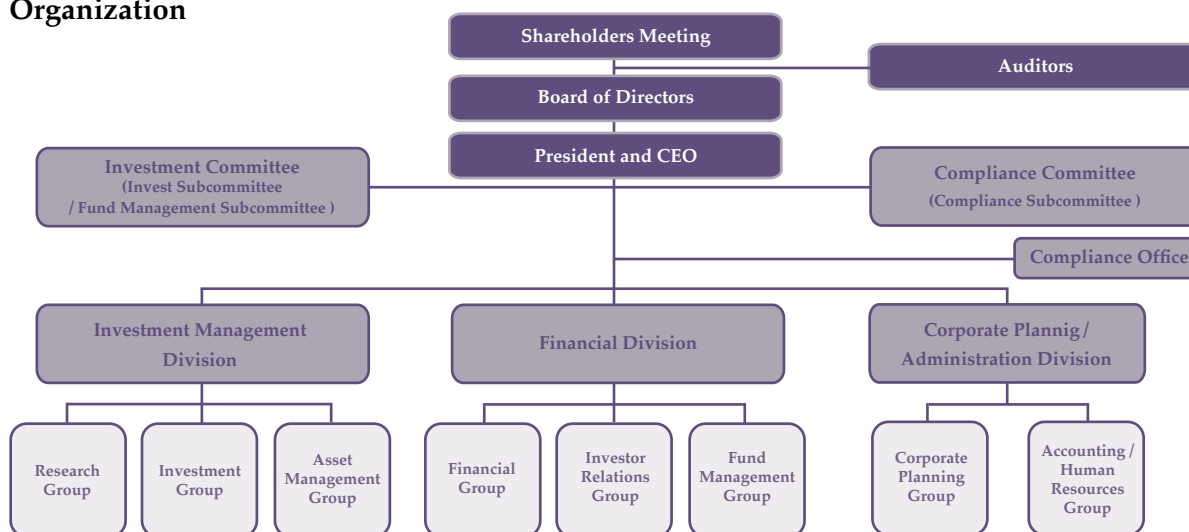
- Apr. 2011** Practicing-attorney-professor for civil advocacy, The Legal Training and Research Institute of Japan, Supreme Court of Japan (currently held position)
- Apr. 2009** Adjunct professor (part-time) at Keio Law School (currently held position)
- Sep. 2007** Supervising Officer of Japan Prime Realty Investment Corporation (currently held position)
- Jul. 2007** Director of Advicelink Co., Ltd. (currently held position)
- Feb. 2005** Part-time auditor of Ulvex Inc. (currently held position)
- Jul. 2003** Partner attorney at Spring Partners (former Okinobu, Ishihara & Sei Law Office)
- Apr. 2002** Adjunct professor (part-time) at Keio University Faculty of Law (Civil law practice)
- Jun. 2000** Part-time auditor of Kinkan Co., Ltd. (currently held position)
- Jan. 1999** Partner of Okinobu, Ishihara & Sei Law Office (currently held position)
- Apr. 1991** Okinobu, Ishihara & Sei Law Office (former Okinobu & Ishihara Law Office)
- Apr. 1990** Registered with Daiichi Tokyo Bar Association at Okinobu & Ishihara Law Office currently MS&AD Insurance Group Holdings, Inc. (part-time, currently held position)

Overview of the Asset Manager

Corporate Profile

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

Organization



TRIM's Decision-Making Process of Investment Management

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

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

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

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

Directors of Tokyo Realty Investment Management, Inc.

President and Chief Executive Officer (CEO)

Satoshi Okubo

- Jun. 2010 Appointed as President and CEO, Tokyo Realty Investment Management, Inc. (currently held position)
- Mar. 2010 Appointed as Advisor, Tokyo Tatemono Co., Ltd.
- Mar. 2010 Appointed as Auditor (part time), Tokyo Tatemono Real Estate Sales Co., Ltd. (currently held position)
- Oct. 2005 Appointed as Director and Head of Kansai Branch Office
- Mar. 2005 Appointed as Director and Head of Osaka Branch Office
- Oct. 1998 Appointed as General Manager, Residential Management Dept.
- Jan. 1996 Appointed as Group Leader, Second Leasing Group, Second Building Leasing Dept.
- Apr. 1995 Appointed as Manager, Management Planning Office, Corporate Planning Division
- Apr. 1994 Appointed as Manager, Corporate Planning Division and Manager, International Planning Office, Corporate Planning Division
- Apr. 1992 Appointed as Manager, Corporate Communications Office and Manager, Corporate Planning Division
- Apr. 1977 Joined Tokyo Tatemono Co., Ltd.

Director and Chief Administrative Officer (CAO)

Kazuo Kitami

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

Director and Chief Investment Officer

Kazuki Sugise

- Mar. 2011 Appointed as Director and Chief Investment Officer (currently held position)
- Jul. 2007 Appointed as General Manager, Investment Management Division(responsible for the Investment Group and Research Group), Tokyo Realty Investment Management, Inc.
- Jul. 2007 Dispatched to Tokyo Realty Investment Management, Inc.
- Apr. 2005 Appointed as Group Leader, Urban Development Department
- Jun. 2004 Appointed as Team Leader, Urban Development Department
- Apr. 2002 Appointed as Manager, Urban Development Department and Manager, Retail Project Development Office
- Apr. 1988 Joined Tokyo Tatemono Co., Ltd.

Director and Chief Financial Officer (CFO)

Katsuhito Ozawa

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

Director and Compliance Officer

Shigeyuki Sugawara

- Jun. 2010 Appointed as Director and Compliance Officer, Tokyo Realty Investment Management, Inc.
- Apr. 2008 Appointed as Compliance Officer, Tokyo Realty Investment Management, Inc.
- Jul. 2005 Appointed as Corporate Planning/Administration Division Manager (responsible for Planning Group/Compliance Group)
- Oct. 2004 Appointed as Corporate Planning/Administration Division Manager (responsible for Compliance Group)
- Oct. 2002 Joined Tokyo Realty Investment Management, Inc.
- Jan. 2001 Dispatched to Tokyo Realty Investment Management, Inc.
- Apr. 1999 Appointed as Manager, Real Estate Section, Real Estate Division, Asahi Jitsugyo Co., Ltd. (seconded from Asahi Mutual Life Insurance Company)
- Apr. 1998 Appointed as Deputy Manager, Real Estate Business Office, Real Estate Division
- Apr. 1985 Joined Asahi Mutual Life Insurance Company

Overview of Asset Management

(1) Operational Performance of JPR

	Unit	15th Fiscal Period (Jan. 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - Dec 31, 2010)	19th Fiscal Period (Jan. 1, 2011 - June 30, 2011)
Operating Performance	Operating Revenue	14,330	11,493	12,314	11,870	11,529
	Rent revenue - real estate	11,030	11,493	11,855	11,870	11,529
	Gain on sale of real estate	3,300	—	459	—	—
	Operating Expenses	7,762	5,665	5,830	5,983	5,926
	Expenses related to rent business	4,961	5,010	5,144	5,361	5,296
	Loss on sale of real estate	2,154	—	—	—	—
	Loss on sale of investment securities	38	—	—	—	—
	Operating Income	6,568	5,827	6,484	5,886	5,603
	Ordinary Income	5,572	4,333	4,964	4,039	4,075
Net Income	2,331	4,332	4,963	4,039	4,010	
Assets, etc.	Total Assets	329,163	332,380	358,339	360,904	360,004
	(% Change)	(+6.4)	(+1.0)	(+7.8)	(+0.7)	(-0.2)
	Interest-bearing Debt	150,230	150,872	161,262	163,904	162,763
	Total Unitholders' Equity	159,057	161,058	176,303	175,502	175,452
	(% Change)	(-1.3)	(+1.3)	(+9.5)	(-0.5)	(-0.0)
	Unitholders' Capital	156,725	156,725	171,339	171,339	171,339
Cash Distribution per Unit, etc.	Total Cash Distributions	2,331	4,333	4,840	4,061	4,011
	Dividend payment ratio	99.9	100.0	97.5	100.5	100.0
	Number of Units Outstanding	625,000	625,000	715,000	715,000	715,000
	Total Unitholders' Equity per Unit	254,492	257,693	246,578	245,458	245,387
	Cash Distribution per Unit	3,731	6,933	6,770	5,680	5,611
	Distribution amount	3,731	6,933	6,770	5,680	5,611
Exceeding profit distribution amount	—	—	—	—	—	
Financial Indices	Ordinary Income (Note 1)	1.7	1.3	1.4	1.1	1.1
	Annualized (Note 10)	3.5	2.6	2.9	2.2	2.3
	Net Income/NAV (Note 2-1)	1.5	2.7	2.9	2.3	2.3
	Annualized (Note 10)	2.9	5.4	5.9	4.6	4.6
	Total unitholders' equity at beginning of period (Note 2-2)	161,158	159,057	161,058	176,303	175,502
	Unitholders' Equity Ratio at End of Period (Note 3)	48.3	48.5	49.2	48.6	48.7
	(Year-on-year increase/decrease)	(-3.8)	(+0.1)	(+0.7)	(-0.6)	(+0.1)
	Interest-Bearing Debt to Total Assets at End of Period (Note 4)	45.6	45.4	45.0	45.4	45.2
	DSCR (Note 5)	7.1	5.4	5.4	4.9	5.1
	Net income before interest and amortization	7,284	7,604	7,841	7,511	7,438
	Interest paid (Note 6)	1,024	1,420	1,439	1,542	1,451
	NOI from Leasing (Note 7)	7,864	8,332	8,607	8,438	8,144
	Annualized NOI yield (Notes 9 and 10)	5.1	5.3	5.2	4.9	4.8
	NCF from Leasing (Note 8)	7,109	7,657	8,383	7,980	7,597
Annualized NCF yield (Notes 9 and 10)	4.6	4.9	5.0	4.6	4.5	
Reference Information	Properties Owned (Note 11)	51	53	55	56	56
	Number of tenants	476	476	460	479	493
	Total Leasable Floor Space (Note 12)	393,532.31	400,751.87	410,326.04	420,544.51	421,371.51
	Occupancy Rate	96.8	96.4	95.5	93.5	94.7

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

(Note 9) Annualized NOI from leasing / purchase price of property (15th fiscal period: ¥311.91 billion, 16th fiscal period: ¥310.61 billion, 17th fiscal period: ¥335.98 billion, 18th fiscal period: ¥341.58 billion and 19th fiscal period: ¥341.58 billion)

Annualized NCF from leasing / purchase price of property

(Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 15th fiscal period: 181 days, 16th fiscal period: 184 days, 17th fiscal period: 181 days, 18th fiscal period: 184 days and 19th fiscal period: 181 days.

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

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

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

(2) 19th Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Investment Trusts and Investment Corporations Law (hereafter, the Investment Trusts Law), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002 with 289,600 outstanding investment units. JPR made its fourth additional public offering in February 2010, bringing the number of investment units issued and outstanding to 715,000 units. JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management Inc., through which JPR aims to maximize unitholder value by efficiently managing the portfolio of office buildings and retail properties.

2) Management Environment

Early in the 19th fiscal period, the Japanese economy appeared ready to come out of the leveling-off situation thanks to the demand from abroad against the backdrop of the strong world economy. However, the impact of the Great East Japan Earthquake that broke out in March 2011 destroyed supply chains, caused power shortage and ruined consumer confidence, among other impacts, bringing the economy back to a downturn.

For the moment, we see possible promising aspects for the future, such as the already recovering supply chains and post-quake reconstruction demand arising in the latter half of the year. On the other hand, however, there are large areas of opacity, including the impact of the nuclear power plant incident and the prolonged and extended power shortages. This has made it difficult to have a clear perspective of the economy down the road.

As for the circumstances surrounding J-REITs, the investment unit prices remained relatively stable, successfully bolstered by the decision the Bank of Japan made immediately after the earthquake to expand its purchase volume of REIT units. Given the uncertain outlook of the Japanese economy and the real estate market, however, the investment unit prices are currently struggling to rise.

The Office Building Leasing Market

In the first three months (January – March) of 2011, the office market allowed anticipation for the bottoming out and reversal of leasing market conditions, as exemplified by new demand in the 23 wards of Tokyo recovering to surpass the new supply. However, the impact of the earthquake brought about a sense of sluggishness in market improvement. According to a survey by CB Richard Ellis Japan, the vacancy rate in the 23 wards of Tokyo at the end of June 2011 was 7.6%, remaining almost flat from 7.7% as of the end of March 2011. Given the sense of uncertainty for the outlook of the economy and other factors, no expectation is possible for an abrupt upturn of the supply and demand situation of office spaces in the short term. Accordingly, the recovery in the office building leasing market will probably be somewhat delayed with respect to the forecasts made before the earthquake.

Furthermore, after the earthquake, tenants are placing more importance on the seismic resistant performance and energy-saving performance in selecting office buildings. Going forward, tenant's preference will become increasingly polarized in a weak market condition, with considerations given to such evaluation basis.

The Retail Property Leasing Market

Initially, consumption was expected to be undergoing a recovery process, as retail sales in 2010 regained the level before the financial crisis. However, the severity came back as consumer confidence was damaged by the impact of the earthquake. While consumption is returning to normal at the moment, it is likely to take time before achieving recovery. The retail property leasing market is generally in a difficult situation. Nevertheless, some urban retail properties in good locations, such as Ginza and Shinjuku, are presumably almost bottoming out as a result of significant rent adjustments already taken following the financial crisis.

The For-Sale Real Estate Market

In the 19th fiscal period, recovery in the for-sale market had become conspicuous since the beginning of the year, as REITs conducted property acquisitions associated with capital increases and traded class A office buildings. After the earthquake, however, the “wait-and-see” attitude temporarily prevailed with regard to new acquisitions.

As fund procurement conditions remain relatively stable despite the impact of the earthquake, sellers have not lowered their price targets. On the other hand, buyers have difficulty in raising the price levels they can afford since the impact of the earthquake obscured the outlook of the domestic economy and the real estate market. This is how the current market situation looks.

Still, buyers' willingness to invest has not deteriorated, even since the earthquake, and transactions of some large-scale retail properties have been conducted recently. As such, transactions will likely be successfully closed in the future, starting with blue-chip properties that allow expectations for improved earnings, accompanied by a recovery in pricing.

3) Portfolio Management Status

New Property Acquisitions

JPR investigated possible investments mainly in office buildings in Tokyo CBDs and retail properties during the 19th fiscal period with the primary aim of stabilizing portfolio earnings while paying attention to balancing diversification of the portfolio, both in terms of location and asset class. However, no acquisitions were made during the 19th fiscal period. As a result, the balance of assets under management now totals 56 properties, or 341.5 billion yen on an acquisition price basis, as of the end of June 2011. The total leasable floor space is now 421,371m² and the number of tenants is 493.

Operational Management of Portfolio

Although some class S office buildings in Tokyo CBDs started to show symptoms of bottoming out both in vacancy rates and rent levels, the leasing market as a whole remains tough. In such a situation, JPR has conducted management under a policy that places the highest priority on maintaining and improving occupancy rates.

With regard to Tokyo Tatemono Honmachi Building and JPR Nagoya Fushimi Building, which had seen declines in occupancy rates due to contract cancellations by major tenants, JPR continued to focus on winning new leases for these properties, primarily through the efforts of the leasing project team. A variety of measures to reinforce leases were implemented, including upgrading construction and private views; the occupancy rates were successfully improved promptly and significantly, to about 80% for the former and about 70% for the latter, as of the end of the 19th fiscal period.

Furthermore, based on JPR's brand concept A/3S (Amenity/Service, Safety and Save Energy), JPR continuously implements renovations in an aim to create spaces where the workers feel satisfaction. During the 19th fiscal period, JPR implemented renovations in the common areas of Tokyo Tatemono Honmachi Building and upgrading construction of leasable areas at JPR Nagoya Fushimi Building, among others, as a measure for new leases.

As an endeavor to implement energy-saving measures, JPR conducted such construction as replacement of lighting equipment at JPR Ueno East Building and attachment of glass film at JPR Nihonbashi-horidome Building, which are expected to be effective in saving energy.

Meanwhile, there was no major damage to JPR's properties from the Great East Japan Earthquake. JPR immediately conducted on-site confirmation of the status of buildings, and repaired cracks on the walls and other minor damage.

Fund Procurement

During the 19th fiscal period, JPR continued to maintain its stable financial base through such measures as conducting refinances to long-term fixed interest funds, with an eye on avoiding future interest rate fluctuation risks and remaining attentive to the diversification of repayment and redemption maturity dates.

As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 115.26 billion yen, with unsecured corporate bonds of 47.5 billion yen. With regards to JPR's overall interest-bearing debt, the average interest rate as of the end of the fiscal period (Note 1) was 1.8%, the interest-bearing debt ratio (Note 2) was 48.7% and the LTV (ratio of interest-bearing debt to total assets) at the end of the period (Note 3) was 45.2%.

Of these, the non-current portion of long-term interest-bearing debt that is hedged against risk of interest rate fluctuations now comprises 77.8% of all interest-bearing debt, and the average maturity (Note 4) is 3.7 years. The current portion of long-term interest-bearing debt is 26.11 billion yen.

The following represents the issuer ratings for JPR as of the end of this fiscal period.

Details of Corporate Credit Ratings as of June 30, 2011

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

(Note 1) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 19th fiscal period based on the balance of each debt.

(Note 2) Interest-bearing debt ratio (%): interest-bearing debt/(interest-bearing debt + unitholders' capital) x 100 (unitholders' capital: 171.33 billion yen)

(Note 3) LTV at end of period (%): interest-bearing debt/total assets at end of period x 100 (total assets at the end of the 19th fiscal period: 360.00 billion yen)

(Note 4) Average maturity of long-term interest-bearing debt is arrived at by calculating a weighted average of maturities from the end of the 19th fiscal period to the repayment deadlines for long-term interest-bearing debt with repayment periods of more than one year, based on the balance of each debt.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. in and prior to the 18th fiscal period.

Date	Event	Number of Units Outstanding		Unitholders' Capital (million yen)		Remarks
		Variation	Balance	Variation	Balance	
September 14, 2001	Established by private placement	240	240	120	120	(Note 1)
November 16, 2001	Additional private placement	62,000	62,240	31,000	31,120	(Note 2)
January 22, 2002	Split of investment units	93,360	155,600	-	31,120	(Note 3)
June 14, 2002	Initial public offering	134,000	289,600	25,862	56,982	(Note 4)
July 15, 2003	Additional public offering	134,400	424,000	30,758	87,740	(Note 5)
August 9, 2003	Third-party allotment	6,000	430,000	1,373	89,113	(Note 6)
February 1, 2005	Additional public offering	95,000	525,000	25,001	114,115	(Note 7)
March 1, 2005	Third-party allotment	5,000	530,000	1,315	115,431	(Note 8)
February 6, 2007	Additional public offering	90,000	620,000	39,120	154,552	(Note 9)
March 7, 2007	Third-party allotment	5,000	625,000	2,173	156,725	(Note 10)
February 8, 2010	Additional public offering	82,000	707,000	13,315	170,040	(Note 11)
March 12, 2010	Third-party allotment	8,000	715,000	1,299	171,339	(Note 12)

(Note 1) JPR was formed by the investment of three companies —Tokyo Tatemono Co., Ltd. (100 units), Taisei Corporation (100 units), and Tokyo Realty Investment Management, Inc. (40 units)— at 500,000 yen per unit.

(Note 2) An additional offering was made via private placement at 500,000 yen per unit. JPR then acquired 13 beneficiary interests in real estate trust and started management.

(Note 3) A single investment unit was split into 2.5 units.

(Note 4) New investment units were issued through a public offering at 200,000 yen per unit (underwriting price of 193,000 yen per unit) to repay short-term debt, finance the acquisition of new specific assets, etc.

(Note 5) New investment units were issued through a public offering at 237,160 yen per unit (underwriting price of 228,859 yen per unit) to repay short-term debt, acquire new specific assets, etc.

(Note 6) New investment units were issued through a third-party allotment at 228,859 yen per unit to repay short-term debt, acquire new specific assets, etc.

(Note 7) New investment units were issued through a public offering at 272,440 yen per unit (underwriting price of 263,177 yen per unit) to repay short-term debt, acquire new specific assets, etc.

(Note 8) New investment units were issued through a third-party allotment at 263,177 yen per unit to repay short-term debt, acquire new specific assets, etc.

(Note 9) New investment units were issued through a public offering at 449,820 yen per unit (underwriting price of 434,673 yen per unit) to repay debt, acquire new specific assets, etc.

(Note 10) New investment units were issued through a third-party allotment at 434,673 yen per unit to repay debt, acquire new specific assets, etc.

(Note 11) New investment units were issued through a public offering at 168,101 yen per unit (underwriting price of 162,382 yen per unit) to repay short-term debt, redeem investment corporation bonds, acquire new specific assets, etc.

(Note 12) New investment units were issued through a third-party allotment at 162,382 yen per unit to repay short-term debt, redeem investment corporation bonds, acquire specific assets, etc.

(4) Cash Distributions

With regard to the cash distributions for the 19th fiscal period, JPR decided to distribute part of the retained earnings brought forward that had been internally reserved through the 18th fiscal period. This was conducted 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 on unitholders incurred by accrual of income taxes, etc. As a result, the cash distribution per unit came to 5,611 yen.

(Thousands of yen unless otherwise indicated)

Date	15th Fiscal Period (Jan. 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - Dec 31, 2010)	19th Fiscal Period (Jan. 1, 2011 - June 30, 2011)
Unappropriated Retained Earnings at End of Period	2,332,243	4,333,229	4,963,970	4,088,758	4,038,287
Internal Reserves	368	104	123,420	27,558	26,422
Total Cash Distributions (cash distribution per unit)	2,331,875 (3,731 yen)	4,333,125 (6,933 yen)	4,840,550 (6,770 yen)	4,061,200 (5,680 yen)	4,011,865 (5,611 yen)
Total Cash Distributions from Net Income (cash distribution from net income per unit)	2,331,875 (3,731 yen)	4,333,125 (6,933 yen)	4,840,550 (6,770 yen)	4,061,200 (5,680 yen)	4,011,865 (5,611 yen)
Repayment of Paid-in Capital (repayment of paid-in capital per unit)	- (- yen)	- (- yen)	- (- yen)	- (- yen)	- (- yen)

(5) Future Management Policy and Vital Issues

A major characteristic of the Great East Japan Earthquake is the large extent of such indirect impacts as the nuclear power plant incident and power shortages associated with the earthquake, aside from the magnitude of direct damage including those from the tsunami.

There is a concern for these indirect impacts to be prolonged, and they pose a heavy burden on the economic recovery.

In the case of the Great Hanshin-Awaji Earthquake in 1995, demand from post-earthquake reconstructions put the economy on track to recovery in a short time. It is yet uncertain, however, whether the same process will be followed this time.

However, restricted supply of goods, which has been the largest issue of concern at the moment, is heading towards a solution; the great damage on the supply chains caused by the earthquake are being repaired at a pace quicker than initially forecasted, and companies have made upward revisions to their capital investment plans. As for the demand trend, it is anticipated that demand from post-earthquake constructions, such as restoration of production facilities that were damaged or destroyed by the earthquake, will gradually materialize. As such, expectations are for the economy to undertake a recovery process, though slowly, starting in the latter half of 2011.

On the other hand, the real estate market will continue to “remain at the bottom” for some time because of the impact of the earthquake and the reversal of the market condition will probably be postponed. Yet in the for-sale market, buyers’ willingness to invest has not deteriorated, even since the earthquake. In the leasing market, tenants are increasingly interested in the seismic resistance performance and energy-saving performance of buildings, and their preference is becoming more polarized on such an evaluation basis. In line with this trend, we anticipate that demand in the leasing market will gradually turn to a recovery in 2012 and after.

Based on these conditions, JPR will proceed with management that exercises caution regarding the following matters as we strive to maximize unitholder value.

1) Acquisition of New Properties

JPR will investigate investment targets from a wide selection of available properties, centering on Tokyo and office buildings. JPR believes that the for-sale market will remain mainly at the bottom, presenting a good opportunity for property acquisitions. JPR will work to invest in strictly selected properties, making stringent evaluations of their location, size and specifications (including the seismic resistant performance and energy-saving performance) and taking into account how tolerant they are against market downturns and how much potential they have for revenue growth upon market recovery. JPR will strive to acquire properties under reasonable terms by negotiating prices based on detailed market studies and property investigations in considering properties.

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

2) Management of Portfolio

Given the continuation of the severe leasing environment, JPR will work to raise the occupancy rate of its portfolio by conducting measures to reinforce leases, centering on strategic upgrading constructions with an aim to invite new tenants and enhance satisfaction of existing tenants and on further strengthening coordination with tenant brokers. For properties that have particularly stagnant occupancy rates, JPR will focus on reinforcement of leasing activities by more closely cooperating with property management companies, centering on Tokyo Tatemono.

Moreover, under the concept of “Save energy,” which is part of JPR’s brand strategy, JPR will systematically implement “renovations of air conditioning systems aiming to create buildings with high environmental performance” and other measures, in promoting endeavors to meet the energy-saving obligations (efforts to save energy by at least 1% on average per year) based on the revised Act on the Rational Use of Energy (Act No. 49 of 1979, as amended thereafter) (hereinafter, the “Revised Energy Conservation Act”), the Ordinance on Environmental Preservation to Secure the Health and Safety of Citizens of the Tokyo Metropolitan Area (Ordinance No. 215 of 2000, as amended thereafter) of the Tokyo Metropolitan Government and other laws and regulations. JPR has been investigating measures that should help reduce energy consumption, such as replacing lighting equipment with LED lamps, for buildings subject to the Revised Energy Conservation Act. JPR estimates that the measures will make it possible to fulfill the energy savings obligations for the coming five years without having to make significant changes to the existing medium- to long-term repair and maintenance plans.

Furthermore, with regard to the Japanese government’s request for power saving due to the impact of the Great East Japan Earthquake, JPR will make arrangements necessary for reducing the maximum power consumption by 15% not only at its large-scale buildings, which are subject to power consumption restrictions pursuant to the Electricity Business Act, but also at other buildings in its portfolio. JPR will do so in consideration of the social importance of the measures, while paying attention to tenant satisfaction.

(6) Fund Procurement

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

(7) Information Disclosure

JPR has positioned the proactive voluntary disclosure of information as one of its key management policies and will voluntarily disclose information believed to be essential to investment decisions concerning JPR, along with the timely disclosure of items to the Tokyo Stock Exchange. JPR is proactively employing its website (http://www.jpr-reit.co.jp/jpr_e) as a vital means for implementing voluntary disclosure and, JPR has promptly disclosed performance information and has run videos on its primary properties using this site. We are committed to further enriching our information disclosure activities.

(8) Important Facts Arising after the Settlement

There are no material subsequent events for this fiscal period.

Overview of the Investment Corporation

(1) Unitholders' Capital

	15th Fiscal Period as of June 30, 2009	16th Fiscal Period as of December 31, 2009	17th Fiscal Period as of June 30, 2010	18th Fiscal Period as of December 31, 2010	19th Fiscal Period as of June 30, 2011
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	625,000	625,000	715,000	715,000	715,000
Unitholders' capital (millions of yen)	156,725	156,725	171,339	171,339	171,339
Total number of unitholders	14,570	14,751	15,197	14,977	14,576

(2) Primary Investors

The following table shows the 10 largest investors according to the percentage of their owned investment units to the total number of units outstanding as of the end of the 19th fiscal period.

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

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

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 19th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 19th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,400	—
Supervising Officers (Note 1)	Sosuke Yasuda	Adviser, Gyosei Audit Corporation Group representative partner, GYOSEI Certified Public Tax & Accountants' Co. Outside Auditor, Nomura Research Institute, Ltd. Outside Auditor, MS&AD Insurance Group Holdings (part-time)	4,200	—
	Masato Denawa	Partner Attorney, Spring Partners		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	12,700	—

(Note 1) Supervising officers may be directors of corporations other than those indicated above, but have no conflict of interest with JPR at those and the above positions.
(Note 2) The independent auditor fees include fees regarding auditing of JPR's English financial statements.

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

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

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 19th fiscal period are as follows.

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

Status of JPR's Assets under Management

(1) JPR's Asset Structure

Asset Type	Area	18th Fiscal Period (as of December 31, 2010)		19th Fiscal Period (as of June 30, 2011)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Tokyo CBDs	76,540,431	21.2	76,720,219	21.3
	Greater Tokyo	65,348,124	18.1	64,924,515	18.0
	Other Cities	11,126,283	3.1	11,029,829	3.1
Real estate in trust	Tokyo CBDs	88,651,587	24.6	88,354,212	24.5
	Greater Tokyo	45,255,752	12.5	44,825,226	12.5
	Other Cities	44,882,587	12.4	44,682,002	12.4
Deposits and other assets		29,099,813 (—)	8.1 (—)	29,468,864 (—)	8.2 (—)
Total assets	—	360,904,581 (331,804,767)	100.0 (91.9)	360,004,870 (330,536,005)	100.0 (91.8)

(Note 1) Total assets owned are based on the amounts appropriated on the balance sheet as of the settlement date (book values after depreciation for real estate and real estate in trust).

(Note 2) Figures in parenthesis are portions that practically fall on real estate owned in the object assets.

(2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 19th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Olinas Tower	30,561,238	23,987.40	23,652.51	98.6	9.4	Office
Shinjuku Center Bldg.	21,536,163	8,861.34	7,977.18	90.0	4.4	Office
BYGS Shinjuku Bldg.	15,591,875	15,202.86	12,934.27	85.1	4.2	Office
JPR Sendagaya Bldg.	15,354,329	6,177.74	5,813.42	94.1	2.4	Office
Kanematsu Bldg.	14,980,664	7,994.02	7,190.65	90.0	3.0	Office
Kawasaki Dice Bldg.	14,736,766	13,066.69	12,825.79	98.2	3.4	Retail
JPR Umeda Loft Bldg.	12,618,661	18,586.97	18,586.97	100.0	3.7	Retail
JPR Shibuya Tower Records Bldg.	11,691,546	8,076.85	8,076.85	100.0	3.2	Retail
MS Shibaura Bldg.	10,988,218	14,470.72	14,470.72	100.0	4.5	Office
Shinjuku Square Tower	9,218,252	11,150.78	9,330.90	83.7	1.9	Office
Total	157,277,715	127,575.37	120,859.26	94.7	40.0	

(Note 1) Rate of monthly contracted rent at end of period is the rate arrived at by dividing the monthly contracted rent at end of period for each property by the total rents for all properties.

(Note 2) The tenants of Shinjuku Center Bldg. and Kawasaki Dice Bldg. have sublet space to a sub-lessee and a lease agreement has been executed where the rent paid by the tenant fluctuates in accordance with the lease conditions of the sub-lessee. Therefore, the leasable floor space, leased floor space and occupancy rate entered for this building are the figures concerning the sub-lessee of the tenant.

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

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

(3) Acquired Properties

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

Location Category	Asset Class	Property Name	Location	Asset Type	Book Value (as of June 30, 2011) (thousands of yen)	Appraisal Value (as of June 30, 2011) (thousands of yen)	
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	14,980,664	10,200,000	
		Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Beneficiary Interest	2,497,643	2,260,000	
		JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	1,958,642	2,370,000	
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	Chiyoda Ward, Tokyo	Beneficiary Interest	1,631,992 564,035 201,011	2,950,000	
		JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	3,529,271	3,450,000	
		MS Shibaura Bldg.	Minato Ward, Tokyo	Beneficiary Interest	10,988,218	14,200,000	
		Gotanda First Bldg.	Shinagawa Ward, Tokyo	Beneficiary Interest	2,712,911	2,780,000	
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	Chuo Ward, Tokyo	Beneficiary Interest Real Estate	1,782,614 1,146,387	3,230,000	
		PR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	5,332,810	4,780,000	
		Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	Beneficiary Interest	3,205,044	4,330,000	
		Shinjuku Square Tower (additional acquisition in 14th fiscal period)	Shinjuku Ward, Tokyo	Beneficiary Interest Real Estate	9,039,058 179,194	8,171,000	
		BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Real Estate	15,591,875	13,500,000	
		Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Real Estate	633,338	829,000	
		Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Real Estate	21,536,163	13,200,000	
		Minami Azabu Building	Minato Ward, Tokyo	Real Estate	3,883,711	2,890,000	
		Shinagawa Canal Building	Minato Ward, Tokyo	Real Estate	1,845,136	1,740,000	
		Rokubancho Building	Chiyoda Ward, Tokyo	Real Estate	2,904,135	3,040,000	
		JPR Harajuku Building	Shibuya Ward, Tokyo	Beneficiary Interest	8,675,951	7,400,000	
	Tokyo Tatemono Kyobashi Bldg.	Chuo Ward, Tokyo	Real Estate	5,279,460	5,110,000		
	JPR Nihonbashi-horidome Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	5,206,477	5,730,000		
	JPR Sendagaya Bldg.	Shibuya Ward, Tokyo	Real Estate	15,354,329	10,300,000		
	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Beneficiary Interest	11,691,546	12,600,000		
	JPR Daikanyama	Shibuya Ward, Tokyo	Real Estate	2,208,860	1,300,000		
	JPR Jingumae 432	Shibuya Ward, Tokyo	Beneficiary Interest	4,356,318	3,750,000		
	Greater Tokyo	Office	Shinjuku Sanchoe East Bldg.	Shinjuku Ward, Tokyo	Real Estate	2,761,493	2,330,000
			Yurakucho Ekimae Building (Yurakucho Itocia)	Chiyoda Ward, Tokyo	Real Estate	3,396,131	2,620,000
Arca East			Sumida Ward, Tokyo	Beneficiary Interest	4,777,147	5,640,000	
JPR Chiba Bldg.			Chiba City, Chiba	Beneficiary Interest	2,446,681	1,550,000	
JPR Yokohama Nihon Odori Bldg.			Yokohama City, Kanagawa	Beneficiary Interest	2,714,099	2,450,000	
Shinyokohama 2nd Center Bldg.			Yokohama City, Kanagawa	Real Estate	865,416	790,000	
Kawaguchi Center Bldg.			Kawaguchi City, Saitama	Beneficiary Interest	7,242,507	8,080,000	
JPR Ueno East Bldg.			Taito Ward, Tokyo	Real Estate	3,163,769	4,660,000	
Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)			Tachikawa City, Tokyo	Beneficiary Interest Real Estate	798,029 2,228,030	2,880,000	
Rise Arena Bldg.			Toshima Ward, Tokyo	Real Estate	5,640,303	5,710,000	
Yume-ooka Office Tower	Yokohama City, Kanagawa	Real Estate	6,176,093	5,550,000			
Olinas Tower	Sumida Ward, Tokyo	Real Estate	30,561,238	32,000,000			
Tokyo Tatemono Yokohama Building	Yokohama City, Kanagawa	Real Estate	7,044,916	7,010,000			
Retail	Tanashi ASTA	Nishitokyo City, Tokyo	Beneficiary Interest	7,934,385	12,200,000		
	Cupo-la Main Bldg.	Kawaguchi City, Saitama	Real Estate	1,941,003	2,480,000		
	JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Real Estate	7,303,743	5,940,000		
	Musashirawa Shopping Square	Saitama City, Saitama	Beneficiary Interest	4,175,608	3,920,000		
	Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	Beneficiary Interest	14,736,766	14,664,000		
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata City, Niigata	Beneficiary Interest	1,696,371	2,090,000	
		Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Beneficiary Interest	4,188,581	3,170,000	
		JPR Hakata Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	3,273,248	2,900,000	
		JPR Naha Bldg.	Naha City, Okinawa	Beneficiary Interest	1,462,772	1,520,000	
		Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Beneficiary Interest	2,452,457	3,310,000	
		Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Beneficiary Interest	1,353,498	1,710,000	
		Tenjin 121 Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	2,375,451	2,260,000	
		JPR Dojima Bldg.	Osaka City, Osaka	Beneficiary Interest	2,075,996	2,180,000	
		JPR Hakata-chuo Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	1,809,546	1,680,000	
		JPR Nagoya Fushimi Building	Nagoya City, Aichi	Real Estate	4,273,861	2,630,000	
	JPR Umeda Loft Bldg.	Osaka City, Osaka	Beneficiary Interest	12,618,661	13,900,000		
	Retail	Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Beneficiary Interest	5,328,478	4,260,000	
		Housing Design Center Kobe	Kobe City, Hyogo	Real Estate	6,755,967	6,450,000	
		JPR Chayamachi Bldg.	Osaka City, Osaka	Beneficiary Interest	6,046,939	4,630,000	
				Total	330,536,005	313,274,000	

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

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

Location Category	Asset Class	Property Name	18th Fiscal Period (from July 1, 2010 to Dec. 31, 2010)				19th Fiscal Period (from Jan. 1, 2011 to June 30, 2011)			
			Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total	Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total
Tokyo CBDs	Office	Kanematsu Bldg.	7	90.0	328,157	2.8	7	90.0	313,381	2.7
		Kanematsu Bldg. Annex	1	100.0	91,650	0.8	1	100.0	86,544	0.8
		JPR Ningyo-cho Bldg.	3	59.6	87,034	0.7	3	59.6	70,366	0.6
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	9	94.1 67.4 100.0	77,255 20,642 13,079	0.7 0.2 0.1	10	100.0 67.4 100.0	73,455 20,495 12,312	0.6 0.2 0.1
		JPR Crest Takebashi Bldg.	9	100.0	133,147	1.1	8	94.9	130,972	1.1
		MS Shibaura Bldg.	8	100.0	552,166	4.7	8	100.0	513,295	4.5
		Gotanda First Bldg.	2	100.0	135,834	1.1	2	100.0	131,459	1.1
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	1	100.0	87,356	0.7	1	100.0	87,356	0.8
		JPR Ichigaya Bldg.		100.0	38,973	0.3		100.0	38,973	0.3
		Oval Court Ohsaki Mark West	8	93.1	150,068	1.3	9	100.0	153,058	1.3
			3	100.0	191,659	1.6	3	100.0	187,748	1.6
		Shinjuku Square Tower (additional acquisition in 14th fiscal period)	20	82.8 82.8	226,423 3,479	1.9 0.0	21	83.7 83.7	218,130 3,351	1.9 0.0
		BYGS Shinjuku Bldg.	22	92.9	572,875	4.8	21	85.1	538,412	4.7
		Across Shinkawa Bldg. Annex	4	100.0	45,025	0.4	3	80.1	43,105	0.4
		Shinjuku Center Bldg.	21	82.6	459,220	3.9	24	90.0	457,860	4.0
		Minami Azabu Building	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Building	4	100.0	68,025	0.6	4	100.0	67,363	0.6
		Rokubancho Building	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Building	8	100.0	240,624	2.0	7	88.5	243,048	2.1
		Tokyo Tatemono Kyobashi Bldg.	2	100.0	(Note 2)	(Note 2)	2	100.0	(Note 2)	(Note 2)
		JPR Nihonbashi-horidome Bldg.	6	88.1	181,584	1.5	7	100.0	178,874	1.6
		JPR Sendagaya Bldg.	5	94.1	85,983	0.7	5	94.1	127,304	1.1
		JPR Shibuya Tower Records Bldg.	1	100.0	345,576	2.9	1	100.0	345,576	3.0
		JPR Daikanyama	4	100.0	41,636	0.4	4	100.0	41,297	0.4
		JPR Jingumae 432	5	89.8	59,290	0.5	5	89.8	62,498	0.5
		Shinjuku Sanchoe East Bldg.	1	100.0	76,400	0.6	1	100.0	74,499	0.6
		Yurakucho Ekimae Building (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Greater Tokyo	Office	Arca East	6	100.0	275,149	2.3	6	100.0	258,569	2.2
		JPR Chiba Bldg.	28	80.2	119,726	1.0	30	84.6	114,724	1.0
		JPR Yokohama Nihon Odori Bldg.	12	94.5	132,886	1.1	13	97.2	126,344	1.1
		Shinyokohama 2nd Center Bldg.	12	85.5	49,751	0.4	12	85.5	50,639	0.4
		Kawaguchi Center Bldg.	38	89.3	416,839	3.5	37	82.1	404,174	3.5
		JPR Ueno East Bldg.	6	83.5	175,755	1.5	5	71.8	168,553	1.5
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)	17	100.0 96.1	61,767 79,537	0.5 0.7	17	100.0 96.1	60,543 88,599	0.5 0.8
		Rise Arena Bldg.	1	100.0	243,193	2.0	1	100.0	239,567	2.1
		Yume-ooka Office Tower	32	86.4	318,642	2.7	34	88.4	315,801	2.7
		Olinas Tower	12	100.0	1,177,602	9.9	12	98.6	1,153,362	10.0
		Tokyo Tatemono Yokohama Building	13	100.0	8,241	0.1	13	100.0	304,889	2.6
		Tanashi ASTA	1	100.0	596,400	5.0	1	100.0	596,400	5.2
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Musashiurawa Shopping Square	3	100.0	129,061	1.1	3	100.0	129,061	1.1
		Kawasaki Dice Bldg.	20	99.3	493,910	4.2	19	98.2	472,271	4.1
		Other Cities	Office	Niigata Ekinan Center Bldg.	8	99.3	132,327	1.1	8	99.3
Tokyo Tatemono Honmachi Bldg.	6			14.1	391,985	3.3	10	78.0	52,737	0.5
JPR Hakata Bldg.	27			96.6	153,814	1.3	28	98.9	150,528	1.3
JPR Naha Bldg.	16			87.0	94,816	0.8	16	87.0	91,347	0.8
Sompo Japan Sendai Bldg.	11			83.9	183,544	1.5	12	100.0	183,486	1.6
Sompo Japan Wakayama Bldg.	17			100.0	115,267	1.0	16	96.8	120,168	1.0
Tenjin 121 Bldg.	11			85.4	97,575	0.8	12	79.4	91,660	0.8
JPR Dojima Bldg.	6			82.2	110,170	0.9	8	89.0	107,630	0.9
JPR Hakata-chuo Bldg.	5			88.9	79,612	0.7	5	100.0	78,615	0.7
JPR Nagoya Fushimi Bldg.	2			55.1	140,297	1.2	3	66.6	65,472	0.6
JPR Umeda Loft Bldg.	1			100.0	402,411	3.4	1	100.0	402,411	3.5
Benetton Shinsaibashi Bldg.	1			100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Housing Design Center Kobe	1			100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
JPR Chayamachi Bldg.	7	100.0	143,501	1.2	7	100.0	145,268	1.3		
		Total	479	93.5	11,870,005	100.0	493	94.7	11,529,624	100.0

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

(Note 2) The tenant to whom the entire portion owned by JPR is leased has not agreed to our disclosing rents and other information. Therefore, JPR does not disclose them as it falls under cases in which disclosure is impossible due to inevitable reasons.

(4) Status of Other Properties

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

There is no incorporation of main specific assets which are main investment targets of JPR other than listed on P34 as of the end of 19th period.

Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 19th Fiscal Period	Amount Already Paid
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	2nd phase of replacement of 4th, 7th - 10th and 12th floor air conditioning units	Jul. 2011~ Dec. 2011	183	—	—
Housing Design Center Kobe	Kobe City, Hyogo	Renewal of central monitoring boards	Aug. 2011~ Dec. 2011	81	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	2nd phase of renewal of passenger elevators	Oct. 2010~ Nov. 2011	74	—	14
JPR Harajuku Bldg.	Shibuya Ward, Tokyo	Replacement of 4th and 6th - 9th floor air conditioning units	May 2011~ Dec. 2011	74	—	—
Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	1st phase of replacement of 7th - 12th floor air conditioning units	Oct. 2011~ Dec. 2011	64	—	—
Minami Azabu Bldg.	Mianto Ward, Tokyo	1st phase of replacement of 5th - 9th floor air conditioning units	Oct. 2011~ Dec. 2011	54	—	—
JPR Ningyocho Bldg.	Chuo Ward, Tokyo	Replacement of 6th - 8th floor air conditioning units	Jul. 2011~ Aug. 2011	50	—	—
Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Renovation of 9th floor	Jul. 2011~ Aug. 2011	36	—	—
JPR Umeda Loft Bldg.	Osaka City, Osaka	Replacement of cinema toilets on 1st basement floor	Jul. 2011~ Dec. 2011	33	—	—

(2) Capital Expenditures during the 19th Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 19th period.

Among major capital expenditures, JPR conducted replacement of air conditioning units to maintain and enhance tenant satisfaction, as well as renovation of common-use areas and installation of office automation floors for leased offices with the aim of attracting new tenants. In addition, aside from these constructions, JPR conducted construction of 264 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	1st phase of replacement of air conditioning units	Feb. 2011~ Jun. 2011	191
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Change in office specifications on 51st floor	Apr. 2011~ Jun. 2011	47
JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Renewal of exterior wall seal	Jan. 2011~ Jun. 2011	42
Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Renovation of 7th - 8th floor proprietary areas and 7th - 9th common areas	Apr. 2011~ Jun. 2011	30
JPR Nagoya Fushimi Bldg.	Nagoya City, Aichi	Installation of office automation floors at 2nd - 4th floor proprietary areas	Jan. 2011~ Jan. 2011	17
Minami Azabu Bldg.	Minato Ward, Tokyo	Replacement of interior fittings of 2nd - 8th floor common areas	May 2011~ Jun. 2011	16
Other Properties		Repair of common areas, installation of office automation floors, air conditioners, and disaster prevention facilities		202
Total				547

(Note) Expenditures for repair and maintenance included 6 million yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

(3) Amounts Reserved for Long-Term Repairs and Maintenance Plans

JPR has deposited the following amounts from the redundant cash flow (including one accompanying internal reserve of profits) such as depreciation in order to conduct large-scale repairs and maintenance work, based on long-term repairs and maintenance plans for individual properties.

(Millions of yen)

Operation Period	15th Fiscal Period (Jan. 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - Dec 31, 2010)	19th Fiscal Period (Jan. 1, 2011 - June 30, 2011)
Balance of deposits at end of previous period	768	783	731	857	737
Deposits during the period	555	391	238	121	404
Amounts used from deposits during the period	540	443	112	241	374
Deposits carried forward to the next period	783	731	857	737	767

Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	18th Fiscal Period (July 1, 2010- Dec. 31, 2010)	19th Fiscal Period (Jan. 1, 2011- June 30, 2011)
(a) Asset Management Fees (Note)	421,951	415,874
Fixed compensation	75,000	75,000
Incentive-based compensation 1	218,208	213,692
Incentive-based compensation 2	128,743	127,182
(b) Administrative Service and Custodian Fees	71,064	71,074
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	49,552	49,300
(e) Other Expenses	73,413	87,138
Total	622,582	629,988

(Note) Aside from the amounts of the asset management fees entered above, a total 25,750 thousand yen for the 18th fiscal period has been paid for asset management of the acquired properties and has been included in the book value of each property.

(2) Status of Borrowings

As of June 30, 2011 JPR has the following borrowings.

Category	Lender	Drawdown Date	Balance as of Dec. 31, 2010 (millions of yen)	Balance as of June 30, 2011 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Borrowings	Resona Bank, Limited	Jul. 2, 2010	4,000	4,000	0.860	Jul. 4, 2011	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
	Mizuho Corporate Bank, Ltd.	Jul. 2, 2010	1,000	1,000	0.860	Jul. 4, 2011			
		Dec. 27, 2010	1,000	1,000	0.858	Jul. 4, 2011			
	Mitsubishi UFJ Trust and Banking Corporation	Dec. 27, 2010	3,000	3,000	0.858	Jul. 4, 2011			
	Mizuho Trust & Banking Co., Ltd.	Dec. 27, 2010	1,000	1,000	0.858	Jul. 4, 2011			
	Total		10,000	10,000					

(2) Status of Borrowings (Continued)

Category	Lender	Drawdown Date	Balance as of Dec. 31, 2010 (millions of yen)	Balance as of June 30, 2011 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks	
Current Portion of Long-term Borrowings	Development Bank of Japan Inc.	Mar. 31, 2009	50	50	1.740	(Note 4)	(Note 4)	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated	
		Jun. 26, 2009	200	200	3.190	(Note 5)	(Note 5)			
	Mizuho Corporate Bank, Ltd.	Jun. 26, 2009	200	200	2.449	(Note 6)	(Note 6)			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 26, 2009	166	166	2.390	(Note 7)	(Note 7)			
	Sumitomo Mitsui Banking Corporation	Jun. 29, 2009	100	100	2.440	(Note 8)	(Note 8)			
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2006	6,000	6,000	1.734	Aug. 29, 2011	Principal lump sum repayment on maturity			
		Jun. 26, 2009	—	1,000	2.156	Jun. 27, 2012				
	The Hachijuni Bank, Ltd.	Dec. 26, 2006	—	1,000	1.642	Apr. 11, 2012				
	Sompo Japan Insurance Inc.	Apr. 11, 2007	—	2,000	1.676	Apr. 11, 2012				
		Jun. 26, 2009	—	2,000	2.156	Jun. 27, 2012				
	The Chugoku Bank, Ltd.	Apr. 11, 2007	—	2,000	1.676	Apr. 11, 2012				
	The Bank of Fukuoka, Ltd.	Apr. 11, 2007	—	2,000	1.676	Apr. 11, 2012				
	The Iyo Bank, Ltd.	Apr. 11, 2007	—	1,000	1.676	Apr. 11, 2012				
	Mizuho Corporate Bank, Ltd.	Feb. 5, 2008	5,000	—	1.181	Feb. 4, 2011				
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 26, 2008	5,000	—	1.380	Mar. 26, 2011				
Aozora Bank, Ltd.	Aug. 26, 2008	3,400	3,400	1.593	Aug. 26, 2011					
Meiji Yasuda Life Insurance Company	Jun. 21, 2002	4,783	—	2.050	Jun. 21, 2011	Secured/ Unguaranteed/ Non-subordinated				
	Total		24,899	21,116						
Long-Term Borrowings	Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	Nov. 24, 2005	5,000	5,000	1.453	Nov. 27, 2012		Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		Mar. 26, 2008	2,000	2,000	1.725	Mar. 26, 2015				
		Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013				
	Taiyo Life Insurance Company	Jun. 4, 2008	1,000	1,000	2.035	Jun. 4, 2013				
		Sep. 24, 2010	1,000	1,000	1.275	Sep. 24, 2015				
	Daido Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013				
		Feb. 5, 2008	1,000	1,000	1.666	Feb. 5, 2015				
	The Hachijuni Bank, Ltd.	Dec. 26, 2006	1,000	—	1.642	Apr. 11, 2012				
		Sep. 24, 2010	1,000	1,000	1.070	Sep. 24, 2013				
	Sumitomo Life Insurance Company	Dec. 27, 2006	2,000	2,000	1.858	Dec. 27, 2013				
		Jun. 4, 2008	2,000	2,000	2.257	Jun. 4, 2015				
	Sompo Japan Insurance Inc.	Apr. 11, 2007	2,000	—	1.676	Apr. 11, 2012				
		Jun. 26, 2009	2,000	—	2.156	Jun. 27, 2012				
	The Chugoku Bank, Ltd.	Apr. 11, 2007	2,000	—	1.676	Apr. 11, 2012				
		Sep. 24, 2010	1,000	1,000	1.070	Sep. 24, 2013				
	The Bank of Fukuoka, Ltd.	Apr. 11, 2007	2,000	—	1.676	Apr. 11, 2012				
		Sep. 24, 2010	1,000	1,000	1.070	Sep. 24, 2013				
	The Iyo Bank, Ltd.	Apr. 11, 2007	1,000	—	1.676	Apr. 11, 2012				
	Development Bank of Japan Inc.	Mar. 31, 2009	870	845	1.740	(Note 4)	(Note 4)			
		Jun. 26, 2009	3,500	3,400	3.190	(Note 5)	(Note 5)			
		Jun. 26, 2009	5,500	5,400	2.449	(Note 6)	(Note 6)			
	Mizuho Corporate Bank, Ltd.	May 28, 2010	3,000	3,000	1.279	Nov. 27, 2013	Principal lump sum repayment on maturity			
		Feb. 4, 2011	—	5,000	1.414	Feb. 4, 2016				
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 26, 2009	4,585	4,502	2.390	(Note 7)	(Note 7)			
		May 28, 2010	3,000	3,000	1.279	Nov. 27, 2013	Principal lump sum repayment on maturity			
		Mar. 25, 2011	—	5,000	1.198	Mar. 25, 2016				
	Mitsubishi UFJ Trust and Banking Corporation	Jun. 26, 2009	1,000	—	2.156	Jun. 27, 2012	(Note 8)			
	Sumitomo Mitsui Banking Corporation	Jun. 29, 2009	2,750	2,700	2.440	(Note 8)	(Note 8)			
		Jul. 8, 2010	3,000	3,000	1.190	Jun. 27, 2013	Principal lump sum repayment on maturity			
	Aozora Bank, Ltd.	Jul. 3, 2009	900	900	2.076	Jul. 3, 2012				
		Mar. 30, 2010	1,000	1,000	1.322	Sep. 30, 2013	Principal lump sum repayment on maturity			
	American Family Life Assurance Company of Columbus	Sep. 7, 2009	5,000	5,000	3.440	Sep. 6, 2019				
	ORIX Trust and Banking Corporation	Feb. 4, 2010	1,000	1,000	1.376	Feb. 4, 2013	Principal lump sum repayment on maturity			
	May 28, 2010	2,000	2,000	1.281	Nov. 27, 2013					
The Shinkumi Federation Bank	Feb. 4, 2010	3,000	3,000	1.376	Feb. 4, 2013	Principal lump sum repayment on maturity				
Mizuho Trust & Banking Co., Ltd.	Feb. 4, 2010	3,000	3,000	1.376	Feb. 4, 2013					
Shinsei Bank, Ltd.	Sep. 24, 2010	2,000	2,000	1.070	Sep. 24, 2013	Principal lump sum repayment on maturity				
The Nishi-Nippon City Bank, Ltd.	May 27, 2011	—	3,000	1.149	May 27, 2016					
Meiji Yasuda Life Insurance Company (Note 9)	Jun. 21, 2011	—	4,000	1.800	Jun. 21, 2018	Unsecured/ Unguaranteed/ Non-subordinated				
	Mar. 28, 2003	4,400	4,400	1.750	Mar. 28, 2013					
	Total		78,505	84,147						

(Note 1) The average interest rates are weighted-average figures during the period and are rounded to the third decimal point. Furthermore, fees related to loan arrangement paid to the above lenders are not included.
 (Note 2) Short-term borrowings are floating-rate borrowings. Long-term borrowings are fixed-rate borrowings.
 (Note 3) Funds are mainly used for purchasing real estate or real estate beneficiary interest in trust (including accompanying expenses), repaying borrowings and amortization of corporate bonds.
 (Note 4) The borrowings are subject to repayment of 25 million yen on Jun. 27, 2009 and hereafter every 6 months. In addition, repayment of 820 million yen will be made on the maturity date, Jun. 27, 2013.
 (Note 5) The borrowings are subject to repayment of 100 million yen on Dec. 27, 2009 and hereafter every 6 months. In addition, repayment of 2,100 million yen will be made on the maturity date, Jun. 27, 2019.
 (Note 6) The borrowings are subject to repayment of 100 million yen on Dec. 25, 2009 and hereafter every 6 months. In addition, repayment of 5,100 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 7) The borrowings are subject to repayment of 83 million yen on Dec. 27, 2009 and hereafter every 6 months. In addition, repayment of 4,253 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 8) The borrowings are subject to repayment of 30 million yen on Dec. 25, 2009 and hereafter every 6 months. In addition, repayment of 2,550 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 9) JFR repaid on July 8, 2011, ahead of the maturity date, 4.4 billion yen long-term borrowings from Meiji Yasuda Life Insurance Company undertaken on Mar. 28, 2003.

(3) Corporate Bonds

Details of corporate bonds outstanding as of June 30, 2011 are as follows.

Name	Issue Date	Balance as of Dec. 31, 2010 (millions of yen)	Balance as of June 30, 2011 (millions of yen)	Coupon Rate (per annual)	Maturity Date	Redemption	Use	Remarks	
Third Series of Corporate Bonds	Feb. 12, 2004	5,000	5,000	2.32	Feb. 12, 2014	Bullet payment	Purchase of properties and repayment of borrowings	(Note 1)	
Fifth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	1.44	Nov. 4, 2011			(Note 2)	
Sixth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	2.00	Nov. 4, 2014		Repayment of borrowings	(Note 3)	
Seventh Series of Corporate Bonds	Dec. 14, 2006	4,500	4,500	2.90	Dec. 14, 2026				
Eighth Series of Corporate Bonds	Jul. 23, 2007	9,000	9,000	1.85	July 23, 2012				
Ninth Series of Corporate Bonds	Jul. 23, 2007	6,000	6,000	2.10	July 23, 2014				
Tenth Series of Corporate Bonds	May 30, 2008	3,000	—	1.71	May 30, 2011				
Eleventh Series of Corporate Bonds	Mar. 12, 2010	6,000	6,000	1.68	Mar. 12, 2015				
Twelfth Series of Corporate Bonds	May 21, 2010	7,000	7,000	1.27	May 21, 2015		Purchase of properties		
Total		50,500	47,500						

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

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

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

Acquisitions and Sales during the 19th Fiscal Period

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

There were no acquisitions or sales of real estate and asset-backed securities.

(2) Acquisition and Sale of Other Assets

There were no acquisitions or sales of other assets.

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

There was no survey on values of specified assets, etc.

(4) Transactions with Interested Parties and Major Shareholders

A. Transaction Status

No transaction of specified assets or other deals with interested parties were conducted during the 19th fiscal period.

B. Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties		Ratio to Total Amount (B/A) (% of total)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	228,426	Tokyo Tatemono Co., Ltd.	195,520	85.6
		Yasuda Real Estate Co., Ltd.	9,470	4.1
		Yuraku Real Estate Co., Ltd.	3,361	1.5
Outsourcing Fees	520,250	Tokyo Tatemono Co., Ltd.	424,626	81.6
		Yasuda Real Estate Co., Ltd.	22,551	4.3
Tenant Brokerage Fees, etc.	29,832	Tokyo Tatemono Co., Ltd.	7,081	23.7

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

(Note 2) The management fees indicated in the above table include construction management fees (total of 12,455 thousand yen for JPR) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties during the 19th fiscal period.

Tokyo Tatemono Co., Ltd.	269,027 thousand yen
Yasuda Real Estate Co., Ltd.	48,905 thousand yen
Tokyo Tatemono Tecno-build Co., Ltd.	82,640 thousand yen
Tokyo Real Estate Management Co., Ltd.	15,000 thousand yen
Taisei Corporation	88,100 thousand yen
Yuraku Real Estate Co., Ltd.	16 thousand yen

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

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

Overview of Accounting

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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate

No change has been made.

Overview of Investment Trust Beneficiary Certificates of JPR

(1) Acquisition

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

(2) Units Held

The number of investment units held by Tokyo Realty Investment Management, Inc. has remained at 100 units through June 30, 2011 with the total investment unchanged at 20 million yen. The amount of units held is immaterial versus the total units outstanding of JPR.

Other

(1) Notice

Major issues related to the execution and modification, etc. of major agreements approved at JPR's Board of Directors meeting include the following:

Date of Board of Directors Meeting	Approved Item	Overview
March 25, 2011	Execution of the Agreement Concerning Changes to the Administrative Service and Asset Custodian Agreements and of the Memorandum Concerning Service Fees	Necessary amendments were made to agreement provisions in accordance with the changes made to the content of consigned services and the service fees. In addition, corrections of wording and other changes were made in accordance with the revisions made to the Law Concerning Investment Trusts and Investment Corporations and other laws and regulations (amendments to become effective on September 14, 2011).

(2) Other

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

Balance Sheets

(As of December 31, 2010 and June 30, 2011)

(Thousands of yen)

	End of 18th Fiscal Period (information only) (as of December 31, 2010)	End of 19th Fiscal Period (as of June 30, 2011)	% Change
Assets			
Current assets			
Cash and deposits	¥ 14,090,256	¥ 14,619,039	
Cash and deposits in trust	13,934,140	13,832,244	
Operating accounts receivable	176,154	209,621	
Prepaid expenses	189,512	151,521	
Deferred tax assets	23	11	
Other	6,095	5,354	
Total current assets	28,396,182	28,817,793	1.5%
Noncurrent assets			
Property, plant and equipment			
Buildings	49,822,056	50,219,520	
Accumulated depreciation	(5,197,068)	(5,973,016)	
Buildings, net	44,624,987	44,246,504	
Buildings in trust	74,986,011	75,159,186	
Accumulated depreciation	(17,357,507)	(18,417,887)	
Buildings in trust, net	57,628,504	56,741,299	
Structures	33,292	33,292	
Accumulated depreciation	(4,631)	(5,650)	
Structures, net	28,661	27,642	
Structures in trust	105,894	108,762	
Accumulated depreciation	(33,789)	(37,564)	
Structures in trust, net	72,105	71,198	
Machinery and equipment	560,066	561,538	
Accumulated depreciation	(208,192)	(226,351)	
Machinery and equipment, net	351,873	335,187	
Machinery and equipment in trust	1,388,373	1,394,406	
Accumulated depreciation	(838,152)	(881,173)	
Machinery and equipment in trust, net	550,221	513,232	
Tools, furniture and fixtures	36,917	37,236	
Accumulated depreciation	(14,704)	(17,246)	
Tools, furniture and fixtures, net	22,213	19,989	
Tools, furniture and fixtures in trust	103,099	104,414	
Accumulated depreciation	(58,562)	(65,123)	
Tools, furniture and fixtures in trust, net	44,536	39,290	
Land	103,175,872	103,206,385	
Land in trust	120,491,113	120,491,113	
Construction in progress	16,495	44,138	
Construction in progress in trust	1,699	3,605	
Total property, plant and equipment	327,008,283	325,739,586	(0.4%)
Intangible assets			
Leasehold right	4,794,109	4,794,109	
Other	4,497	8,405	
Total intangible assets	4,798,607	4,802,514	0.1%
Investments and other assets			
Lease and guarantee deposits	49,520	49,520	
Long-term prepaid expenses	501,426	465,803	
Total investments and other assets	550,946	515,323	(6.5%)
Total noncurrent assets	332,357,836	331,057,425	(0.4%)
Deferred assets			
Investment corporation bond issuance costs	150,562	129,651	
Total deferred assets	150,562	129,651	(13.9%)
Total assets	¥ 360,904,581	¥ 360,004,870	(0.2%)

(Note) See accompanying Notes to Financial Statements.

(Thousands of yen)

	End of 18th Fiscal Period (information only) (as of December 31, 2010)	End of 19th Fiscal Period (as of June 30, 2011)	% Change
Liabilities			
Current liabilities			
Operating accounts payable	¥ 1,149,687	¥ 1,509,373	
Short-term loans payable	10,000,000	10,000,000	
Current portion of long-term loans payable	24,899,000	21,116,000	
Current portion of investment corporation bonds	8,000,000	5,000,000	
Accounts payable-other	550,017	499,538	
Accrued expenses	332,028	327,241	
Income taxes payable	605	605	
Accrued consumption taxes	157,515	189,967	
Advances received	1,498,924	1,599,028	
Provision for loss on disaster	—	3,093	
Other	35,000	35,000	
Total current liabilities	46,622,779	40,279,847	(13.6%)
Noncurrent liabilities			
Investment corporation bonds	42,500,000	42,500,000	
Long-term loans payable	78,505,000	84,147,000	
Tenant leasehold and security deposits	7,428,462	7,342,133	
Tenant leasehold and security deposits in trust	10,345,814	10,283,837	
Total noncurrent liabilities	138,779,277	144,272,970	4.0%
Total liabilities	185,402,057	184,552,817	(0.5%)
Net assets			
Unitholders' equity			
Unitholders' capital	171,339,818	171,339,818	
Surplus			
Voluntary deposits			
Deposits for advanced depreciation	73,946	73,946	
Total voluntary deposits	73,946	73,946	
Unappropriated retained earnings (undisposed loss)	4,088,758	4,038,287	
Total surplus	4,162,705	4,112,234	(1.2%)
Total unitholders' equity	175,502,523	175,452,052	(0.0%)
Total net assets	175,502,523	175,452,052	(0.0%)
Total liabilities and net assets	¥ 360,904,581	¥ 360,004,870	(0.2%)

(Note) See accompanying Notes to Financial Statements.

Statements of Income and Retained Earnings

(For the six-month periods end December 31, 2010 and June 30, 2011)

(Thousands of yen)

	18th Fiscal Period (information only) (July 1, 2010 – December 31, 2010)	19th Fiscal Period (January 1, 2011 – June 30, 2011)	% Change
Operating revenue			
Rent revenue-real estate	¥ 11,870,005	¥ 11,529,624	
Total operating revenue	11,870,005	11,529,624	(2.9%)
Operating expenses			
Expenses related to rent business	5,361,037	5,296,139	
Asset management fee	421,951	415,874	
Administrative service and asset custody fees	71,064	71,074	
Directors' compensations	6,600	6,600	
Trust fees	49,552	49,300	
Other operating expenses	73,413	87,138	
Total operating expenses	5,983,620	5,926,127	(1.0%)
Operating income	5,886,384	5,603,496	(4.8%)
Non-operating income			
Interest income	6,576	3,998	
Income on settlement of management association accounts	—	42,132	
Other	6,313	5,847	
Total non-operating income	12,889	51,979	303.3%
Non-operating expenses			
Interest expenses	1,064,789	981,853	
Borrowing expenses	287,872	105,648	
Interest expenses on investment corporation bonds	478,092	469,446	
Amortization of investment corporation bond issuance costs	21,908	20,911	
Other	6,698	2,148	
Total non-operating expenses	1,859,361	1,580,007	(15.0%)
Ordinary income	4,039,912	4,075,468	0.9%
Extraordinary loss			
Loss on disaster	—	64,122	
Total extraordinary losses	—	64,122	—
Income before income taxes	4,039,912	4,011,345	(0.7%)
Income taxes-current	605	605	
Income taxes-deferred	22	11	
Total income taxes	627	616	(1.8%)
Net income	4,039,284	4,010,728	(0.7%)
Retained earnings brought forward	49,473	27,558	(44.3%)
Unappropriated retained earnings (undisposed loss)	¥ 4,088,758	¥ 4,038,287	(1.2%)

(Note) See accompanying Notes to Financial Statements.

Statements of Unitholders' Equity

(For the six-month periods end December 31, 2010 and June 30, 2011)

(Thousands of yen)

	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
Unitholders' equity		
Unitholders' capital		
Balance at the end of previous period	¥ 171,339,818	¥ 171,339,818
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	171,339,818	171,339,818
Surplus		
Voluntary deposits		
Balance at the end of previous period	—	73,946
Change of items during the period		
Provision of deposits for advanced depreciation	73,946	—
Total change of items during the period	73,946	—
Balance at the end of current period	73,946	73,946
Unappropriated retained earnings (undisposed loss)		
Balance at the end of previous period	4,963,970	4,088,758
Changes of items during the period		
Dividends from surplus	(4,840,550)	(4,061,200)
Provision of deposits for advanced depreciation	(73,946)	—
Net income	4,039,284	4,010,728
Total changes of items during the period	(875,211)	(50,471)
Balance at the end of current period	4,088,758	4,038,287
Total surplus		
Balance at the end of previous period	4,963,970	4,162,705
Changes of items during the period		
Total changes of items during the period	(801,265)	(50,471)
Balance at the end of current period	4,162,705	4,112,234
Total unitholders' equity		
Balance at the end of previous period	176,303,789	175,502,523
Changes of items during the period		
Total changes of items during the period	(801,265)	(50,471)
Balance at the end of current period	175,502,523	175,452,052
Total net assets		
Balance at the end of previous period	176,303,789	175,502,523
Changes of items during the period		
Total changes of items during the period	(801,265)	(50,471)
Balance at the end of current period	¥ 175,502,523	¥ 175,452,052

(Note) See accompanying Notes to Financial Statements.

Notes to Financial Statements

Basis of Presenting Financial Statements

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

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

JPR's accounting period ends at the end of June and December. JPR's 19th accounting period began on January 1, 2011 and ended on June 30, 2011.

Significant Accounting Policies

1. Depreciation Method for Property and Equipment

(1) Property and Equipment (including entrusted properties)
Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:

Buildings	3 - 65 years
Structures.....	10 - 35 years
Machinery and equipment.....	3 - 17 years
Tools, furniture and fixtures	3 - 20 years

Assets with acquisition prices of 100,000 yen or more but less than 200,000 yen are depreciated in three years based on the Corporation Tax Law.

(2) Intangible Assets
Intangible assets are depreciated utilizing the straight-line method.

(3) Long-term Prepaid Expenses
Long-term prepaid expenses are depreciated utilizing the straight-line method.

2. Accounting for Deferred Assets

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

3. Provision for Loss on Disaster

An amount that can be reasonably estimated at the end of the fiscal period has been recorded in order to prepare for restoration costs and other expenditures associated with the Great East Japan Earthquake.

4. Standards for Recording Revenues and Expenses

Accounting Treatment of Taxes on Properties and Equipment
In connection with property taxes, city planning taxes and depreciated asset taxes, JPR adopts the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interest with real estate as entrusted property. During the 19th fiscal period, no amount equivalent to the property taxes was included as an acquisition cost of real estate.

4. Other Significant Items Fundamental to Preparing the Financial Statements

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

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

Furthermore, the following material accounts are separately stated in the balance sheet for properties in trust recorded in relevant accounts.

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

(2) Accounting for Consumption Taxes

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

Notes to Balance Sheets

1. Assets Pledged as Collateral and Secured Liabilities

(Thousands of yen)

	End of 18th Fiscal Period (information only) (as of December 31, 2010)	End of 19th Fiscal Period (as of June 30, 2011)
Assets pledged as collateral are as follows:		
Cash and deposits in trust	¥ 2,193,011	¥ 595,995
Buildings (net)	131,982	130,114
Buildings in trust (net)	6,526,983	2,097,116
Structures in trust (net)	3,791	3,532
Machinery and equipment (net)	4,451	4,280
Machinery and equipment in trust (net)	13,107	6,544
Tools, furniture and fixtures in trust (net)	1,767	1,498
Land	399,183	399,183
Land in trust	8,536,013	4,920,350
Other (intangible assets)	143	140
Total	¥ 17,810,437	¥ 8,158,754

	End of 18th Fiscal Period (information only) (as of December 31, 2010)	End of 19th Fiscal Period (as of June 30, 2011)
Secured liabilities are as follows:		
Current portion of long-term loans payable	¥ 4,783,000	¥ —
Long-term loans payable	4,400,000	4,400,000
Tenant leasehold and security deposits	15,536	15,536
Total	¥ 9,198,536	¥ 4,415,536

2. Balance of Unused Commitment Line

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

(Thousands of yen)

	End of 18th Fiscal Period (information only) (as of December 31, 2010)	End of 19th Fiscal Period (as of June 30, 2011)
Credit limit	¥16,000,000	¥16,000,000
Outstanding debt at end of period	—	—
Unused commitment line at end of period	¥16,000,000	¥16,000,000

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

(Thousands of yen)

	End of 18th Fiscal Period (information only) (as of December 31, 2010)	End of 19th Fiscal Period (as of June 30, 2011)
	¥50,000	¥50,000

Notes to Statements of Income and Retained Earnings

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

(Thousands of yen)

	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
A. Rent Revenue-Real Estate		
Rent revenue		
Rents	¥8,747,251	¥8,780,799
Common charges	1,720,736	1,773,110
Parking revenues	204,512	209,532
Advertising expenses	19,305	22,128
Antenna use fees	10,221	10,547
Other	29,948	29,318
Subtotal	10,731,976	10,825,436
Other rental revenues		
Incidental income	745,605	604,478
Time-based parking revenues	10,089	10,053
Cancellation charges	119,318	27,483
Income equivalent to expenses for restoration to as is condition	229,571	39,330
Other miscellaneous income	33,444	22,841
Subtotal	1,138,029	704,187
Total rent revenue-real estate	¥11,870,005	¥11,529,624
B. Expenses Related to Rent Business		
Outsourcing expenses	¥512,149	¥520,250
Utilities expenses	754,056	625,439
Property and other taxes	975,068	1,068,605
Casualty insurance	30,912	28,743
Repairs and maintenance	247,869	257,907
Property management fees	213,042	214,171
Management association accounts	553,550	555,064
Depreciation	1,929,036	1,911,469
Other	145,351	114,487
Total expenses related to rent business	¥5,361,037	¥5,296,139
C. Profits (A-B)	¥6,508,967	¥6,233,485

2. Loss on Disaster

Loss on disaster for the period ended June 30, 2011 represents the restoration costs and other expenditures associated with the Great East Japan Earthquake. Furthermore, the recorded amount includes 3,093 thousand yen as provision of allowance for disaster loss.

Notes to Statements of Changes in Unitholders' Equity

	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
The number of units outstanding	715,000 units	715,000 units

Tax Effect Accounting

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

(Thousands of yen)

	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
Lump-sum depreciated assets not deductible for tax purposes	¥ 23	¥ 11
Total deferred tax assets	23	11
Net deferred tax assets	¥ 23	¥ 11

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

	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
Effective statutory tax rate (Adjustment)	39.33%	39.33%
Deductible cash distributions	(39.33%)	(39.33%)
Other	0.02%	0.02%
Effective tax rate after applying tax effect accounting	0.02%	0.02%

Property and Equipment Leased to JPR

18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
No property and equipment leased to JPR	No property and equipment leased to JPR

Financial Instruments

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

In an aim to proactively expand asset size and maintain stable cash distributions to unitholders, JPR adopts the asset management policy of paying heed to efficiently combining the procurement of long-term funds that are stable and the procurement of short-term funds that emphasize flexibility.

There may be cases where JPR will engage in derivative transactions, but such will be limited to management for interest rate fluctuation risk and other hedging purposes. Please note that JPR is not engaged in derivative transactions at present.

(2) Description of Financial Instruments and Associated Risks, and Risk Management Structure

Tokyo Realty Investment Management, Inc. (TRIM), the asset management company of JPR, strives for risk management by complying with the JPR Asset Management Guidelines and other rules and regulations. The following outlines the description of individual financial instruments and the associated risks, and the risk management.

Deposits are exposed to risks of failure of the financial institutions holding the deposits and other credit risks, but risks are managed through such measures as setting a minimum credit rating for the financial institutions holding the deposits.

Loans payable and investment corporation bonds are exposed to liquidity risks at the time of repayment/redemption, but liquidity risks are managed through such measures as procuring funds from the capital market by increasing capital, executing a commitment line agreement with the main lending financial institutions, and also having statements of cash receipts and disbursements prepared by the financial division.

(3) Supplementary Explanation on Matters Concerning Estimated Fair Value, etc. of Financial Instruments

The estimated fair value of financial instruments, aside from values based on market price, include values based on reasonable calculations when there is no market price. Certain assumptions, etc. are adopted in calculating those values and there may be cases where the values will vary when different assumptions, etc. are adopted.

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

The following are the carrying values and estimated fair values as of December 31, 2010 and June 30, 2011, and the difference between these amounts. Please note that the following tables do not include those for which discerning of estimated fair value is recognized to be extremely difficult (please refer to Note 3).

End of 18th Fiscal Period (information only) (as of December 31, 2010)				(Thousands of yen)
	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference	
1) Cash and deposits	¥ 14,090,256	¥ 14,090,256	¥ —	
2) Cash and deposits in trust	13,934,140	13,934,140	—	
3) Short-term loans payable	(10,000,000)	(10,000,000)	—	
4) Current portion of long-term loans payable	(24,899,000)	(25,011,795)	112,795	
5) Current portion of investment corporation bonds	(8,000,000)	(8,050,718)	50,718	
6) Investment corporation bonds	(42,500,000)	(43,238,249)	738,249	
7) Long-term loans payable	¥(78,505,000)	¥(80,659,976)	¥2,154,976	

End of 19th Fiscal Period (as of June 30, 2011)				(Thousands of yen)
	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference	
1) Cash and deposits	¥ 14,619,039	¥ 14,619,039	¥ —	
2) Cash and deposits in trust	13,832,244	13,832,244	—	
3) Short-term loans payable	(10,000,000)	(10,000,000)	—	
4) Current portion of long-term loans payable	(21,116,000)	(21,239,811)	123,811	
5) Current portion of investment corporation bonds	(5,000,000)	(5,025,636)	25,636	
6) Investment corporation bonds	(42,500,000)	(43,178,775)	678,775	
7) Long-term loans payable	¥(84,147,000)	¥(86,029,097)	¥1,882,097	

(Note 1) Those stated under liabilities are shown in parentheses.

(Note 2) Method of calculation of estimated fair value of financial instruments

(1) Cash and deposits, and (2) Cash and deposits in trust

As these are settled within a short period of time, the estimated fair value is approximately the same as the book value and is thus stated at that book value.

(3) Short-term loans payable

As these are settled within a short period of time and also have floating interest rates, the estimated fair value is approximately the same as the book value and is thus stated at that book value.

(4) Current portion of long-term loans payable, and (7) Long-term loans payable

The estimated fair value of these are based on the method of calculating by discounting the sum total amount of principal and interest by the rate assumed as being applicable in the event of a new drawdown corresponding to the remaining loan term.

(5) Current portion of investment corporation bonds, and (6) Investment corporation bonds

Of the estimated fair value of these, those with market price are calculated based on market price and those with no market price are calculated according to (4) and (7) above.

(Note 3) Financial instruments for which discerning of estimated fair value is recognized to be extremely difficult

Tenant leasehold and security deposits and tenant leasehold and security deposits in trust that are deposited by lessees of lease rental properties are not subject to disclosure of estimated fair value because reasonable estimation of cash flows is recognized to be extremely difficult since there is no market price and also since it is difficult to calculate the actual deposit period from when lessees move in to when they move out. The following is the carrying value of tenant leasehold and security deposits and the carrying value of tenant leasehold and security deposits in trust.

End of 18th Fiscal Period (information only) (as of December 31, 2010)

(Thousands of yen)

Carrying Value

Tenant leasehold and security deposits	¥7,428,462
Tenant leasehold and security deposits in trust	¥10,345,814

End of 19th Fiscal Period (as of June 30, 2011)

(Thousands of yen)

Carrying Value

Tenant leasehold and security deposits	¥7,342,133
Tenant leasehold and security deposits in trust	¥10,283,837

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

End of 18th Fiscal Period (information only) (as of December 31, 2010)

(Thousands of yen)

Due in One Year or Less

Cash and deposits	¥14,090,256
Cash and deposits in trust	¥13,934,140

End of 19th Fiscal Period (as of June 30, 2011)

(Thousands of yen)

Due in One Year or Less

Cash and deposits	¥14,619,039
Cash and deposits in trust	¥13,832,244

(Note 5) Amount of repayment or redemption of short-term loans payable, investment corporation bonds and long-term loans payable scheduled to be due after the settlement of accounts.

End of 18th Fiscal Period (information only) (as of December 31, 2010)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years
Short-term loans payable	¥10,000,000	—	—
Investment corporation bonds	¥8,000,000	¥9,000,000	—
Long-term loans payable	¥24,899,000	¥17,616,000	¥34,886,000

(Thousands of yen)

	Due after Three Year through Four Years	Due after Four Year through Five Years	Due after Five Years
Short-term loans payable	—	—	—
Investment corporation bonds	¥16,000,000	¥13,000,000	¥4,500,000
Long-term loans payable	¥12,103,000	¥6,200,000	¥7,700,000

End of 19th Fiscal Period (as of June 30, 2011)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years
Short-term loans payable	¥10,000,000	—	—
Investment corporation bonds	¥5,000,000	¥9,000,000	¥5,000,000
Long-term loans payable	¥21,116,000	¥22,811,000	¥30,336,000

(Thousands of yen)

	Due after Three Year through Four Years	Due after Four Year through Five Years	Due after Five Years
Short-term loans payable	—	—	—
Investment corporation bonds	¥24,000,000	—	¥4,500,000
Long-term loans payable	¥5,200,000	¥14,200,000	¥11,600,000

Investment and Rental Properties

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

End of 18th Fiscal Period (information only) (as of December 31, 2010)

Carrying Value			Estimated Fair Value at End of Current Period
As of June 30, 2010	Amount of Increase (Decrease) During Current Period	As of December 31, 2010	
¥322,804,866	¥8,999,900	¥331,804,767	¥315,806,000

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

(Note 2) Of the amount of increase (decrease) during current period for investment and rental properties, the amount of increase is primarily attributable to additional acquisition of co-ownership of BYGS Shinjuku Building (3,403,288 thousand yen) and acquisition of Tokyo Tatemono Yokohama Building (7,047,981 thousand yen).

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

The income (loss) in the 18th fiscal period for investment and rental properties are as presented in the "Notes to Statements of Income."

End of 19th Fiscal Period (as of June 30, 2011)

Carrying Value			Estimated Fair Value at End of Current Period
As of December 31, 2010	Amount of Increase (Decrease) During Current Period	As of June 30, 2011	
¥331,804,767	¥(1,268,761)	¥330,536,005	¥313,274,000

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

(Note 2) Of the amount of increase (decrease) during current period for investment and rental properties, the amount of decrease is primarily attributable to the recording of depreciation (1,911,469 thousand yen).

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

The income (loss) in the 19th fiscal period for investment and rental properties are as presented in the "Notes to Statements of Income and Retained Earnings."

Transactions with Interested Parties

18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)

(Thousands of yen)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Short-term borrowings	¥1,000,000	Short-term loans payable	¥1,000,000
				—	—	Long-term loans payable	¥3,000,000
				Interest expenses	¥20,895	Accrued expenses	¥537

(Note) Transaction terms are determined based on prevailing market conditions.

19th Fiscal Period (January 1, 2011 - June 30, 2011)

(Thousands of yen)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	—	—	Short-term loans payable	¥1,000,000
				—	—	Long-term loans payable	¥3,000,000
				Interest expenses	¥24,722	Accrued expenses	¥1,728

(Note) Transaction terms are determined based on prevailing market conditions.

Per Unit Information

	(Yen)	
	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
Total net assets per unit	¥245,458	¥245,387
Net income per unit	¥5,649	¥5,609

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

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

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

	(Thousands of yen)	
	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
Net income	¥4,039,284	¥4,010,728
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥4,039,284	¥4,010,728
Average number of units	715,000units	715,000units

Distribution Information

	(Yen)	
	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
1. Unappropriated retained earnings	¥4,088,758,450	¥4,038,287,297
2. Distributions	4,061,200,000	4,011,865,000
(distribution per unit)	(5,680)	(5,611)
4. Retained earnings brought forward	¥ 27,558,450	¥ 26,422,297

In accordance with the distribution policy stipulated in Article 30-2 of the Articles of Incorporation, JPR will be able to distribute only to the extent of the profits and needs to distribute in excess of 90% of JPR's distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law. Based on this policy, JPR decided on a total distribution of 4,011,865,000 yen for the 19th fiscal period (4,061,200,000 yen for the 18th fiscal period). This is the maximum value arrived at when the number of units outstanding (715,000 units) is multiplied by an integer, within the limit of retained earnings for the respective fiscal period and within the limit of not placing a burden of additional income taxes on our unitholders. Furthermore, JPR does not make cash distributions in excess of the profit as stipulated in Article 30-4 of the Articles of Incorporation.

Report of Independent Auditors



Ernst & Young ShinNihon LLC
Hibiya Hokokai Bldg.
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011
Tel: +81 3 3503 1100
Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheet of Japan Prime Realty Investment Corporation as of June 30, 2011, and the related statement of income and retained earnings, statement of unitholders' equity for the six-month period then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation at June 30, 2011, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

August 11, 2011

Statements of Cash Flows (Information Only)

(For the six-month periods ended December 31, 2010 and June 30, 2011)

(Thousands of yen)

Date	18th Fiscal Period (July 1, 2010 - December 31, 2010)	19th Fiscal Period (January 1, 2011 - June 30, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes	¥ 4,039,912	¥ 4,011,345
Depreciation and amortization	1,929,729	1,912,497
Amortization of investment corporation bond issuance costs	21,908	20,911
Increase (decrease) in provision for loss on disaster	—	3,093
Interest income	(6,576)	(3,998)
Interest expenses	1,542,882	1,451,299
Decrease (increase) in operating accounts receivable	24,002	(33,467)
Decrease (increase) in prepaid expenses	3,481	37,990
Increase (decrease) in operating accounts payable	76,076	102,120
Increase (decrease) in accounts payable-other	(23,119)	(27,962)
Increase (decrease) in accrued consumption taxes	126,498	32,452
Increase (decrease) in advances received	32,997	100,103
Other, net	66,659	(29,080)
Subtotal	7,834,452	7,577,304
Interest income received	6,576	3,998
Interest expenses paid	(1,594,218)	(1,456,087)
Income taxes (paid) refund	(388)	515
Net cash provided by (used in) operating activities	6,246,421	6,125,730
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(10,696,752)	(224,162)
Purchase of property, plant and equipment in trust	(156,846)	(160,979)
Purchase of intangible assets	—	(5,000)
Payments for lease and guarantee deposits	(520)	—
Repayments of tenant leasehold and security deposits	(279,071)	(208,068)
Proceeds from tenant leasehold and security deposits	1,305,202	128,448
Repayments of tenant leasehold and security deposits in trust	(852,566)	(225,754)
Proceeds from tenant leasehold and security deposits in trust	326,225	197,310
Net cash provided by (used in) investing activities	(10,354,330)	(498,206)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	10,000,000	—
Decrease in short-term loans payable	(5,000,000)	—
Proceeds from long-term loans payable	9,000,000	17,000,000
Repayment of long-term loans payable	(11,358,000)	(15,141,000)
Redemption of investment corporation bonds	—	(3,000,000)
Dividends paid	(4,839,107)	(4,059,636)
Net cash provided by (used in) financing activities	(2,197,107)	(5,200,636)
Net changes in cash and cash equivalents	(6,305,017)	426,887
Cash and cash equivalents at beginning of period	34,329,413	28,024,396
Cash and cash equivalents at end of period	¥ 28,024,396	¥ 28,451,284

Significant Accounting Policies

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

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

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

Notes to Statements of Cash Flows

	(Thousands of yen)	
	18th Fiscal Period (information only) (July 1, 2010 - December 31, 2010) As of December 31, 2010	19th Fiscal Period (January 1, 2011 - June 30, 2011) As of June 30, 2011
Breakdown of cash and cash equivalents		
Cash and deposits	¥14,090,256	¥14,619,039
Cash and deposits in trust	13,934,140	13,832,244
Cash and cash equivalents	¥28,024,396	¥28,451,284

JPR Investment Policies

A. INVESTMENT POLICIES

① Basic Policies

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

The Company will diversify investments in terms of both tenants and properties, taking into account the amount of investment per property, and will thereby seek to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 63 under "③ Investment Stance."

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

② Types of Investment Assets

I) "Real estate" refers to the following:

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

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

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

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

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

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

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

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

③ Investment Stance

Portfolio Management Standards

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

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

- i) **Period of ownership**
The Company will, in principle, hold assets for the medium- and long-term (one to five years and over five years, respectively) and will not acquire assets for the purpose of short-term trading (less than one year).
- ii) **Use**
JPR's investment targets primarily comprise excellent office buildings (urban commercial facilities) and retail properties found in thriving commercial areas. (The targets cover other assets including building leaseholds of the office buildings and retail properties, the leaseholds and surface rights of the land on which they are located, and marketable securities and trust beneficiary interests backed by such real estate.)

JPR will determine the allocation ratio of these assets in the portfolio based on full considerations of the economic situations, real estate market trends and other factors for respective occasions. As the allocation ratio between office buildings and retail properties, office buildings will be approximately from 70% to 90% and retail properties will be approximately from 10% to 30% of the managed portfolio, based on acquisition price.
- iii) **Region**
JPR shall work to realize a diversification of the portfolio, not limited to Tokyo but investing in regional cities, primarily in consideration of the earthquake risks and risks associated with individual market conditions and in order to generate more cash flow.

As the allocation ratio between Tokyo and other cities, Tokyo will be approximately from 80% to 90% and other cities will be approximately from 10% to 20% of the managed portfolio, based on acquisition price. However, JPR does not set a target allocation ratio within any region.

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

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

iv) Tenants

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

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

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

vi) Investment policies for development projects

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

i) Development investments

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

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

ii) Rebuilding projects

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

iii) Properties under development

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

vii) Equipment and fixtures investment policies

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

viii) Insurance policies

a) Criteria for selecting underwriting insurance companies:

The Company will select fair underwriting insurance companies through independent brokers.

In principle, the underwriting insurance company for insurance finance shall have a long-term rating of A3 or better from Moody's Japan K.K. (referred to as "Moody's" hereinafter) or A- or better from Standard & Poor's Ratings Japan K.K.

b) Earthquake insurance coverage criteria:

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

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

ix) Sales policy

a) The Company will select real estate, asset-backed securities that have real estate as their primary investments, and other investments in its holdings to be sold based on overall considerations of the current status of the asset to be sold, projections of its future profitability and changes in asset value, and the asset allocation of the portfolio as a whole.

b) The Company will determine asset values each fiscal term and an investment policy committee will study whether to sell or hold any property that has declined more than 20% in terms of appraised value compared with book value. In addition, the Company may also consider the sale of other properties as it sees fit, as warranted by market conditions and other factors. The following are the main considerations in determining sales:

- Market forecast
- Development forecast for the surrounding area
- Profitability forecast
- Estimated amount of future investments
- Forecast changes in valuation
- Considerations of the portfolio as a whole (diversification by geographical location, tenant and asset class, etc.; impact on dividends, etc.)

x) Value-up properties

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

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

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

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

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

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

xi) Core properties

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

④ Investment Standards

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

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

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

i) Geographical location

Real estate to be invested in will be located in the following areas:

- a) Major urban areas: CBDs in Tokyo, Yokohama, Kawasaki, Chiba, Saitama, Nagoya, Osaka, Kyoto and Kobe
- b) Other government-designated cities: CBDs in Sapporo, Sendai, Hiroshima, Fukuoka, Kitakyushu and others
- c) Other core cities such as prefectural capitals with populations of 300,000 or more

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

ii) Size

a) Office buildings

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

b) Retail properties

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

iii) Facilities and equipment

a) Office buildings

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

b) Retail properties

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

iv) Earthquake resistance

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

v) Tenants

a) Office buildings

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

b) Retail properties

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

vi) Rights

a) Co-ownership

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

b) Unit ownership

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

c) Leaseholds

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

d) Collateral rights and usufructuary rights

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

vii) Investment amount

a) Minimum investment per property

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

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

b) Maximum investment per property

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

c) Restrictions on acquisition price

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

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

viii) Selection guidelines concerning real estate acquisition ownership type

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

ix) Policy on forward commitments

When engaging in forward commitments (a contract to purchase at a future date, with settlement and property delivery to occur on a date one month or later from the contract date, and other similar contracts; hereinafter the same), careful and sufficient considerations shall be made, including whether the amount of penalty for contract termination required in the event of failure to fulfill forward commitments is financially excessive or not, taking into consideration price volatility risk and other factors. In addition, the property's real estate appraisal value and business revenue and expense projection trends, etc. shall be monitored on a regular basis during the period from conclusion of contract to settlement.

B. FINANCIAL POLICIES

① Fund Management Policies

I) Leasehold and security deposits

- For real estate trust beneficiary interests

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

- For real estate, real estate leaseholds and surface rights

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

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

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

III) Cash and bank deposits in the Company accounts

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

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

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

IV) Derivatives

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

② Issuance of Additional Investment Units

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

③ Borrowings and Issuance of Corporate Bonds

I) Basic policies

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

II) Loan to value (LTV)

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

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

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

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

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

C. PROPERTY-RELATED BUSINESS ADMINISTRATION POLICIES

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

① *Asset Manager and Property Manager*

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

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

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

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

② *Commissioned General Tenant Agents*

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

③ *Property Transfer Agents*

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

D. OTHER INVESTMENT POLICIES

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

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

③ Lending of assets in the portfolio

I) The Company may lend (for such purposes as parking space and the installation of billboards) real estate, real estate leasing rights and surface rights from among the assets listed on page 62 in "A. Investment Policies ② Types of Investment Assets" in order to more efficiently administer assets and achieve higher investment performance.

II) If the lending of real estate described in a) above results in the acceptance of leasehold and security deposits or other similar cash funds, the acceptance of these funds will follow the guidelines listed in "B. Financial Policies ① Fund Management Policies I) Leasehold and security deposits," on page 69.

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

E. DISTRIBUTION POLICIES

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

① Distributable Amount

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

② Determining Amount of Distribution

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

③ Retained Earnings

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

④ Distribution of Cash Exceeding Earnings

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

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

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

⑤ Method of Distribution

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

⑥ Extinctive Prescription

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

Investor Information

Address of Japan Prime Realty Investment Corporation (JPR)

9-9 Yaesu 1-chome, Chuo-ku, Tokyo 103-0028, Japan

Date of Establishment

September 14, 2001

Listing

Tokyo Stock Exchange (Securities Code: 8955)

Fiscal Period Ends

June 30 and December 31 of each year

General Meeting of Unitholders

More than once every two years

Cash Distribution Payment Eligibility

Unitholders of record as of June 30 and December 31 of each year

Transfer Agent

Mizuho Trust & Banking Co., Ltd./2-1 Yaesu 1-chome, Chuo-ku, Tokyo

Location of Records

Main Branch, Stock Transfer Agency Division
Mizuho Trust & Banking Co., Ltd./2-1 Yaesu 1-chome, Chuo-ku, Tokyo

Mailing Address

Stock Transfer Agency Division
Mizuho Trust & Banking Co., Ltd.
2-8-4 Izumi, Sugunami-ku, Tokyo 168-8507

Agents

Mizuho Trust & Banking Co., Ltd.
(All branches nationwide)
Mizuho Investors Securities Co., Ltd.
(Head office and all branches nationwide)

Web Site

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

Contact (Tokyo Realty Investment Management, Inc.)

Tel: +81-3-3231-1051
Fax: +81-3-3274-7775

Annual Schedule (Provisional)



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