

JPR

Japan Prime Realty Investment Corporation

Seventh Fiscal Period Business Report

January 1, 2005–June 30, 2005

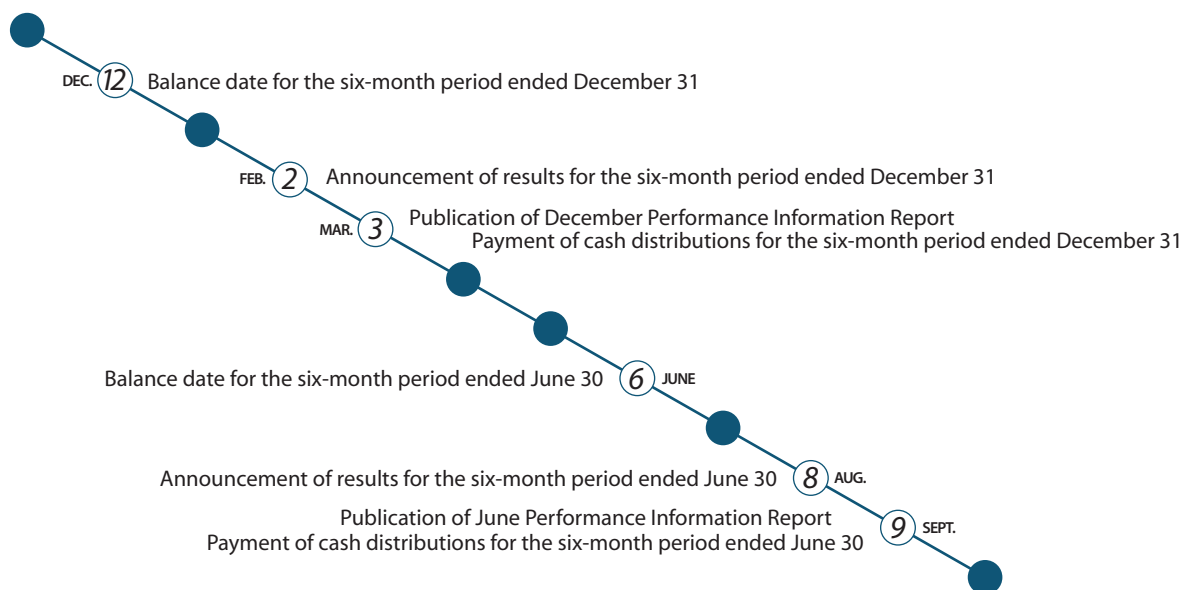


PROFILE

Established on September 14, 2001, Japan Prime Realty Investment Corporation is a closed-end, corporate type fund that invests primarily in high-quality office buildings and retail properties located in Tokyo and other major cities in Japan.

With its geographically diverse portfolio, JPR's primary objective is to achieve sustainable growth and stable cash distributions to its investors.

ANNUAL SCHEDULE (PROVISIONAL)



Note: Performance Information Report is prepared pursuant to the Investment Trust Law of Japan.

TO OUR INVESTORS

In its seventh fiscal period, Japan Prime Realty Investment Corporation (“JPR” or “the Company”) and its asset management company, Tokyo Realty Investment Management, Inc. (“TRIM”) worked hand in hand to deliver impressive results, consistent with our previous performance. Despite sustained intense competition in the acquisition of investment properties, JPR has continued to overcome challenging conditions and further cement its position as a leader in Japan’s real estate investment trust (J-REIT) market.

For the fiscal period under review, the six-month period ended June 30, 2005, operating revenues totaled ¥8,503 million, an increase of ¥817 million, or 10.6%, compared with the previous fiscal period.

On the earnings front, the following factors contributed to the double-digit growth for the second consecutive fiscal period: income for the full fiscal period from the four properties acquired during the previous fiscal period; contributions from the three newly acquired properties and increases in ownership of two existing properties; a 0.3 percentage point improvement in the portfolio occupancy rate to 95.4%, and; the sale of three existing properties. For the fiscal period under review, operating profits rose ¥485 million, or 14.0%, to ¥3,955 million, while net income jumped ¥508 million, or 17.7%, to ¥3,376 million.

In the period ahead, JPR is likely to confront a number of challenging issues, not the least of which are increased competition, and the Company’s ability to acquire new invest-

ment properties; capital and maintenance expenditure required to maintain competitive advantage and to support JPR’s “A/3S” and “Value Up” strategies, and; social concerns such as the use of asbestos in buildings, which could affect properties the Company currently owns. JPR is confident, however, that the strength of its management, its systems and procedures including due diligence, and the quality of its portfolio provides considerable security and the basis for long-term stable profits.

Linked to JPR’s efforts to overcome issues and secure stable growth, the Company places the

utmost importance on the return of profits to its unitholders. In the seventh fiscal period,



Hirohito Kaneko (left)
Executive Officer, Japan Prime Realty Investment Corporation
Toshihiro Hagiwara (right)
President and CEO, Tokyo Realty Investment Management, Inc.

cash distribution per unit was ¥6,370, representing 100% of distributable income. During the fiscal period under review, JPR issued additional new investment units. As a result, the number of investment units outstanding as

of June 30, 2005 was 530,000 units, up from 430,000 units as of December 31, 2004.

OVERVIEW OF THE SEVENTH FISCAL PERIOD

Market Environment

Office Building Leasing

During the fiscal period ended June 30, 2005, vacancy rates across the nation improved as the spate of new office buildings coming onto the market came to an end. While the decline in vacancy rates has been most prominent for large-

sized office buildings, positive conditions have extended to medium- and small-sized buildings reflecting demand from corporate tenants. In particular, vacancy rates in Tokyo's central business districts (CBDs) are approaching a level below 5%, a key benchmark in determining the status of the market. In addition, Osaka, Nagoya and Fukuoka are experiencing an improvement in vacancy rates. This trend is extending to other major cities, for example in Sapporo, where the vacancy rate has fallen below 10%. Rents for large-sized buildings tended to bottom out and were particularly strong (on a contractual basis) for office buildings located in Tokyo's CBDs. Despite these positive signs, rents remained weak in regional areas, firmly entrenched

in the locations targeted by JPR were relatively steady.

Real Estate Acquisition Environment

During JPR's seventh fiscal period, the real estate market saw aggressive property acquisitions, primarily by real estate investment trusts and private funds. From the second half of 2004, intensifying competition for real estate purchases and the resultant increase in real estate prices became increasingly prominent. Accordingly, prices for real estate located in Tokyo's CBDs have experienced a marked rise. This phenomenon has prompted increasing interest in other major cities

across Japan, including Osaka, Nagoya and Fukuoka, where yields for certain properties are now

“Intensifying competition and the resultant increase in real estate prices in Tokyo have prompted increasing interest in other major cities across Japan, where yields for certain properties are now approaching Tokyo’s levels.”

in an adjustment phase.

Retail Property Leasing

Since the implementation of the Large-Scale Retail Stores Location Law in 2000, the number of new construction notifications has progressed smoothly together with the shift toward large-scale retail complexes. In the fiscal period under review, major retailers continued their active stance toward new openings amid an increase in population and a drop in real estate prices in Tokyo's CBDs and other major metropolitan areas. In addition, rents were healthy for high-quality commercial districts that attract major brand shops, flagship shops and other equivalent stores.

Despite lingering difficult conditions in the retail industry due to the prolonged slump in household consumer spending, continued intense competition and other factors, rents

approaching Tokyo's levels. Underpinned by a strong capital market, favorable interest rates,

and a decrease in expected returns, real estate prices are expected to remain on an upward trend.

JPR's Acquisitions and Divestments

As in each previous fiscal period, JPR pursued every opportunity to establish a stable revenue stream, to improve the quality of its portfolio, and to diversify its asset holdings based on geographical location, type of use, tenant composition, and investment amount, all in line with its fundamental investment policy. Efforts to acquire new investment properties have been made through discussions with sponsor companies and through independent direct negotiation.

Guided by these principles and based on strict selection

FINANCIAL HIGHLIGHTS

	All amounts in millions of yen unless otherwise stated	All amounts in millions of yen unless otherwise stated	All amounts in millions of U.S. dollars unless otherwise stated
	7th period ended June 30, 2005	6th period ended December 31, 2004	7th period ended June 30, 2005
Operating revenues	8,503	7,686	76.9
Operating expenses	4,549	4,217	41.1
Operating profits	3,955	3,469	35.8
Income before income taxes	3,377	2,870	30.5
Net income	3,376	2,869	30.5
Total assets	216,574	198,674	1,957.8
Interest-bearing liabilities	83,666	93,066	756.3
Total unitholders' equity	118,808	91,982	1,074.0
Unitholders' capital	115,432	89,114	1,043.5
Cash distributions	3,376	2,868	30.5
Dividend payout ratio	100%	100%	—
Number of units (units)	530,000	430,000	—
Unitholders' equity per unit (yen/U.S. dollars)	224,165	213,912	2,026
Cash distribution per unit (yen/U.S. dollars)	6,370	6,671	57.6
Funds from operations (FFO) per unit (yen/U.S. dollars)	8,214	9,907	74.3
Return on total assets (annualized)	3.3%	3.0%	—
Return on total unitholders' equity (annualized)	6.5%	6.2%	—
Equity ratio	54.9%	46.3%	—
Interest-bearing liabilities to total assets	38.6%	46.8%	—
Debt service coverage ratio (times)	9.3	9.4	—
Property net operating income (NOI)	5,477	5,404	49.5
NOI yield (annualized)**)	5.9%	6.1%	—
Property net cash flows (NCF)	5,120	4,939	46.3
NCF yield (annualized)***)	5.5%	5.6%	—
Number of properties	42	42	—
Number of tenants	459	496	—
Total leasable floor space (square meters)	281,408.97	273,330.52	—
Occupancy rate	95.4%	95.1%	—

(*) The rate of ¥110.62=US\$1.00, the foreign exchange rate on June 30, 2005, has been used for translation.

(**) NOI yield expressed as a percentage is calculated using the weighted average acquisition price on a pro-rated basis.

(***) NCF yield expressed as a percentage is calculated using the weighted average acquisition price on a pro-rated basis.


criteria, the Company acquired prime office buildings, retail properties, and increased its ownership in certain existing holdings to the tune of approximately ¥23,800 million. At the same time, JPR divested its interests in select existing properties as part of the Company's "Value Up" strategy and in line with efforts to improve portfolio quality. As reported in the sixth fiscal period, JPR sold the JPR Ikebukuro Building, the JPR Square Hakata East/West, and the JPR Park West Takamatsu. In the fiscal period under review, the Company reported a net gain of ¥467 million in connection with these properties.

As a result of these activities, JPR held 42 properties as of June 30, 2005, totaling ¥197,652 million

Co., Ltd., Meiji Yasuda Life Insurance Company, Taisei Corporation, Yasuda Real Estate Co., Ltd. and Sompo Japan Insurance Inc. In this context, JPR maintains strict criteria toward transactions with interested parties, with the aim of avoiding conflicts of interest, and ensures compliance with all regulatory requirements and accepted commercial practices. Leveraging its leading position in the J-REIT market and an established track record, JPR also conducts direct negotiations with sellers in efforts to enhance its portfolio. As of June 30, 2005, properties acquired through sponsor collaboration comprised 60.7% of the entire portfolio, while direct negotia-

tion led to 63.9% on an acquisition price basis.

JPR consistently recog-



"Periodic discrepancies with established investment criteria guidelines are the result of our forward-looking posture and a comprehensive analysis of risks and returns."

on an acquisition price basis, with total leasable floor space of 281,408.97 m² and 459 tenants.

Notwithstanding the Company's "in principle" investment criteria to maintain a 6:4 ratio of properties held in Tokyo and other regions, and an 8:2 ratio of office buildings and retail properties, as of June 30, 2005, these ratios stood at 6.4:3.6 and 7.5:2.5, respectively. Leveraging its high-quality portfolio and competitive advantage, JPR will adopt a proactive approach to securing an optimal portfolio mix in terms of location and property type. Periodic discrepancies with established investment criteria guidelines are the result of this forward-looking posture and a comprehensive analysis of risks and returns.

A defining feature of the Company is its strong relationship with sponsor companies comprising Tokyo Tatemono

nizes portfolio quality as the key to financial stability and the platform for future growth. The

Company will continue to secure a quality portfolio capable of generating efficient cash flows and stable dividends, while taking full consideration of risk and return factors and the general improvement in portfolio composition and balance.

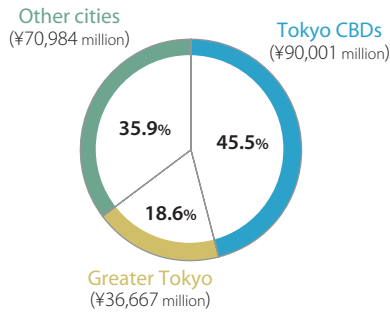
EQUITY AND FUNDS MANAGEMENT

The Company's fundamental policy for funds procurement is to establish the optimum mix between stable medium-/long-term funds and short-term financing. In its seventh fiscal period, JPR procured ¥26,318 million from the issue of 100,000 additional investment units. As a result, the number of investment units outstanding as of June 30, 2005 was 530,000 units with a book value of ¥115,432 million.

PORTFOLIO BREAKDOWN

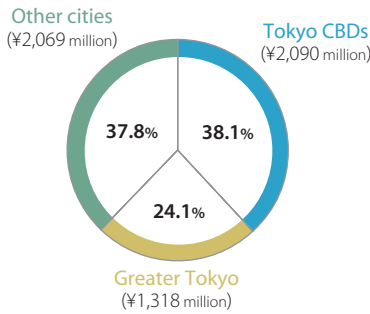
Value Breakdown by Region

¥197,652 million



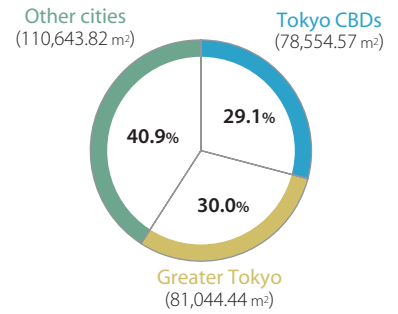
NOI Breakdown by Region

¥5,477 million



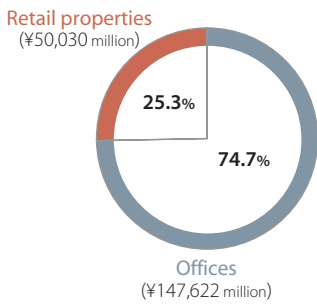
Total Leased Floor Space by Region

270,242.83 m²



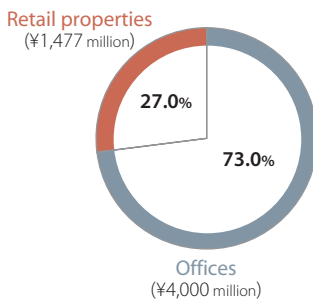
Value Breakdown by Type

¥197,652 million



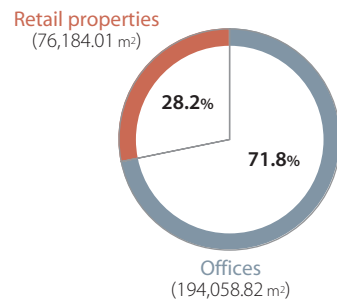
NOI Breakdown by Type

¥5,477 million

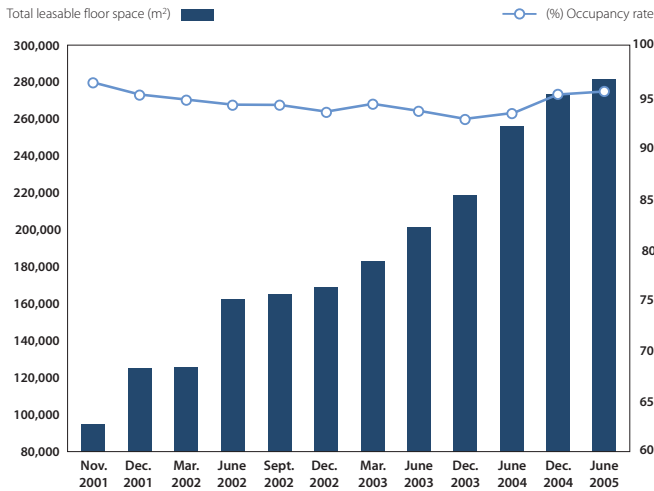


Total Leased Floor Space by Type

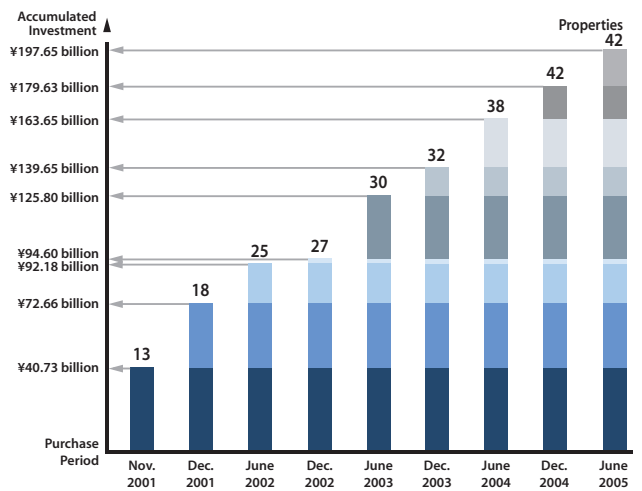
270,242.83 m²



Total Leasable Floor Space and Occupancy Rate



Portfolio Growth



Note: Accumulated investment does not include miscellaneous acquisition expenses, property tax, city-planning tax and consumption tax.

In the area of debt financing, the balance of total outstanding borrowings as of June 30, 2005 stood at ¥41,666 million, with the balance of unsecured corporate bonds totaling ¥42,000 million. Standard & Poor's, Moody's Investor Service, and Rating and Investment Information, Inc. rated these corporate bonds A-, A3, and A+, respectively. In an effort to reduce exposure to the risk of potential increases in interest rates, the Company took steps to repay a portion of its short-term borrowings and to convert a portion to long-term fixed rate borrowings.

Stemming from these initiatives, 93.8% of total outstanding debt is long-term fixed rate debt with an average maturity of 4.3 years. The average interest rate

last look right of acquisition.

Conscious of tenant movements and the critical nature of maintaining high occupancy rates, JPR has adopted a number of initiatives to secure and maintain a competitive advantage. Consistent with the Company's efforts to establish a brand strategy, JPR has adopted the A/3S concept, which emphasizes "Amenities" based on a three "S" platform of "Service, Safety and Saving energy."

Through its brand strategy, JPR is endeavoring to establish a competitive advantage and to further distinguish its property holdings from other real estate funds. As part of

these efforts, the Company installed energy-saving air conditioning systems at the Kawaguchi



"In its efforts to establish a brand strategy, JPR has adopted the A/3S concept, which emphasizes 'Amenities' based on a three 'S' platform of 'Service, Safety and Saving energy.' "

for its medium- / long-term debt during the fiscal period ended June 30 was 1.3%.

The interest-bearing debt to total assets ratio was 38.6%.

STEERING THE RIGHT COURSE

JPR recognizes external and internal factors as springboards for future growth. Looking at external factors, the Company maintains guidelines for investment and divestment to ensure stability in operations and secure adequate returns to unitholders. Notwithstanding these guidelines, however, JPR is adopting a more proactive approach to investment taking full consideration of its risk and return profile. At the same time, the Company is seeking opportunities to increase ownership in invested properties in which it currently holds part ownership, and for which it maintains a first look right and/or

Center Building with the aim of reducing power consumption.

Estimates indicate power savings

in the vicinity of 36.3%. Similar and other efforts are being implemented for other properties within the portfolio as and when considered appropriate.

Critical to the Company's success is tenant financial standing, diversification and the incidence of long-term lease agreements. In this context, JPR is adopting the aforementioned measures as well as streamlining and collaborating with property managers with the aim of ensuring high and stable occupancy.

LOOKING AHEAD

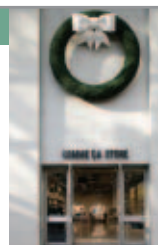
Tempered by a conservative outlook of the future, JPR nevertheless maintains a positive view of the future. Despite

ACTIVITY HIGHLIGHTS

Acquisitions

Strasse Ichibancho

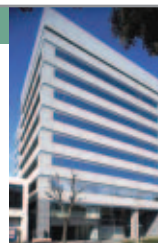
On February 4, 2005, JPR purchased the Strasse Ichibancho, located on Sendai's most fashionable shopping promenade. Housing Five Foxes Co., Ltd, the property is unrivalled as an attractive fashion center in Sendai. It is situated twelve minutes on foot from JR Sendai Station and four minutes on foot from Hirose-Dori Subway Station.



<i>Site Area (m²):</i>	648.81
<i>Total Floor Space (m²):</i>	3,445.80
<i>Structure/Floors:</i>	RC/S B1/8F
<i>Completed:</i>	October 2002

UFJ Central Leasing Head Office Building

In accordance with JPR's fundamental investment policies to acquire properties in major regional cities, the UFJ Central Leasing Head Office Building, located in Nagoya, was acquired on March 22, 2005. The building is seven minutes on foot from Fushimi Station, serviced by the Higashiyama and Tsurumai Subway Lines.



<i>Site Area (m²):</i>	1,610.38
<i>Total Floor Space (m²):</i>	10,201.44
<i>Structure/Floors:</i>	SRC B1/9F
<i>Completed:</i>	March 1991

Benetton Shinsaibashi Building

The Benetton Shinsaibashi Building is situated in a prime location just two minutes on foot from Shinsaibashi Station in Osaka's Shinsaibashi area, which is known for its major department stores and brand shops. Purchased on May 30, 2005, this standout building won the Osaka Governor's Award at the 50th Osaka Architectural Contest.



<i>Site Area (m²):</i>	609.31
<i>Total Floor Space (m²):</i>	5,303.98
<i>Structure/Floors:</i>	S B2/10F
<i>Completed:</i>	February 2003

BYGS Shinjuku Building

JPR increased its ownership of the BYGS Shinjuku Building to 75% on April 12, 2005. The building consists of both office space and shops, and is conveniently located above Shinjuku-Sanchome Station, which is serviced by the Toei Shinjuku Subway Line. (See page 15)

<i>Site Area (m²):</i>	3,522.46
<i>Total Floor Space (m²):</i>	25,733.10
<i>Structure/Floors:</i>	SRC B2/14F
<i>Completed:</i>	April 1985

Fukuoka Building

Ownership of the Fukuoka Building was increased on April 15, 2005. This office building is situated in Tokyo's main business area, six minutes on foot from JR Tokyo Station and two minutes on foot from Kyobashi Station, serviced by the Ginza Subway Line. (See page 15)

<i>Site Area (m²):</i>	1,302.17
<i>Total Floor Space (m²):</i>	11,627.74
<i>Structure/Floors:</i>	SRC B2/10F
<i>Completed:</i>	May 1990

Divestments

In the period under review, JPR undertook the sale of three properties, namely the JPR Ikebukuro Building, the JPR Square Hakata East/West, and the JPR Park West Takamatsu for an aggregate gain on sale. In accordance with its investment policies and Value Up strategy, JPR's decision was based on multiple factors including an examination of the impact on dividends, changes in current and forecast revenues and asset values, and the geographical distribution and overall composition of its portfolio. After accounting for capital gains and losses and the payment of sales commissions, the sale of these properties produced a net gain of ¥467 million, which demonstrates the success of JPR's Value Up strategy and efforts to promote large-scale renovations to increase occupancy rates before sale.

Issue of New Investment Units

In an overall effort to secure stable growth, JPR issued additional investment units during the period under review. The Company undertook a primary offering of 95,000 new investment units and a third-party offering of 5,000 investment units, raising the total number of investment units issued and outstanding to 530,000 units, as of June 30, 2005. Gross proceeds based on the purchase price of approximately ¥25.0 billion from the primary offering and ¥1.3 billion from the third-party offering were paid on February 1, 2005, and March 1, 2005, respectively. JPR intends to use these proceeds for the acquisition of properties and repayment of short-term debt.

increased competition in connection with the acquisition of new investment properties, JPR is well placed as an established leader in the J-REIT market and through the support of first-class sponsor companies.

While the Company has reviewed its investment in development proposals, limiting current exposure and consideration to the Cupo-la Main Building (1-1 Kawaguchi Redevelopment Project) scheduled to come on line during the ninth fiscal period, JPR will aggressively pursue investment property acquisition including those in the development field.

Turning to subsequent events, JPR contracted to acquire a beneficiary interest in the Tachikawa

the Park East Sapporo and the SK Hiroshima Building, JPR will enjoy net gains of approximately ¥177 million and ¥31 million, respectively.

Buoyed by a gentle upswing in business confidence by the corporate sector, as of August 18, 2005, JPR forecasts operating revenues in the eighth fiscal period of ¥8,174 million, operating profits of ¥3,604 million, net income of ¥3,021 million, and a cash distribution per investment unit of ¥5,700 for the fiscal period ending December 31, 2005.

Based on the implementation of a strict investment policy, JPR's ongoing goal is to secure stable medium- / long-term growth backed by a strong financial position, and we are confident that the strategies



“JPR is well placed as an established leader in the J-REIT market through the support of first-class sponsor companies.”

Business Center Building for an investment of ¥888 million on August 9, 2005, and to settle on September 30, 2005. The Company acquired the Housing Design Center Kobe for an investment of ¥7,220 million and executed a purchase agreement to acquire the Rise Arena Building (Higashi-Ikebukuro 4-chome Redevelopment Project) for an investment of ¥5,467 million. The Rise Arena Building is currently under construction (see page 9) and represents JPR's second development purchase. The Company has contracted to sell the Park East Sapporo at a sales price of ¥2,400 million and the SK Hiroshima Building at a sales price of ¥1,040 million. Following the divestiture of

are in place to maintain our leading position in the market. The Company is supported in

these efforts by TRIM, an innovative asset management company, and a number of outstanding sponsor company relationships. JPR will continue to reduce expenses, improve occupancy, and acquire prime investment properties in an effort to enhance unitholder value. We hope this business report will provide readers with a better understanding of the Company, its policies, strategies and future. JPR looks forward to the continued support and understanding of all its investors.



H. Kaneko

Hirohito Kaneko, Executive Officer,
Japan Prime Realty Investment Corporation



T. Hagiwara

Toshihiro Hagiwara, President and CEO,
Tokyo Realty Investment Management, Inc.

SUBSEQUENT ACTIVITY HIGHLIGHTS

Acquisitions

Housing Design Center Kobe

Located in West Kobe's Harborland district, a vibrant economic and cultural center, the Housing Design Center Kobe is a landmark building of the highest quality. The building consists of shops, office space and an exhibition hall, and is situated in front of JR Kobe Station and three minutes on foot from Kosoku Kobe Station.



<i>Site Area (m²):</i>	3,994.47
<i>Total Floor Space (m²):</i>	33,877.71
<i>Structure/Floors:</i>	SRC/S B2/11F
<i>Completed:</i>	June 1994
<i>Location:</i>	Kobe-shi, Hyogo
<i>Acquisition Date:</i>	September 28, 2005
<i>Acquisition Price:</i>	¥7,220 million

Tachikawa Business Center Building

The Tachikawa Business Center Building was purchased in accordance with JPR's fundamental investment policies to acquire new office buildings in Greater Tokyo. The building is five minutes on foot from Tachikawa Station, serviced by the JR Chuo Line, Ome Line and Nambu Line. Consisting of office space and parking facilities, it houses four tenants including Ricoh Sales Co., Ltd.



<i>Site Area (m²):</i>	2,047.22
<i>Total Floor Space (m²):</i>	14,706.36
<i>Structure/Floors:</i>	S/SRC B1/12F
<i>Completed:</i>	December 1994
<i>Location:</i>	Tachikawa-shi, Tokyo
<i>Acquisition Date:</i>	September 30, 2005
<i>Acquisition Price:</i>	¥888 million

Rise Arena Building (Higashi-Ikebukuro 4-chome Redevelopment Project)

The Rise Arena Building is under construction at the Higashi-Ikebukuro 4-chome Redevelopment Project. This building will be a state-of-the-art office complex near Sunshine City, a large shopping center in the commercial area of Ikebukuro. It is conveniently located one minute on foot from Higashi-Ikebukuro Subway Station and nine minutes on foot from Ikebukuro Station, a major hub serviced by JR, Seibu, and several subway lines.



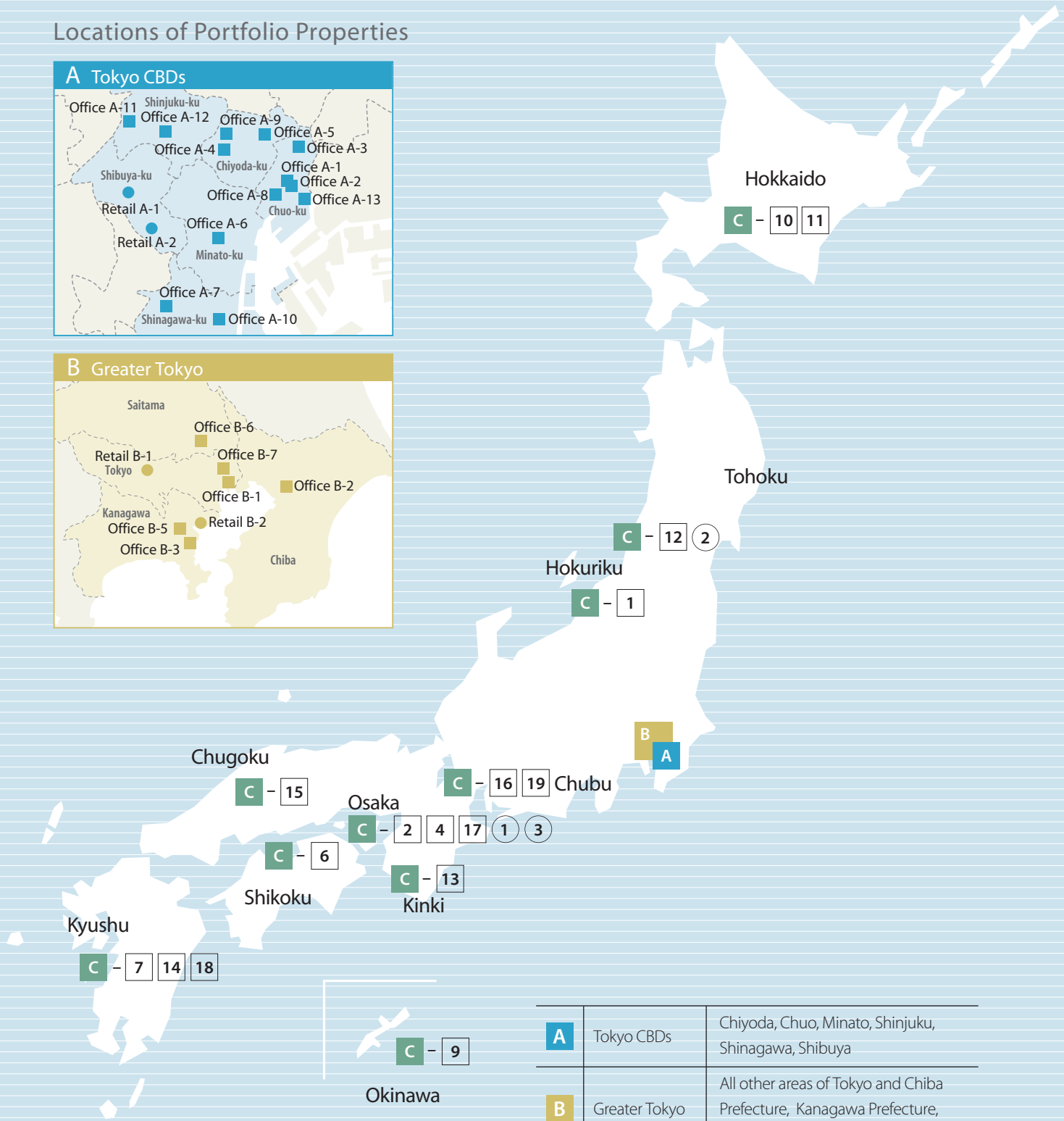
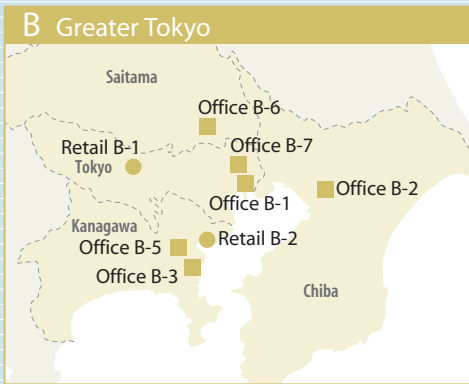
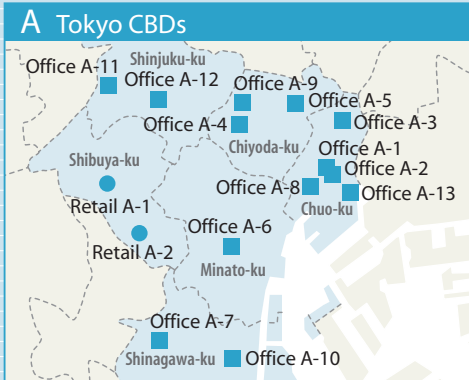
<i>Site Area (m²):</i>	9,377.28
<i>Total Floor Space (m²):</i>	37,596.19
<i>Structure/Floors:</i>	S/SRC/RC B2/15F
<i>Completion:</i>	January 2007 (planned)
<i>Location:</i>	Toshima-ku, Tokyo
<i>Contract Date:</i>	September 30, 2005
<i>Settlement Date:</i>	March 2007 (planned)
<i>Acquisition Price:</i>	¥5,467 million

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

Divestments

In accordance with its fundamental investment policy, JPR contracted to sell Park East Sapporo and the SK Hiroshima Building during the period under review. The sale of these two properties is the result of an examination of the impact on dividends, future property prices and earnings potential, portfolio composition and diversification, and other factors. Sale prices of ¥2,400 million for the Park East Sapporo and ¥1,040 million for SK Hiroshima Building represent net gains of approximately ¥177 million and ¥31 million, respectively.

Locations of Portfolio Properties



A	Tokyo CBDs	Chiyoda, Chuo, Minato, Shinjuku, Shinagawa, Shibuya
B	Greater Tokyo	All other areas of Tokyo and Chiba Prefecture, Kanagawa Prefecture, Saitama Prefecture
C	Other Cities	All other areas in Japan

A Tokyo CBDs

- A-1 Kanematsu Bldg.
- A-2 Kanematsu Bldg. Annex
- A-3 JPR Ningyo-cho Bldg.
- A-4 Shin-Kojimachi Bldg.
- A-5 JPR Crest Takebashi Bldg.
- A-6 MS Shibaura Bldg.
- A-7 Gotanda First Bldg.
- A-8 Fukuoka Bldg.
- A-9 JPR Ichigaya Bldg.
- A-10 Oval Court Ohsaki Mark West
- A-11 Shinjuku Square Tower
- A-12 BYGS Shinjuku Bldg.
- A-13 Across Shinkawa Bldg. Annex
- A-1 JPR Shibuya Tower Records Bldg. (Retail)
- A-2 JPR Daikanyama (Retail)

B Greater Tokyo

- B-1 Arca East
- B-2 JPR Chiba Bldg.
- B-3 JPR Yokohama Nihon Odori Bldg.
- B-5 Shinyokohama 2nd Center Bldg.
- B-6 Kawaguchi Center Bldg.
- B-7 JPR Ueno East Bldg.
- B-1 Tanashi ASTA (Retail)
- B-2 Tsurumi fuga 1 (Retail)

C Other Cities—Hokkaido, Tohoku and Hokuriku

- C-10 North 33 Bldg.
- C-11 Park East Sapporo
- C-12 Sompo Japan Sendai Bldg.
- C-1 Niigata Ekinan Center Bldg.
- C-2 Strasse Ichibancho (Retail)

C Other Cities—Osaka

- C-2 Meiji Yasuda Life Osaka Umeda Bldg.
- C-4 Tokyo Tatemono Honmachi Bldg.
- C-17 Dojima F Bldg.
- C-1 JPR Umeda Loft Bldg. (Retail)
- C-3 Benetton Shinsaibashi Bldg. (Retail)

C Other Cities—Chubu, Kinki, Chugoku and Shikoku

- C-16 JPR Nagoya Sakae Bldg.
- C-19 UFJ Central Leasing Head Office Bldg.
- C-13 Sompo Japan Wakayama Bldg.
- C-15 SK Hiroshima Bldg.
- C-6 JPR Takamatsu Bldg.

C Other Cities—Kyushu and Okinawa

- C-7 JPR Hakata Bldg.
 - C-9 JPR Naha Bldg.
 - C-14 Tenjin 121 Bldg.
 - C-18 Semba Fukuoka Bldg.
-

Region	Type	No.	Name	Location	Completed	Acquired
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	1993. 2	2001.12
	Office	A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	1993. 2	2001.12
	Office	A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	1989.12	2001.11
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	1984.10	2001.11–2004.11
	Office	A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	1999. 9	2002. 6
	Office	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	1988. 2	2003. 3
	Office	A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	1989. 7	2003. 7
	Office	A-8	Fukuoka Bldg.	Chuo-ku, Tokyo	1990. 5	2003.10–2005. 4
	Office	A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	1989. 3	2004. 5
	Office	A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	2001. 6	2004. 6
	Office	A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	1994.10	2004. 7
	Office	A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	1985. 4	2004.11–2005. 4
	Office	A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	1994. 6	2004.11
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	1992. 2	2003. 6
	Retail	A-2	JPR Daikanyama	Shibuya-ku, Tokyo	2002. 7	2004.10
Total						
Greater Tokyo	Office	B-1	Arca East	Sumida-ku, Tokyo	1997. 3	2001.11
	Office	B-2	JPR Chiba Bldg.	Chiba, Chiba	1991. 1	2001.12
	Office	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	1989.10	2001.11
	Office	B-4	JPR Ikebukuro Bldg.*1	Toshima-ku, Tokyo	1980.10	2002. 6
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	1991. 8	2002. 9
	Office	B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	1994. 2	2004. 2
	Office	B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	1992.10	2004. 3
	Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	1995. 2	2001.11
	Retail	B-2	Tsurumi fuga 1	Yokohama, Kanagawa	1985. 9	2001.11
Total						
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	1996. 3	2001.11
	Office	C-2	Meiji Yasuda Life Osaka Umeda Bldg.	Osaka, Osaka	2000. 6	2001.12
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	1970. 2	2001.11
	Office	C-5	JPR Park West Takamatsu*1	Takamatsu, Kagawa	1981. 8	2001.11
	Office	C-6	JPR Takamatsu Bldg.	Takamatsu, Kagawa	1982. 9	2001.12
	Office	C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	1985. 6	2001.11
	Office	C-8	JPR Square Hakata East/West*1	Fukuoka, Fukuoka	1984. 2 (East) 1986.10 (West)	2001.11
	Office	C-9	JPR Naha Bldg.	Naha, Okinawa	1991.10	2001.11
	Office	C-10	North 33 Bldg.	Sapporo, Hokkaido	1992. 2	2002. 6
	Office	C-11	Park East Sapporo	Sapporo, Hokkaido	1985.11	2002. 6
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	1997.12	2002. 6
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	1996. 7	2002. 6
	Office	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	2000. 7	2002. 6
	Office	C-15	SK Hiroshima Bldg.	Hiroshima, Hiroshima	1989.12	2002.10
	Office	C-16	JPR Nagoya Sakae Bldg.	Nagoya, Aichi	2003. 1 (building) 1986.12 (parking)	2003. 9
	Office	C-17	Dojima F Bldg.	Osaka, Osaka	1993.10	2004. 1
	Office	C-18	Semba Fukuoka Bldg.	Fukuoka, Fukuoka	1993. 2	2004. 6
	Office	C-19	UFJ Central Leasing Head Office Bldg.	Nagoya, Aichi	1991. 3	2005. 3
	Retail	C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	1990. 4	2003.5–7
	Retail	C-2	Strasse Ichibancho	Sendai, Miyagi	2002.10	2005. 2
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka, Osaka	2003. 2	2005. 5
Total						
Total						

Acquisition Price (millions of yen)	% of Total	Appraisal Value (millions of yen)	Ownership (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate	# of Tenants	Rental Revenue (thousands of yen)	% of Total
16,276	8.2%	12,700	79.4%	1,751.13	7,976.30	97.5%	10	442,597	5.4%
2,874	1.5%	2,560	79.4%	679.06	2,291.13	100.0%	1	102,465	1.3%
2,100	1.1%	1,960	100.0%	550.06	2,788.98	100.0%	4	98,667	1.3%
2,420	1.2%	2,420	77.3%	657.80	3,319.33	100.0%	11	110,894	1.4%
4,000	2.0%	3,360	100.0%	636.90	3,265.34	100.0%	9	128,990	1.7%
11,200	5.7%	12,400	36.0%	8,992.18	14,429.09	100.0%	7	517,868	6.6%
2,920	1.5%	2,990	61.8%	1,551.19	4,243.58	100.0%	2	133,531	1.7%
2,900	1.5%	2,900	21.8%	1,302.17	1,937.40	100.0%	2	80,739	1.0%
5,100	2.6%	5,250	100.0%	1,058.04	4,181.66	100.0%	9	182,359	2.3%
3,500	1.8%	4,130	27.1%	4,006.00	4,088.44	100.0%	2	144,791	1.9%
10,000	5.1%	8,840	29.3%	8,409.52	10,982.03	84.4%	17	253,066	3.2%
11,821	6.0%	11,900	75.0%	3,522.46	11,363.35	81.6%	21	271,661	3.5%
710	0.4%	735	100.0%	858.48	1,253.39	100.0%	4	45,922	0.6%
12,000	6.1%	13,400	100.0%	1,010.47	8,076.85	100.0%	1	345,576	4.4%
2,160	1.1%	1,920	100.0%	277.12	653.99	100.0%	1	52,205	0.7%
90,001	45.5%	87,465		35,262.58	80,850.86	95.0%	101	2,891,336	37.1%
5,880	3.0%	5,300	41.1%	3,755.01	7,050.10	70.7%	4	147,540	1.9%
2,350	1.2%	2,020	100.0%	1,382.35	5,562.97	93.4%	28	146,012	1.9%
2,927	1.5%	2,420	100.0%	1,100.59	6,082.25	97.3%	11	134,189	1.7%
—	—	—	100.0%	—	—	—	—	39,156	0.5%
920	0.5%	1,020	50.0%	841.71	2,640.86	88.0%	11	68,890	0.9%
8,100	4.1%	8,990	86.5%	4,524.61	15,478.43	99.5%	38	494,682	6.3%
3,250	1.6%	3,460	100.0%	1,242.97	6,512.45	100.0%	9	170,233	2.2%
10,200	5.2%	10,900	42.1%	12,326.30	31,121.71	100.0%	1	596,400	7.6%
3,040	1.5%	3,300	64.4%	1,962.18	9,578.60	100.0%	1	145,200	1.9%
36,667	18.6%	37,410		27,135.72	84,027.37	96.5%	103	1,942,305	24.9%
2,140	1.1%	2,100	52.7%	2,706.99	5,206.82	100.0%	14	131,215	1.7%
8,300	4.2%	8,670	33.3%	5,999.33	9,600.63	95.9%	23	342,678	4.4%
4,150	2.1%	3,990	64.3%	1,432.64	7,210.25	98.6%	10	244,846	3.1%
—	—	—	100.0%	—	—	—	—	19,459	0.2%
2,130	1.1%	1,360	100.0%	1,407.78	5,023.53	91.2%	28	97,372	1.2%
2,900	1.5%	2,730	100.0%	1,214.63	6,581.15	89.6%	26	153,281	2.0%
—	—	—	100.0%	—	—	—	—	60,313	0.8%
1,560	0.8%	1,530	100.0%	959.87	3,947.69	84.6%	14	98,497	1.3%
3,700	1.9%	2,860	100.0%	1,382.12	6,642.98	98.0%	24	169,958	2.2%
2,150	1.1%	1,720	100.0%	1,808.26	7,655.89	89.4%	22	127,816	1.6%
3,150	1.6%	3,290	100.0%	1,895.67	7,107.40	91.0%	11	174,349	2.2%
1,670	0.8%	1,680	100.0%	1,128.45	4,891.36	88.5%	15	115,637	1.5%
2,810	1.4%	2,560	52.2%	1,164.39	3,292.02	96.6%	13	116,167	1.5%
947	0.5%	840	100.0%	502.41	2,742.22	85.9%	17	52,114	0.7%
4,550	2.3%	4,790	100.0%	992.31	5,461.90	100.0%	20	219,372	2.8%
2,140	1.1%	2,130	100.0%	668.11	3,941.40	84.9%	9	117,664	1.5%
1,920	1.0%	1,960	100.0%	680.63	3,349.57	87.5%	5	92,549	1.2%
4,137	2.1%	3,970	100.0%	1,610.38	7,123.07	100.0%	1	104,679	1.3%
13,000	6.6%	12,000	100.0%	3,518.68	18,586.97	100.0%	1	402,412	5.2%
4,200	2.1%	3,820	100.0%	648.81	2,861.91	100.0%	1	104,697	1.3%
5,430	2.7%	5,030	100.0%	609.31	5,303.98	100.0%	1	*2	*2
70,984	35.9%	67,030		30,330.77	116,530.74	94.9%	255	2,967,533	38.0%
197,652	100.0%	191,905		92,729.07	281,408.97	95.4%	459	7,801,176	100.0%

*1: Property sold on March 16, 2005.

*2: The entire Benetton Shinsaibashi Building is leased to a single tenant. JPR was unable to obtain the tenant's approval to disclose of rental information.

Overview of Portfolio Properties

(As of June 30, 2005)

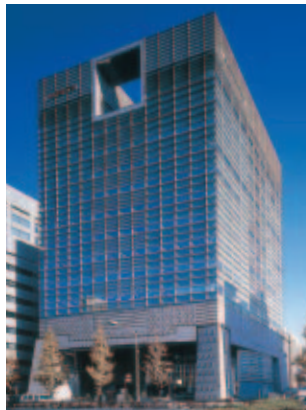
Tokyo CBDs

Chuo-ku, Tokyo

Kanematsu Bldg.

A-1

Acquisition Price (millions of yen)	16,276
% of Total	8.2%
Site Area (m ²)	1,751.13
Total Floor Space (m ²)	14,995.09
Structure/Floors	S/RC/SRC B2/13F
Completed	February 1993



Chuo-ku, Tokyo

Kanematsu Bldg. Annex

A-2

Acquisition Price (millions of yen)	2,874
% of Total	1.5%
Site Area (m ²)	679.06
Total Floor Space (m ²)	4,351.46
Structure/Floors	SRC B1/8F
Completed	February 1993



Chuo-ku, Tokyo

JPR Ningyo-cho Bldg.

A-3

Acquisition Price (millions of yen)	2,100
% of Total	1.1%
Site Area (m ²)	550.06
Total Floor Space (m ²)	4,117.70
Structure/Floors	SRC/RC B1/8F
Completed	December 1989



Chiyoda-ku, Tokyo

Shin-Kojimachi Bldg.

A-4

Acquisition Price (millions of yen)	2,420
% of Total	1.2%
Site Area (m ²)	657.80
Total Floor Space (m ²)	5,152.98
Structure/Floors	SRC B1/9F
Completed	October 1984



Chiyoda-ku, Tokyo

JPR Crest Takebashi Bldg.

A-5

Acquisition Price (millions of yen)	4,000
% of Total	2.0%
Site Area (m ²)	636.90
Total Floor Space (m ²)	4,790.68
Structure/Floors	SRC B1/9F
Completed	September 1999

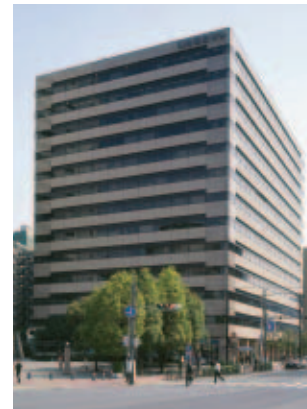


Minato-ku, Tokyo

MS Shibaura Bldg.

A-6

Acquisition Price (millions of yen)	11,200
% of Total	5.7%
Site Area (m ²)	8,992.18
Total Floor Space (m ²)	31,020.21
Structure/Floors	SRC/RC/S B2/13F
Completed	February 1988



Note 1: Acquisition price does not include miscellaneous expenses (real estate agent's fee and consumption tax).

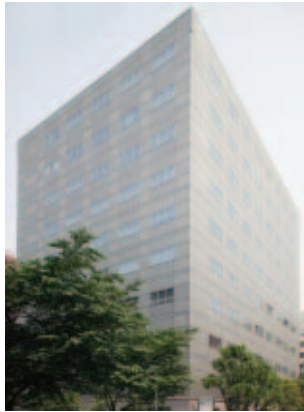
Note 2: Percentages and ratios are rounded to the first decimal point.

Note 3: Abbreviations under "Structure/Floors" indicate S: Steel-frame, RC: Reinforced concrete, and SRC: Steel-frame reinforced concrete.

Shinagawa-ku, Tokyo
Gotanda First Bldg.

A-7

Acquisition Price (millions of yen)	2,920
% of Total	1.5%
Site Area (m ²)	1,551.19
Total Floor Space (m ²)	10,553.34
Structure/Floors	SRC/RC B2/11F
Completed	July 1989



Chuo-ku, Tokyo
Fukuoka Bldg.

A-8

Acquisition Price (millions of yen)	2,920
% of Total	1.5%
Site Area (m ²)	1,302.17
Total Floor Space (m ²)	11,627.74
Structure/Floors	SRC B2/10F
Completed	May 1990



Chiyoda-ku, Tokyo
JPR Ichigaya Bldg.

A-9

Acquisition Price (millions of yen)	5,100
% of Total	2.6%
Site Area (m ²)	1,058.04
Total Floor Space (m ²)	5,888.82
Structure/Floors	SRC B1/9F
Completed	March 1989



Shinagawa-ku, Tokyo
Oval Court Ohsaki Mark West

A-10

Acquisition Price (millions of yen)	3,500
% of Total	1.8%
Site Area (m ²)	4,006.00
Total Floor Space (m ²)	28,575.80
Structure/Floors	S/SRC B2/17F
Completed	June 2001



Shinjuku-ku, Tokyo
Shinjuku Square Tower

A-11

Acquisition Price (millions of yen)	10,000
% of Total	5.1%
Site Area (m ²)	8,409.52
Total Floor Space (m ²)	78,796.00
Structure/Floors	S/RC/SRC B4/30F
Completed	October 1994



Shinjuku-ku, Tokyo
BYGS Shinjuku Bldg.

A-12

Acquisition Price (millions of yen)	11,821
% of Total	6.0%
Site Area (m ²)	3,522.46
Total Floor Space (m ²)	25,733.10
Structure/Floors	SRC B2/14F
Completed	April 1985



Chuo-ku, Tokyo

Across Shinkawa Bldg. Annex

A-13

Acquisition Price (millions of yen)	710
% of Total	0.4%
Site Area (m ²)	858.48
Total Floor Space (m ²)	5,535.90
Structure/Floors	S/SRC B2/10F
Completed	June 1994



Shibuya-ku, Tokyo

JPR Shibuya Tower Records Bldg.

A-1 (Retail)

Acquisition Price (millions of yen)	12,000
% of Total	6.1%
Site Area (m ²)	1,010.47
Total Floor Space (m ²)	8,449.56
Structure/Floors	SRC/S B3/8F
Completed	February 1992



Shibuya-ku, Tokyo

JPR Daikanyama

A-2 (Retail)

Acquisition Price (millions of yen)	2,160
% of Total	1.1%
Site Area (m ²)	277.12
Total Floor Space (m ²)	668.09
Structure/Floors	RC B2/2F
Completed	July 2002



Greater Tokyo

Sumida-ku, Tokyo

Arca East

B-1

Acquisition Price (millions of yen)	5,880
% of Total	3.0%
Site Area (m ²)	3,755.01
Total Floor Space (m ²)	34,281.86
Structure/Floors	S/SRC B3/19F
Completed	March 1997



Chiba, Chiba

JPR Chiba Bldg.

B-2

Acquisition Price (millions of yen)	2,350
% of Total	1.2%
Site Area (m ²)	1,382.35
Total Floor Space (m ²)	9,072.57
Structure/Floors	S/SRC B1/13F
Completed	January 1991



Yokohama, Kanagawa

JPR Yokohama Nihon Odori Bldg.

B-3

Acquisition Price (millions of yen)	2,927
% of Total	1.5%
Site Area (m ²)	1,100.59
Total Floor Space (m ²)	9,146.52
Structure/Floors	SRC B1/11F
Completed	October 1989

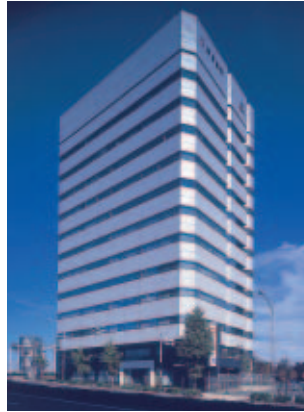


Yokohama, Kanagawa

Shinyokohama 2nd Center Bldg.

B-5

Acquisition Price (millions of yen)	920
% of Total	0.5%
Site Area (m ²)	841.71
Total Floor Space (m ²)	7,781.93
Structure/Floors	S/SRC B2/12F
Completed	August 1991

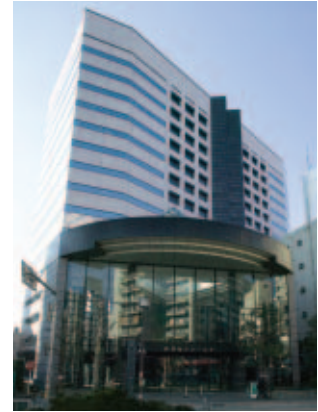


Kawaguchi, Saitama

Kawaguchi Center Bldg.

B-6

Acquisition Price (millions of yen)	8,100
% of Total	4.1%
Site Area (m ²)	4,524.61
Total Floor Space (m ²)	28,420.85
Structure/Floors	S/SRC B2/15F
Completed	February 1994

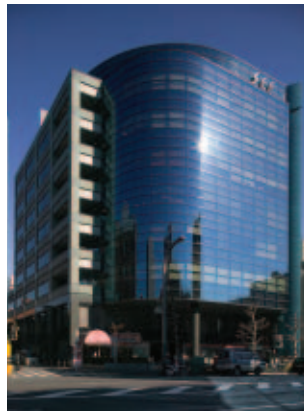


Taito-ku, Tokyo

JPR Ueno East Bldg.

B-7

Acquisition Price (millions of yen)	3,250
% of Total	1.6%
Site Area (m ²)	1,242.97
Total Floor Space (m ²)	8,490.44
Structure/Floors	S/SRC B1/8F
Completed	October 1992



Nishitokyo, Tokyo

Tanashi ASTA

B-1 (Retail)

Acquisition Price (millions of yen)	10,200
% of Total	5.2%
Site Area (m ²)	12,326.30
Total Floor Space (m ²)	80,675.27
Structure/Floors	SRC B2/17F
Completed	February 1995



Yokohama, Kanagawa

Tsurumi fuga 1

B-2 (Retail)

Acquisition Price (millions of yen)	3,040
% of Total	1.5%
Site Area (m ²)	1,962.18
Total Floor Space (m ²)	13,543.32
Structure/Floors	SRC B2/7F
Completed	September 1985



Other Cities — Hokkaido, Tohoku and Hokuriku

Sapporo, Hokkaido

North 33 Bldg.

C-10

Acquisition Price (millions of yen)	3,700
% of Total	1.9%
Site Area (m ²)	1,382.12
Total Floor Space (m ²)	10,568.23
Structure/Floors	SRC B1/12F
Completed	February 1992



Sapporo, Hokkaido
Park East Sapporo

C-11

Acquisition Price (millions of yen)	2,150
% of Total	1.1%
Site Area (m ²)	1,808.26
Total Floor Space (m ²)	10,865.75
Structure/Floors	SRC B1/8F
Completed	November 1985



Sendai, Miyagi
Sompo Japan Sendai Bldg.

C-12

Acquisition Price (millions of yen)	3,150
% of Total	1.6%
Site Area (m ²)	1,895.67
Total Floor Space (m ²)	10,783.52
Structure/Floors	SRC B1/12F
Completed	December 1997



Niigata, Niigata
Niigata Ekinan Center Bldg.

C-1

Acquisition Price (millions of yen)	2,140
% of Total	1.1%
Site Area (m ²)	2,706.99
Total Floor Space (m ²)	19,950.42
Structure/Floors	S/SRC B1/10F
Completed	March 1996



Sendai, Miyagi
Strasse Ichibancho

C-2 (Retail)

Acquisition Price (millions of yen)	4,200
% of Total	2.1%
Site Area (m ²)	648.81
Total Floor Space (m ²)	3,445.80
Structure/Floors	RC/S B1/8F
Completed	October 2002



Other Cities — Osaka

Osaka, Osaka
Meiji Yasuda Life Osaka Umeda Bldg.

C-2

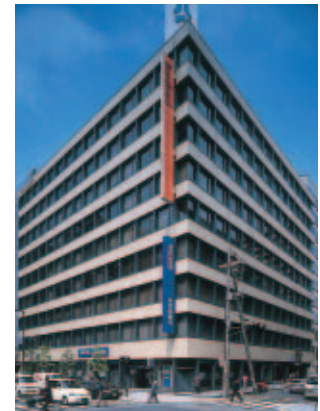
Acquisition Price (millions of yen)	8,300
% of Total	4.2%
Site Area (m ²)	5,999.33
Total Floor Space (m ²)	52,982.94
Structure/Floors	S/SRC B2/31F
Completed	June 2000



Osaka, Osaka
Tokyo Tatemono Honmachi Bldg.

C-4

Acquisition Price (millions of yen)	4,150
% of Total	2.1%
Site Area (m ²)	1,432.64
Total Floor Space (m ²)	14,619.52
Structure/Floors	SRC B3/9F
Completed	February 1970



Osaka, Osaka
Dojima F Bldg.

C-17

Acquisition Price (millions of yen)	2,140
% of Total	1.1%
Site Area (m ²)	668.11
Total Floor Space (m ²)	5,696.01
Structure/Floors	SRC B2/9F
Completed	October 1993



Osaka, Osaka
JPR Umeda Loft Bldg.

C-1 (Retail)

Acquisition Price (millions of yen)	13,000
% of Total	6.6%
Site Area (m ²)	3,518.68
Total Floor Space (m ²)	17,897.56
Structure/Floors	SRC B1/8F
Completed	April 1990



Osaka, Osaka
Benetton Shinsaibashi Bldg.

C-3 (Retail)

Acquisition Price (millions of yen)	5,430
% of Total	2.7%
Site Area (m ²)	609.31
Total Floor Space (m ²)	5,303.98
Structure/Floors	S B2/10F
Completed	February 2003



Nagoya, Aichi
JPR Nagoya Sakae Bldg.

C-16

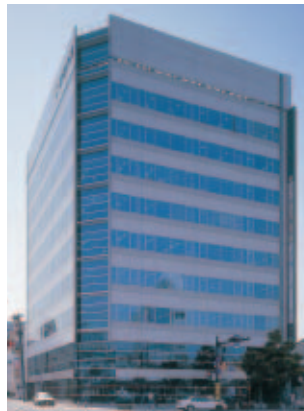
Acquisition Price (millions of yen)	4,550
% of Total	2.3%
Site Area (m ²)	992.31
Total Floor Space (m ²)	7,340.18
Structure/Floors	Building S B1/11F Parking S 1F
Completed	Building January 2003 Parking December 1986



Wakayama, Wakayama
Sompo Japan Wakayama Bldg.

C-13

Acquisition Price (millions of yen)	1,670
% of Total	0.8%
Site Area (m ²)	1,128.45
Total Floor Space (m ²)	6,715.07
Structure/Floors	S 9F
Completed	July 1996



Nagoya, Aichi
UFJ Central Leasing Head Office Bldg.

C-19

Acquisition Price (millions of yen)	4,137
% of Total	2.1%
Site Area (m ²)	1,610.38
Total Floor Space (m ²)	10,201.44
Structure/Floors	SRC B1/9F
Completed	March 1991



Other Cities — Chubu, Kinki, Chugoku and Shikoku

Hiroshima, Hiroshima
SK Hiroshima Bldg.

C-15

Acquisition Price (millions of yen)	947
% of Total	0.5%
Site Area (m ²)	502.41
Total Floor Space (m ²)	4,268.70
Structure/Floors	SRC B1/9F
Completed	December 1989



Takamatsu, Kagawa
JPR Takamatsu Bldg.

C-6

Acquisition Price (millions of yen)	2,130
% of Total	1.1%
Site Area (m ²)	1,407.78
Total Floor Space (m ²)	7,409.08
Structure/Floors	SRC B1/10F
Completed	September 1982



Other Cities — Kyushu and Okinawa

Fukuoka, Fukuoka
JPR Hakata Bldg.

C-7

Acquisition Price (millions of yen)	2,900
% of Total	1.5%
Site Area (m ²)	1,214.63
Total Floor Space (m ²)	9,828.73
Structure/Floors	S/RC B1/12F
Parking	S1F
Completed	Building June 1985 Parking November 2003



Naha, Okinawa
JPR Naha Bldg.

C-9

Acquisition Price (millions of yen)	1,560
% of Total	0.8%
Site Area (m ²)	959.87
Total Floor Space (m ²)	5,780.71
Structure/Floors	SRC/S 12F
Completed	October 1991



Fukuoka, Fukuoka
Tenjin 121 Bldg.

C-14

Acquisition Price (millions of yen)	2,810
% of Total	1.4%
Site Area (m ²)	1,164.39
Total Floor Space (m ²)	8,690.95
Structure/Floors	S/SRC 13F
Completed	July 2000



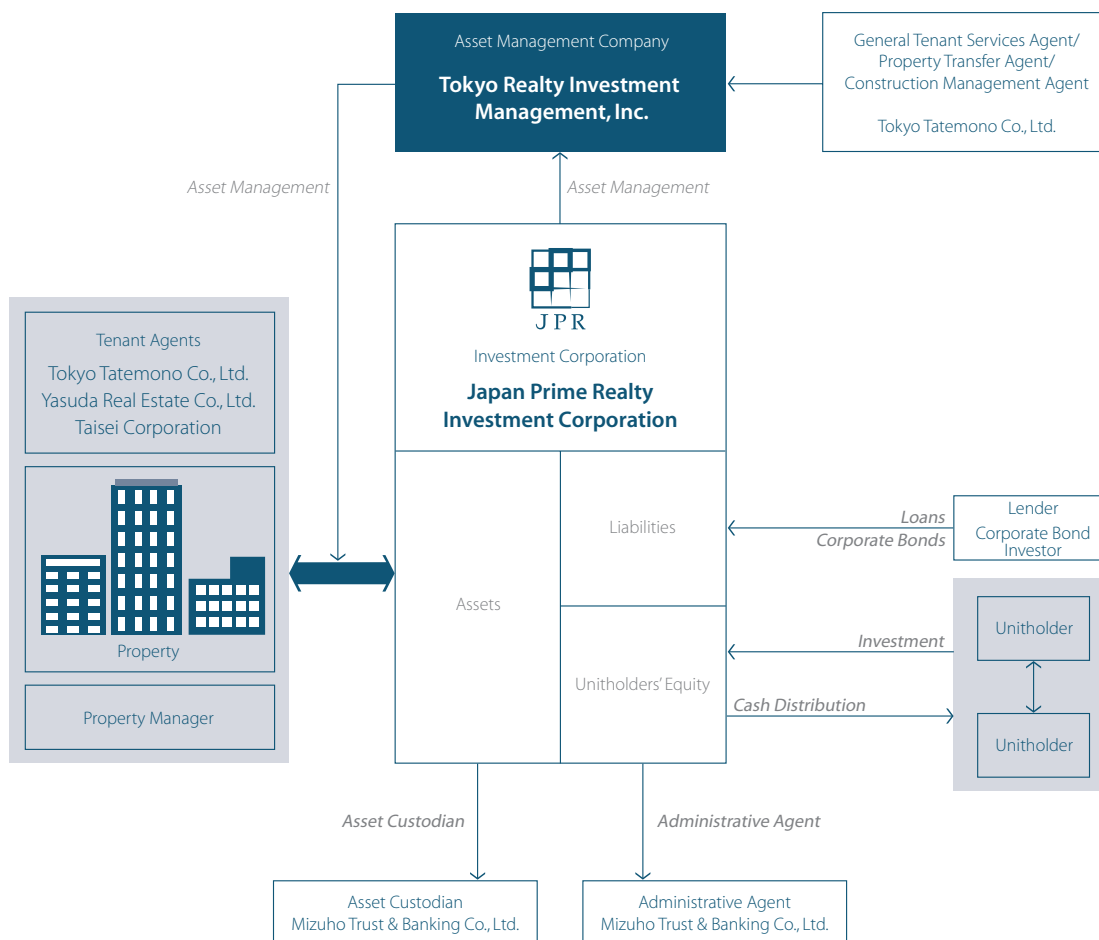
Fukuoka, Fukuoka
Semba Fukuoka Bldg.

C-18

Acquisition Price (millions of yen)	1,920
% of Total	1.0%
Site Area (m ²)	680.63
Total Floor Space (m ²)	3,874.81
Structure/Floors	SRC 8F
Completed	February 1993



REIT STRUCTURE AND EXTERNAL SERVICE PROVIDERS



Tokyo Tatemono Co., Ltd., performs agency services for the signing of real estate leasing contracts (“general tenant agency services”) under a commission from the owners of real estate, in order to provide uniform tenant recruitment and sales services for the Company. Tokyo Tatemono also has been commissioned by TRIM to undertake “property transfer services.” Tokyo Tatemono also provides advice on rental operations

management and construction planning management work (“leasing management/construction management services” or “LM /CM services”) to TRIM.

Yasuda Real Estate Co., Ltd., and Taisei Corporation provide general tenant agency services for real estate, as commissioned by the trustees.

Tokyo Realty Investment Management, Inc.

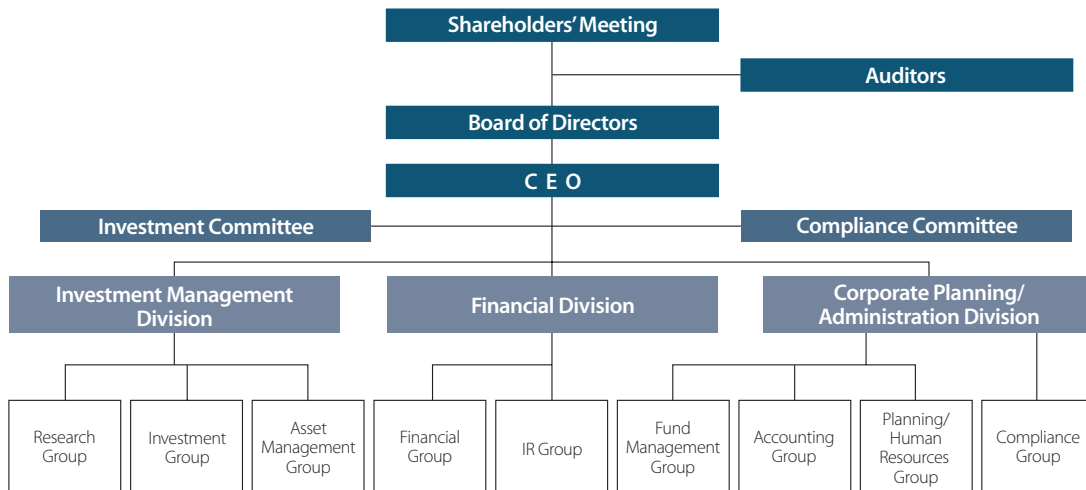
Tokyo Realty Investment Management, Inc., (“TRIM”) concluded the asset management contract with JPR on September 27, 2001. Based on the contract, TRIM provides asset management services as a REIT Management Company under the Investment Trust Law.

TRIM is assigned to provide (1) services regarding 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 judgment), (2) services regarding funding by JPR, (3) reporting to JPR, and (4) any other services related to or affiliated with the above (the above services are collectively called “Asset Management Service” or “AM Service”).

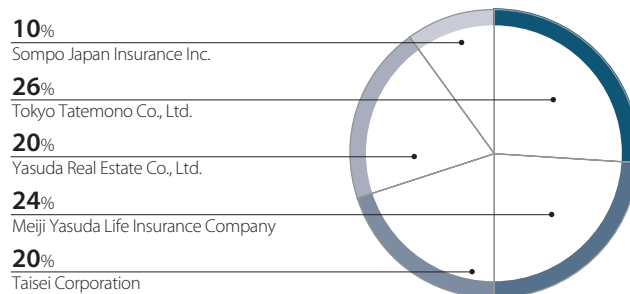
Decision-Making Process of Investment Management

The “Investment Committee” is set as a committee to make investment decisions along with its sub-organizations, the “Investment Subcommittee” and the “Fund Management Subcommittee.” Members of these organizations include the CEO, CIO, CFO, CAO, Fund Manager, Research Manager, Asset Manager, Investment Management Manager, and other related Group managers.

The “Investment Committee” formulates fundamental investment policy for the medium and long term within two fiscal periods, while the “Investment Subcommittee” or “Fund Management Subcommittee” have charge of decisions on issues regarding acquisitions, dispositions and management of individual assets respectively. The Board of Directors is given the final authorization on acquisitions or dispositions of individual assets of a certain amount.



Shareholders in TRIM (As of June 30, 2005)



Measures to Prevent Conflicts of Interest

TRIM adopts strict measures with the aim of preventing conflicts of interest.

Transaction counterparties comprise “Related Parties,” who are defined under the Implementation Ordinance of the Investment Trust Law and subject to certain transaction limitations pursuant to the Investment Trust Law, and “Interested Parties*,” who are defined under internal rules. Transactions between JPR and either Related Parties or Interested Parties (collectively referred to as “interested parties”) are recognized as “Interested-Party Transactions.”

* Interested Parties

Interested parties are defined as specific parties with which transactions have been made or to which commissions or other payments have been made in the relevant term. Interested parties comprise Tokyo Tatemono Co., Ltd., Meiji Yasuda Life Insurance Company, Taisei Corporation, Yasuda Real Estate Co., Ltd., Sampo Japan Insurance Inc., and their affiliated companies that invest in TRIM or dispatch directors or personnel to TRIM.

TRIM has established the Compliance Committee, which together with external attorneys assess the relevance and validity of interested-party transactions. TRIM also has the Compliance Subcommittee to monitor the aforementioned committees and determine whether their decision-making activities strictly adhere to laws and regulations. Such measures include:

- a) Acquisitions of property and assets from interested parties
 - i. Real estate and beneficiary interest may be acquired with the prior approval of JPR’s Board of Directors.
 - ii. Other specific assets are acquired at market value if applicable. If not applicable, specific assets are considered under i. above.
- b) Sales of property or assets to interested parties
 - i. Regarding real estate and beneficiary interest, the sale price of each property (not including taxes and sales commissions) shall be greater than the appraised value. In addition, prior approval from JPR’s Board of Directors is required.
 - ii. Other specific assets are sold at market value if applicable. If not applicable, specific assets are considered under i. above.
- c) Property management commissions to interested parties
Commissions are based on in-house property management standards. Prior approval of JPR’s Board of Directors is required.
- d) Trading intermediation fees paid to interested parties
Trading intermediation fees are limited to up to 3% of the

trading price plus ¥60,000, excluding consumption tax and other costs, with the prior approval of JPR’s Board of Directors.

- e) Commissioning of construction work to interested parties
Commissions of construction work worth ¥10 million or more require a comparison against third-party estimates and proposals. Prior approval of JPR’s Board of Directors is required.
- f) Borrowings from interested parties
Terms of borrowings must be at market levels. Prior approval of JPR’s Board of Directors is required.

Compensation Paid to the Asset Management Company

The compensation scheme has been established with simplicity in mind and is in line with the unitholders’ interest.

Compensation to the Asset Management Company is calculated on the following basis:

1. Fixed compensation: ¥12.5 million per month
2. Incentive-based compensation 1: 2% of each fiscal period’s total revenue (1.5% for amounts in excess of ¥8 billion)
3. Incentive-based compensation 2: 3% of each fiscal period’s distributable income prior to the deduction of incentive-based compensation 2

NOTE 1: Total revenue is defined as rental income from real estate, maintenance fees, parking space fees, supplementary fees, facility usage fees, facility installation fees, late-payment fees, contract cancellation fees and other similar amounts, as well as income from other leasing operations, interest and dividend income and other types of income. Total revenue does not include property sales.

NOTE 2: Distributable income is defined in Article 28-1 of the Articles of Incorporation, and include profits from the sale of property.

The adoption of incentive-based compensation 1 is designed to leverage scale merits by cutting down the compensation rate, as total revenue increases with asset size growth.

Incentive-based compensation 2 is a performance-based compensation scheme that is designed to match the interests of unitholders.

By not adopting property acquisition-based compensation, JPR aims to avoid the relentless pursuit of asset growth.

By not setting property disposition-based compensation, JPR aims to align management with unitholders’ interests through incentive-based compensation 2, which is otherwise focused on profits from disposition.

MANAGEMENT'S DISCUSSION AND ANALYSIS

RESULTS OF OPERATIONS

The table below is a summary of business results for the periods ended June 30, 2005 and December 31, 2004.

	thousands of yen		U.S. dollars
	7th Period (Jan. 1, 2005–June 30, 2005)	6th Period (July 1, 2004–Dec. 31, 2004)	7th Period (Jan. 1, 2005–June 30, 2005)
OPERATING REVENUES:	¥8,503,222	¥7,685,733	\$76,868,766
Real estate rental revenues	7,801,176	7,685,733	70,522,298
Gain on sale of real estate	702,046	—	6,346,468
OPERATING EXPENSES	4,548,529	4,216,528	41,118,509
Costs on sale of real estate	235,239	—	2,126,551
OPERATING PROFITS	3,954,693	3,469,205	35,750,257
NON-OPERATING REVENUES	91,224	13,874	824,658
NON-OPERATING EXPENSES	668,857	613,523	6,046,441
INCOME BEFORE INCOME TAXES	3,377,060	2,869,556	30,528,474
NET INCOME	¥3,376,071	¥2,868,548	\$30,519,533

In the seventh fiscal period ended June 30, 2005, JPR reported improved results in every facet of its business operations. The Company's property portfolio as of June 30, 2005, comprised 42 properties, totaling ¥197,652 million on an acquisition price basis, with total leasable floor space of 281,408.97 m² and 459 tenants. In the fiscal period under review, JPR acquired the Strasse Ichibancho (for an investment of ¥4,200 million), the UFJ Central Leasing Head Office Building (for an investment of ¥4,137 million), the BYGS Shinjuku Building (increase in co-ownership portion for an investment of ¥8,921 million), the Fukuoka Building (increase in unit ownership for an investment of ¥1,120 million), and the Benetton Shinsaibashi Building (for an investment of ¥5,430 million).

In addition to these property acquisitions, JPR also undertook to sell a portion of its property holdings. Based on its Value Up strategy, and considerations relating to the development and maintenance of a quality portfolio characterized by efficient and stable cash flows, the Company undertook the sale of the JPR Ikebukuro Building, the JPR Square Hakata East/West Building, and the JPR Park West Takamatsu Building. The net gain on the sale of real estate was ¥467 million, based on a total sales amount of ¥7,110 million, with total book value and sales expenses of ¥6,643 million.

For the sixth-month period ended June 30, 2005, operating revenues rose 10.6% to ¥8,503 million, and were comprised of real estate rental revenues, which edged up 1.5% to ¥7,801 million, and a gain on the sale of real estate of ¥702 million. The rental revenue

growth is attributed to the full-period's contribution from properties acquired during the sixth fiscal period, and income from properties acquired during the fiscal period under review, as well as an increase in the occupancy rate, which rose by 0.3 of a percentage point to 95.4% as of June 30, 2005.

On the earnings front, operating expenses amounted to ¥4,549 million, up 7.9% compared with the previous fiscal period. As a part of the Company's divestiture activities, JPR incurred costs on sale of real estate of ¥235 million.

From an overall perspective, this increase in operating expenses, which was the result of a rise in real estate-related taxes due to the increase in portfolio scale, was however significantly less than the improvement in operating revenues. Throughout the fiscal period, JPR continued efforts to enhance efficiency and curtail expenditure through the implementation of its A/3S strategy. Buoyed by seasonal factors, utility expenses also declined from ¥578 million to ¥447 million, contributing to a drop in incidental charges. As a result, operating profits climbed 14.0% to ¥3,955 million.

In line with the acquisition of new properties and additional acquisitions in existing properties, JPR incurred an increase in non-operating expenses relating to the settlement of management association accounts, which are mainly reported during the fiscal period ended June each year, and debt and one-off costs in connection with the issue of additional new investment units. Despite these factors, net income rose 17.7% to ¥3,376 million.

CASH DISTRIBUTIONS

In the seventh fiscal period, cash distribution per unit was ¥6,370, representing 100% of distributable income, compared with ¥6,671, in the sixth fiscal period. The drop in cash distribution is attributed to the issue of additional new

investment units. The number of investment units issued and outstanding as of June 30, 2005 was 530,000, up from 430,000 units as of December 31, 2004.

	thousands of yen except per unit data	
	Cash distributions for the period ended June 30, 2005	Cash distributions for the period ended Dec. 31, 2004
Net income	¥3,376,071	¥2,868,548
Total cash distributions	3,376,100	2,868,530
Cash distribution per unit	6,370	6,671

CAPITALIZATION

Paid-In Capital

For the seventh fiscal period, JPR procured ¥26,318 million from the issue of additional new investment units and reported net

income of ¥3,376 million. Total unitholders' equity as of the end of the fiscal period under review was ¥118,808 million.

Unit Information

The Company was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section on June 14, 2002, under the securities code 8955 with the issue of 289,600 investment units. Since the initial public offering, JPR has increased capital through

an additional public offering in July 2003, and again on February 1, and March 1, 2005. The current number of investment units issued and outstanding is 530,000 units. The high and low closing prices for the periods indicated are provided in the table that follows.

Month	yen	
	High	Low
June 2002	202,000	199,000
July 2002	203,000	200,000
Aug. 2002	205,000	202,000
Sept. 2002	205,000	203,000
Oct. 2002	219,000	203,000
Nov. 2002	240,000	215,000
Dec. 2002	240,000	225,000
Jan. 2003	239,000	220,000
Feb. 2003	227,000	219,000
Mar. 2003	229,000	217,000
Apr. 2003	249,000	227,000
May 2003	283,000	246,000
June 2003	271,000	222,000

Month	yen	
	High	Low
July 2003	255,000	234,000
Aug. 2003	251,000	241,000
Sept. 2003	254,000	240,000
Oct. 2003	265,000	251,000
Nov. 2003	270,000	260,000
Dec. 2003	268,000	260,000
Jan. 2004	272,000	260,000
Feb. 2004	264,000	257,000
Mar. 2004	305,000	262,000
Apr. 2004	299,000	269,000
May 2004	293,000	272,000
June 2004	293,000	282,000
July 2004	284,000	278,000

Month	yen	
	High	Low
Aug. 2004	296,000	274,000
Sept. 2004	308,000	291,000
Oct. 2004	311,000	299,000
Nov. 2004	308,000	301,000
Dec. 2004	307,000	290,000
Jan. 2005	298,000	278,000
Feb. 2005	295,000	281,000
Mar. 2005	312,000	290,000
Apr. 2005	310,000	297,000
May 2005	326,000	303,000
June 2005	330,000	319,000

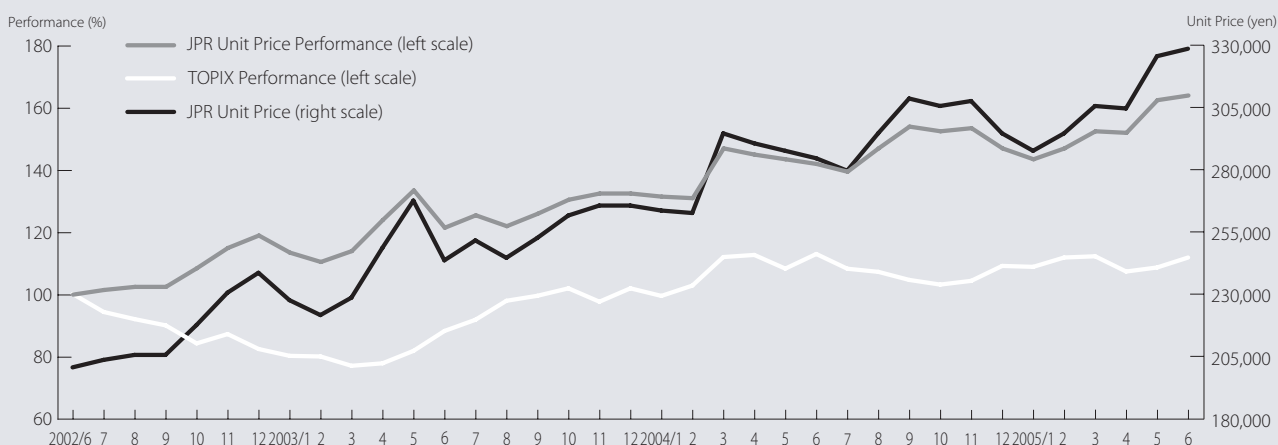
Equity and Debt Financing

As part of its strategy that places the utmost importance on financial stability, the Company makes use of financial markets through prudent debt financing from major financial institutions and the issue of corporate bonds. As of June 30, 2005, the balance of corporate bonds remained unchanged from the end of the previous fiscal period. On the issue of corporate bonds, JPR was assigned a rating of A- from Standard & Poor's, A+ from Rating and Investment Information, Inc., and A3 from Moody's Investors Service. In light of anticipation of an increase in interest rates in the near future, JPR repaid its short-term borrowings, a

portion of which was refinanced through additional long-term borrowings. Later undertaking new short-term borrowings, the total borrowings balance outstanding (short-term and long-term) as of June 30, 2005 was ¥41,666 million, down from ¥51,066 million as of December 31, 2004.

The balance of corporate bonds remained unchanged at ¥42,000 million with a prudent spread of maturities to ensure the Company does not confront undue liquidity pressures. In an effort to ensure flexibility in funds procurement, JPR also maintains a revolving line of credit with a consortium of leading financial institutions.

Investment Performance of JPR since its IPO on June 14, 2002



Borrowings-1

Category	Lender	Drawdown Date	Balance as of June 30, 2005 (thousands of yen)	Balance as of Dec. 31, 2004 (thousands of yen)	Average Interest Rate	Repayment Date	Repayment Method	Remarks			
Short-Term Borrowings	The Chugoku Bank, Ltd.	May 27, 2004	¥ —	¥ 1,000,000	0.543%	May 27, 2005	Principal lump sum repayment on maturity	Unsecured / Unguaranteed / Non-subordinated			
		Nov. 8, 2004	—	1,000,000	0.492%	Nov. 8, 2005					
	The Norinchukin Bank	July 1, 2004	—	3,500,000	0.593%	June 27, 2005					
		Feb. 27, 2004	—	3,000,000	0.530%	Feb. 25, 2005					
	The Bank of Tokyo-Mitsubishi, Ltd.	July 1, 2004	—	3,500,000	0.593%	June 27, 2005					
		Mar. 25, 2004	—	2,000,000	0.584%	Mar. 25, 2005					
	UFJ Bank Limited	July 1, 2004	—	3,500,000	0.593%	June 27, 2005					
	Aozora Bank, Ltd.	Sept. 30, 2004	—	1,100,000	0.493%	Sept. 27, 2005					
	The Hachijuni Bank, Ltd.	Oct. 1, 2004	—	1,000,000	0.493%	Sept. 27, 2005					
	Mizuho Corporate Bank, Ltd.	Nov. 8, 2004	—	1,500,000	0.488%	Mar. 31, 2005					
	Shinsei Bank, Ltd.	May 27, 2005	3,200,000	—	0.330%	May 27, 2006					
	Shinsei Bank, Ltd.	May 27, 2005	2,000,000	—	0.330%	May 27, 2006					
	Total			¥5,200,000	¥21,100,000						

Borrowings-2

Category	Lender	Drawdown Date	Balance as of June 30, 2005 (thousands of yen)	Balance as of Dec. 31, 2004 (thousands of yen)	Average Interest Rate	Repayment Date	Repayment Method	Remarks	
Long-Term Borrowings	Sompo Japan Insurance Inc.	Mar. 25, 2004	¥ 1,000,000	¥ 1,000,000	0.873%	Mar. 23, 2007			
	Nippon Life Insurance Company	Mar. 31, 2005	2,000,000	—	0.493%	Apr 13, 2007		Unsecured / Unguaranteed / Non-subordinated	
	The Bank of Fukuoka, Ltd.	Apr. 11, 2005	2,000,000	—	0.478%	Apr 11, 2007			
	The Chugoku Bank, Ltd.	Apr. 11, 2005	1,500,000	—	0.478%	Apr 11, 2007			
	The Iyo Bank, Ltd.	Apr. 11, 2005	1,000,000	—	0.478%	Apr 11, 2007			
	The Chuo Mitsui Trust and Banking Company, Limited	Dec. 27, 2001	6,500,000	6,500,000	1.234%	Dec. 27, 2006	Principal lump sum repayment on maturity		
	Sumitomo Life Insurance Company	Dec. 27, 2001	6,500,000	6,500,000	1.234%	Dec. 27, 2006			
	Meiji Yasuda Life Insurance Company	Dec. 27, 2001	4,783,000	4,783,000	1.700%	Dec. 26, 2008		Secured / Unguaranteed / Non-subordinated	
		June 21, 2002	4,783,000	4,783,000	2.050%	June 21, 2011			
		Mar. 28, 2003	4,400,000	4,400,000	1.750%	Mar. 28, 2013			
		Resona Bank, Limited	June 19, 2002	1,000,000	1,000,000	1.295%	Dec. 27, 2006		
		Aozora Bank, Ltd.	June 19, 2002	1,000,000	1,000,000	1.295%	Dec. 27, 2006		
		Total		¥36,466,000	¥29,966,000				
	Total Borrowings Balance		¥41,666,000	¥51,066,000					

Corporate Bonds

	Issue Date	Maturity Date	Total Issue Amount (thousands of yen)	Coupon Rate (per annum)	Redemption	Collateral
First Series of Corporate Bonds	Jan. 29, 2004	Feb. 12, 2008	¥10,000,000	0.84%	bullet payment	Unsecured / Unguaranteed
Second Series of Corporate Bonds	Jan. 29, 2004	Feb. 12, 2010	¥7,000,000	1.38%		
Third Series of Corporate Bonds	Jan. 29, 2004	Feb. 12, 2014	¥5,000,000	2.32%		
Fourth Series of Corporate Bonds	Oct. 21, 2004	Nov. 4, 2009	¥10,000,000	0.92%		
Fifth Series of Corporate Bonds	Oct. 21, 2004	Nov. 4, 2011	¥5,000,000	1.44%		
Sixth Series of Corporate Bonds	Oct. 21, 2004	Nov. 4, 2014	¥5,000,000	2.00%		
Total			¥42,000,000			

MAJOR TENANTS

The following table shows JPR's top ten tenants by leased floor space as of June 30, 2005.

The Company is acutely aware of the impact of lease contract maturity and cancellation. During the fiscal period under review for example, JPR incurred a significant temporary

drop in occupancy following cancellation of certain lease agreements at Arca East. This temporary decline was quickly resolved through new lease agreements. Looking at the portfolio as a whole, property renovation and active leasing efforts contributed to the improvement in occupancy rates.

#	Tenant	Industry	Property	Leased Floor Space (m ²)	%
1	The Seiyu, Ltd.	Retail	Tanashi ASTA	40,700.31	15.1
			Tsurumi fuga 1		
2	The Loft Co., Ltd.		JPR Umeda Loft Bldg.	18,586.97	6.9
3	Shinjuku Square Tower Management Co., Ltd.	Real Estate	Shinjuku Square Tower	10,982.03	4.1
4	TOWER RECORDS JAPAN INC.	Retail	JPR Shibuya Tower Records Bldg.	8,076.85	3.0
5	UFJ Central Leasing	Financial Services	UFJ Central Leasing Head Office Bldg.	7,123.07	2.6
6	Sompo Japan Insurance Inc.	Casualty Insurance	Sompo Japan Sendai Bldg.	6,536.34	2.4
			Sompo Japan Wakayama Bldg.		
			Kawaguchi Center Bldg.		
7	Iwatani International Corporation	Wholesale	Tokyo Tatemono Honmachi Bldg.	5,959.86	2.2
8	Mitsui Fudosan	Real Estate	Oval Court Ohsaki Mark West	5,354.79	2.0
			Strasse Ichibancho		
9	Benetton Japan	Retail	Benetton Shinsaibashi Bldg.	5,303.98	2.0
10	Tohatsu & Co.	Accounting Firm	MS Shibaura Bldg.	4,903.42	1.8

PROPERTY MANAGEMENT

In the context of property management, JPR has a strong track record in successfully attracting new tenants. This differentiation with other competing properties is the result of planned refurbishments and repair work, together with proactive

measures, to ensure a competitive advantage. Through these and other measures, the overall occupancy rate at the end of the period was 95.4%, an increase of 0.3 of a percentage point compared with the end of the previous fiscal period.

Planned Capital Expenditures

JPR has the following capital expenditure plan for maintenance on its properties as of June 30, 2005. Planned project costs

include portions classified into expenses for accounting purposes.

Property Name	Purpose	Schedule	Planned Project Cost (millions of yen)		
			Total	Paid in fiscal year under review	Total payments
Kanematsu Bldg.	Renewal of exterior repair seals	Apr. 2005 – July 2005	70	—	—
JPR Shibuya Tower Records Bldg.	Replacement of heat source water pump	Sept. 2005 – Nov. 2005	51	—	—
JPR Hakata Bldg.	Replacement of 12th floor air-conditioning units and lighting	Sept. 2005 – Dec. 2005	49	—	—
JPR Umeda Loft Bldg.	Repairs of 2nd-3rd floor toilets	Sept. 2005 – Nov. 2005	28	—	—
Kanematsu Bldg. Annex	Renewal of exterior repair seals	Apr. 2005 – July 2005	27	—	—
JPR Ningyo-cho Bldg.	Renewal of exterior repair seals	May 2005 – July 2005	26	—	—
JPR Yokohama Nihon Odori Bldg.	Replacement of central monitoring system	Sept. 2005 – Nov. 2005	25	—	—

Capital Expenditures During the Fiscal Period Under Review

JPR made the following capital expenditures related to its properties. Most capital expenditures were comprised of repair

work to maintain and improve tenant satisfaction, maintenance on common areas to attract new tenants and construction including the installation of energy-saving facilities.

Property Name	Purpose	Schedule	Capital Expenditure (millions of yen)
JPR Takamatsu Bldg.	Air-cooling equipment upgrade	Apr. 2005	26
JPR Umeda Loft Bldg.	Cooling and heating generator upgrade	Apr. 2005 – May 2005	23
JPR Hakata Bldg.	Renewal of exterior repair seals	Apr. 2005 – June 2005	23
Tokyo Tatemono Honmachi Bldg.	Rooftop gardening work	May 2005 – June 2005	15
SK Hiroshima Bldg.	Installation of new air conditioner on 3rd floor	Jan. 2005 – Feb. 2005	15
Kawaguchi Center Bldg.	Installation of new inverter equipment	Jan. 2005	14
JPR Ningyo-cho Bldg.	Repairs of 4th – 9th floor toilets	Apr. 2005 – May 2005	10
Shin-Kojimachi Bldg.	Renovation of 7th floor	Apr. 2005 – May 2005	10
Other capital expenditures	Repairs of common areas, installation of office equipment floors, maintenance of parking, air conditioners, and disaster prevention facilities		216
Total			357

Note: Improvement costs include construction management compensation (¥3 million) paid to property management companies in addition to amounts for improvement work.

Value Up Strategy

While the Value Up strategy is an integral part of the Company's overall business policy, JPR will adopt a selective approach to the further divestment of investment properties. In the fiscal period under review, JPR reported a gain of ¥702 million (after

accounting for sales commissions in connection with all of the Company's sales activities) from the divestiture of the JPR Ikebukuro Building. As of the date of this report, the Company's Value Up strategy remains unchanged.

SUBSEQUENT EVENTS

In the subsequent six-month period, ending December 31, 2005, JPR acquired the Tachikawa Business Center Building and the Housing Design Center Kobe. The Company has also executed an agreement to purchase the Rise Arena Building (Higashi-Ikebukuro 4-chome Redevelopment Project). This building is currently under construction and due for completion in January

2007. In connection with divestments, JPR sold the Park East Sapporo and the SK Hiroshima Building, for net capital gains of approximately ¥177 million and ¥31 million, respectively. In the future, JPR will work to cement its position and to further fortify its platform for future growth.

FINANCIAL STATEMENTS

BALANCE SHEETS

(As of June 30, 2005 and Dec. 31, 2004)

	thousands of yen		U.S. dollars
	End of 7th Period (as of June 30, 2005)	End of 6th Period (as of Dec. 31, 2004)	End of 7th Period (as of June 30, 2005)
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 20,304,126	¥ 18,778,730	\$ 183,548,421
Rental receivables	191,263	158,642	1,729,006
Consumption tax refundable	51,773	—	468,026
Other current assets	92,373	552,064	835,046
Total current assets	20,639,535	19,489,436	186,580,499
PROPERTY AND EQUIPMENT AT COST:			
Land	120,398,583	107,315,134	1,088,397,964
Buildings and structures	81,252,899	76,481,264	734,522,681
Machinery and equipment	1,385,247	1,290,710	12,522,570
Tools, furniture and fixtures	43,144	15,923	390,016
Construction in progress	3,110	7,464	28,114
Subtotal	203,082,983	185,110,495	1,835,861,345
Less accumulated depreciation	(7,307,245)	(6,128,729)	(66,057,174)
Net property and equipment	195,775,738	178,981,766	1,769,804,171
INVESTMENTS AND OTHER ASSETS:			
Intangible assets	3,335	3,744	30,154
Deposits	10,100	10,100	91,304
Long-term prepaid expenses	1,675	3,051	15,143
Deferred corporate bond issuance costs	143,377	185,491	1,296,122
Other	250	—	2,260
TOTAL ASSETS	¥216,574,010	¥198,673,588	\$1,957,819,653

The accompanying notes form an integral part of these financial statements.

	thousands of yen		U.S. dollars
	End of 7th Period (as of June 30, 2005)	End of 6th Period (as of Dec. 31, 2004)	End of 7th Period (as of June 30, 2005)
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	¥ 900,822	¥ 793,747	\$ 8,143,391
Other accounts payable	435,199	449,145	3,934,175
Short-term debt	5,200,000	21,100,000	47,007,774
Accrued expenses	161,014	182,659	1,455,562
Accrued income taxes	1,598	976	14,448
Accrued consumption taxes	—	37,941	—
Rent received in advance	850,132	812,367	7,685,160
Total current liabilities	7,548,765	23,376,835	68,240,510
LONG-TERM LIABILITIES:			
Corporate bonds	42,000,000	42,000,000	379,678,178
Long-term debt	36,466,000	29,966,000	329,651,058
Deposits received from tenants	11,751,601	11,348,350	106,233,967
Total long-term liabilities	90,217,601	83,314,350	815,563,203
TOTAL LIABILITIES	97,766,366	106,691,185	883,803,713
UNITHOLDERS' EQUITY:			
Unitholders' capital	115,431,504	89,113,804	1,043,495,784
Retained earnings	3,376,140	2,868,599	30,520,156
TOTAL UNITHOLDERS' EQUITY	118,807,644	91,982,403	1,074,015,940
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	¥216,574,010	¥198,673,588	\$1,957,819,653

STATEMENTS OF INCOME AND RETAINED EARNINGS

(For the six-month periods ended June 30, 2005 and Dec. 31, 2004)

	thousands of yen		U.S. dollars
	7th Period (Jan. 1, 2005– June 30, 2005)	6th Period (July 1, 2004– Dec. 31, 2004)	7th Period (Jan. 1, 2005– June 30, 2005)
OPERATING REVENUES:	¥8,503,222	¥7,685,733	\$76,868,766
Real estate rental revenues	7,801,176	7,685,733	70,522,298
Gain on sale of real estate	702,046	—	6,346,468
OPERATING EXPENSES:	4,548,529	4,216,528	41,118,509
Real estate rental expenses	3,768,567	3,672,910	34,067,689
Asset management fees	337,265	317,710	3,048,857
Loss on sale of real estate	235,239	—	2,126,551
Administrative service and custodian fees	86,666	65,679	783,458
Other operating expenses	120,792	160,229	1,091,954
OPERATING PROFITS	3,954,693	3,469,205	35,750,257
NON-OPERATING REVENUES:	91,224	13,874	824,658
Interest income	148	118	1,341
Income on settlement of management association accounts	77,279	—	698,595
Other non-operating revenues	13,797	13,756	124,722
NON-OPERATING EXPENSES:	668,857	613,523	6,046,441
Interest expense	245,541	319,171	2,219,681
Loan arrangement fees	18,300	40,164	165,430
Interest expense on corporate bonds	278,620	190,871	2,518,716
Amortization of corporate bond issuance costs	42,114	42,114	380,708
New unit-issuance costs	65,469	—	591,838
Other non-operating expenses	18,813	21,203	170,068
INCOME BEFORE INCOME TAXES	3,377,060	2,869,556	30,528,474
INCOME TAXES:			
Current	1,628	999	14,715
Deferred	(639)	9	(5,774)
NET INCOME	3,376,071	2,868,548	30,519,533
RETAINED EARNINGS BROUGHT FORWARD	69	51	623
RETAINED EARNINGS AT END OF PERIOD	¥3,376,140	¥2,868,599	\$30,520,156

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(For the six-month periods ended June 30, 2005 and Dec. 31, 2004)

	unitholders' equity		
	units	thousands of yen	U.S. dollars
BALANCE AS OF JUNE 30, 2004	430,000	¥ 91,728,685	
Cash distributions paid	—	(2,614,830)	
Net income	—	2,868,548	
BALANCE AS OF DECEMBER 31, 2004	430,000	¥ 91,982,403	\$ 831,516,928
Cash distributions paid	—	(2,868,530)	(25,931,387)
Public offering	100,000	26,317,700	237,910,866
Net income	—	3,376,071	30,519,533
BALANCE AS OF JUNE 30, 2005	530,000	¥118,807,644	\$1,074,015,940

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

(For the six-month periods ended June 30, 2005 and Dec. 31, 2004)

	thousands of yen		U.S. dollars
	7th Period (Jan. 1, 2005– June 30, 2005)	6th Period (July 1, 2004– Dec. 31, 2004)	7th Period (Jan. 1, 2005– June 30, 2005)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	¥ 3,377,060	¥ 2,869,556	\$ 30,528,474
Depreciation	1,444,283	1,391,662	13,056,251
Amortization of corporate bond issuance costs	42,114	42,114	380,708
Interest income	(148)	(118)	(1,341)
Interest expense	524,161	510,042	4,738,397
Increase in rental receivables	(32,620)	(10,064)	(294,886)
(Increase) decrease in consumption tax refundable	(51,773)	372,948	(468,026)
Increase (decrease) in trade accounts payable	107,075	(96,577)	967,955
(Decrease) increase in other accounts payable	(13,669)	102,064	(123,566)
(Decrease) increase in accrued consumption taxes	(37,941)	37,941	(342,982)
Increase in rent received in advance	37,765	45,873	341,398
Decrease in property and equipment due to sale	6,503,193	—	58,788,580
Change in other current assets/liabilities	461,864	(342,201)	4,175,232
Subtotal	12,361,364	4,923,240	111,746,194
Interest received	148	118	1,341
Interest paid	(545,807)	(467,378)	(4,934,070)
Income taxes paid	(1,005)	(953)	(9,089)
Net cash provided by operating activities	11,814,700	4,455,027	106,804,376
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(24,741,447)	(16,989,359)	(223,661,610)
Purchases of intangible assets	—	(4,084)	—
Payment of deposits received from tenants	(903,825)	(814,611)	(8,170,541)
Proceeds from deposits received from tenants	1,307,076	954,701	11,815,914
Net cash used in investing activities	(24,338,196)	(16,853,353)	(220,016,237)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term debt	5,200,000	34,300,000	47,007,774
Repayment of short-term debt	(21,100,000)	(38,400,000)	(190,743,084)
Proceeds from long-term debt	6,500,000	—	58,759,718
Proceeds from corporate bonds	—	20,000,000	—
Payments of corporate bond issuance costs	—	(102,211)	—
Proceeds from issuance of units	26,317,700	—	237,910,866
Distributions to unitholders	(2,868,808)	(2,620,671)	(25,933,895)
Net cash provided by financing activities	14,048,892	13,177,118	127,001,379
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,525,396	778,792	13,789,518
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	18,778,730	17,999,938	169,758,903
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥ 20,304,126	¥ 18,778,730	\$ 183,548,421

The accompanying notes form an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

(June 30, 2005 and December 31, 2004)

1. ORGANIZATION

Japan Prime Realty Investment Corporation (the "Company"), an externally managed real estate investment corporation, was incorporated on September 14, 2001 under the Law Concerning Investment Trusts and Investment Corporations of Japan, or the Investment Trust Law. The Company was formed to invest primarily in real estate in Japan.

The Company was originally formed by Tokyo Tatemono Co., Ltd., Taisei Corporation, and Tokyo Realty Investment Management, Inc. ("TRIM"), and commenced its operation on November 16, 2001 by acquiring 13 properties. TRIM, a licensed asset management company, provides professional asset management services of office and retail properties to the Company. TRIM is currently owned 26% by Tokyo Tatemono Co.,

Ltd., 24% by Meiji Yasuda Life Insurance Company, 20% by Yasuda Real Estate Co., Ltd., 20% by Taisei Corporation, and 10% by Sompo Japan Insurance Inc.

On June 14, 2002, the Company raised ¥25,862 million through an initial public offering and was listed on the Tokyo Stock Exchange (Securities code: 8955).

On July 14, and August 9, 2003, the Company raised ¥32,132 million through a second offering (unitholders' capital as of December 31, 2003: ¥89,114 million).

As of June 30, 2005, the Company owned a portfolio of 42 properties containing an aggregate of approximately 281,408.97 square meters of leasable area, and leased its office space to 459 tenants. The occupancy rate is 95.4%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTING FINANCIAL STATEMENTS

The Company 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 Japanese Commercial Code, the Securities and Exchange Law of Japan 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 a translation of the financial statements of the Company, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Company filed with the Kanto Local Finance Bureau. 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.

The Company's accounting period ends at the end of June and December. The Company's seventh accounting period began on January 1, 2005 and ended on June 30, 2005.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥110.62=US\$1.00, the foreign exchange rate on June 30, 2005, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, less accumulated depreciation. The costs of land, buildings and building

improvements include the purchase price of property, legal fees and acquisition costs. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as follows:

Buildings.....	3-64 years
Structures.....	10-20 years
Machinery and equipment.....	3-17 years
Tools, furniture and fixtures.....	5-15 years

Expenditures for repairs and maintenance are charged to operations as incurred. Significant renewals and betterments are capitalized.

INTANGIBLE ASSETS

Intangible assets are amortized utilizing the straight-line method.

DEFERRED ASSETS

Corporate bond issuance costs are amortized over a period of approximately three years, comprised of six fiscal periods, with an equal amount amortized in each fiscal period.

New unit-issuance costs are charged to income as incurred.

In connection with the public offering of new investment units conducted on February 2, 2005, the spread method was utilized, under which the underwriter underwrote the new investment unit issue at the underwriting price and sold the investment units to the public at the offering price.

Under this method, the difference between the offering price and the underwriting price represents the underwriting commission. As a result of the application of this method, the Company does not pay an underwriting commission to the underwriter. The difference between the offering price and the underwriting price for the public offering of new investment

units conducted on February 2, 2005 was ¥879,985 thousand. In the event the underwriter had offered the new investment units to the public at the underwriting price (hereafter referred to as "the conventional method," this amount would have been accounted as new unit-issuance costs.

The effect of the application of the spread method was to reduce new unit-issuance costs by ¥879,985 thousand and increase income before income taxes by the same amount.

REVENUE RECOGNITION

Revenues from leasing of office space are recognized as rent accrued over the lease period.

TAXES ON PROPERTY AND EQUIPMENT

Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally charged to expenses during the period. The sellers of the properties were liable for property taxes for the calendar year including the period from the date of purchase by the Company through the end of the year since the taxes are imposed on the registered owner as of January 1, based on the assessment made

by the local government. The Company paid the amount equivalent to the property taxes to the sellers applicable to the period since acquisition and included the amount equivalent to the taxes in the purchase price of each property and capitalized as cost of the property.

CONSUMPTION TAXES

Consumption taxes withheld and consumption taxes paid are not included in the statements of income. The consumption taxes paid are generally offset against the balance of consumption taxes withheld. As such, the excess of payments over amounts withheld is included in the current assets and the excess of amounts withheld over payments is included in the current liabilities.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand, deposits placed with bank and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of price fluctuation, with original maturities of three months or less.

3. REAL ESTATE

Real estate at June 30, 2005 and December 31, 2004 consisted of the following:

	thousands of yen				U.S. dollars	
	As of June 30, 2005		As of December 31, 2004		As of June 30, 2005	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥ 19,967,713	¥ 19,967,713	¥ 9,510,751	¥ 9,510,751	\$180,507,261	\$ 180,507,261
Buildings and structures	9,654,361		5,588,675		87,275,002	
Accumulated depreciation	338,748	9,315,613	195,694	5,392,981	3,062,271	84,212,731
Machinery and equipment	79,316		55,081		717,011	
Accumulated depreciation	14,637	64,679	8,596	46,485	132,322	584,689
Tools, furniture and fixtures	8,417		289		76,085	
Accumulated depreciation	222	8,195	96	193	2,006	74,079
Construction in progress	2,060	2,060	4,251	4,251	18,622	18,622
Entrusted land	100,430,870	100,430,870	97,804,383	97,804,383	907,890,703	907,890,703
Entrusted buildings and structures	71,598,538		70,892,589		647,247,679	
Accumulated depreciation	6,571,891	65,026,647	5,597,147	65,295,442	59,409,604	587,838,075
Entrusted machinery and equipment	1,305,931		1,235,629		11,805,559	
Accumulated depreciation	378,627	927,304	325,376	910,253	3,422,767	8,382,792
Entrusted tools, furniture and fixtures	34,727		15,634		313,931	
Accumulated depreciation	3,120	31,607	1,820	13,814	28,204	285,727
Entrusted construction in progress	1,050	1,050	3,213	3,213	9,492	9,492
Total		¥195,775,738		¥178,981,766		\$1,769,804,171

4. SHORT-TERM DEBT

Short-term debt at June 30, 2005 and December 31, 2004 consisted of the following:

	As of June 30, 2005		As of December 31, 2004		As of June 30, 2005
	Amount (thousands of yen)	Weighted-average interest rate	Amount (thousands of yen)	Weighted-average interest rate	Amount (U.S. dollars)
Unsecured loans from banks due on May 27, 2006	¥5,200,000	0.330%	—	—	\$47,007,774
Unsecured loans from a bank due on November 8, 2005	—	—	¥ 1,000,000	0.492%	—
Unsecured loans from banks due on June 27, 2005	—	—	10,500,000	0.593%	—
Unsecured loans from banks due on September 27, 2005	—	—	2,100,000	0.493%	—
Unsecured loans from a bank due on March 31, 2005	—	—	1,500,000	0.488%	—
Unsecured loans from a bank due on May 27, 2005	—	—	1,000,000	0.543%	—
Unsecured loans from a bank due on February 25, 2005	—	—	3,000,000	0.530%	—
Unsecured loans from a bank due on March 25, 2005	—	—	2,000,000	0.584%	—
Total	¥5,200,000		¥21,100,000		\$47,007,774

5. CORPORATE BONDS

Details of total corporate bonds outstanding are briefly as follows:

	As of June 30, 2005		As of December 31, 2004		As of June 30, 2005
	Amount (thousands of yen)	Interest rate (%)	Amount (thousands of yen)	Interest rate (%)	Amount (U.S. dollars)
Unsecured bonds due on February 12, 2008	¥10,000,000	0.84%	¥10,000,000	0.84%	\$ 90,399,566
Unsecured bonds due on February 12, 2010	7,000,000	1.38%	7,000,000	1.38%	63,279,697
Unsecured bonds due on February 12, 2014	5,000,000	2.32%	5,000,000	2.32%	45,199,783
Unsecured bonds due on November 4, 2009	10,000,000	0.92%	10,000,000	0.92%	90,399,566
Unsecured bonds due on November 4, 2011	5,000,000	1.44%	5,000,000	1.44%	45,199,783
Unsecured bonds due on November 4, 2014	5,000,000	2.00%	5,000,000	2.00%	45,199,783
Total	¥42,000,000	—%	¥42,000,000	—%	\$379,678,178

6. LONG-TERM DEBT

Long-term debt at June 30, 2005 and December 31, 2004 consisted of the following:

	As of June 30, 2005		As of December 31, 2004		As of June 30, 2005
	Amount (thousands of yen)	Weighted-average interest rate	Amount (thousands of yen)	Weighted-average interest rate	Amount (U.S. dollars)
Unsecured loans from an insurance company due on March 23, 2007	¥ 1,000,000	0.873%	¥ 1,000,000	0.873%	\$ 9,039,957
Unsecured loans from an insurance company due on April 13, 2007	2,000,000	0.493%	—	—	18,079,913
Unsecured loans from banks due on April 11, 2007	4,500,000	0.478%	—	—	40,679,805
Secured loans from a trust bank and an insurance company due on December 27, 2006	13,000,000	1.234%	13,000,000	1.234%	117,519,436
Secured loans from banks due on December 27, 2006	2,000,000	1.295%	2,000,000	1.295%	18,079,913
Secured loans from an insurance company due on December 26, 2008	4,783,000	1.700%	4,783,000	1.700%	43,238,112
Secured loans from an insurance company due on June 21, 2011	4,783,000	2.050%	4,783,000	2.050%	43,238,112
Secured loans from an insurance company due on March 28, 2013	4,400,000	1.750%	4,400,000	1.750%	39,775,810
Total	¥36,466,000		¥29,966,000		\$329,651,058

7. SECURED ASSETS

At June 30, 2005 and December 31, 2004, the following assets were pledged as collateral for the following debt:

Pledged assets:

	thousands of yen		U.S. dollars
	As of June 30, 2005	As of December 31, 2004	As of June 30, 2005
Cash and cash equivalents	¥ 5,775,834	¥ 6,029,990	\$ 52,213,288
Land	35,821,302	37,676,782	323,823,017
Buildings and structures	23,740,001	28,235,478	214,608,578
Machinery and equipment	229,806	403,797	2,077,438
Tools, furniture and fixtures	11,974	4,543	108,248
Construction in progress	—	3,213	—
Total	¥65,578,917	¥72,353,803	\$592,830,569

Debt secured by the pledged assets:

	thousands of yen		U.S. dollars
	As of June 30, 2005	As of December 31, 2004	As of June 30, 2005
Long-term debt	¥28,966,000	¥28,966,000	\$261,851,383

8. UNITHOLDERS' EQUITY

Under the Investment Trust Law and the related regulations, the appropriations of retained earnings and the declaration of a cash distribution for the current accounting period are made by the resolution of the Board of Directors at a meeting held

subsequent to the close of the accounting period. As such, the retained earnings of unitholders' equity at June 30, 2005 included cash distribution of ¥3,376,100 thousand (\$30,519,797) subsequently made.

9. INCOME TAXES

At June 30, 2005, the Company's deferred tax assets consisted mainly of the accrued enterprise tax, which is not deductible until paid for tax purposes. The reconciliation of tax rate difference between the adjusted statutory tax rates and the effective tax rates for the six-month periods ended June 30, 2005 and December 31, 2004 were as follows:

	For the period from January 1, 2005 to June 30, 2005	For the period from July 1, 2004 to December 31, 2004
Statutory tax rate	39.39%	39.39%
Deductible dividends distribution	(39.38%)	(39.38%)
Others	0.02%	0.03%
Effective tax rate	0.03%	0.04%

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan, or the STML, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its taxable income for the accounting period as stipulated by Article 67-15 of the STML. Based on the distribution policy provided by the Articles of Incorporation, the Company made a dividend distribution of approximately 100% of retained earnings in the amount of ¥3,376,100 thousand (\$30,519,797) at June 30, 2005 and treated it as tax deductible dividend. The Company will not distribute the dividends in excess of accounting profit under the Articles of Incorporation.

10. PER UNIT INFORMATION

The following table summarizes information about net assets per unit and net income per unit at June 30, 2005 and December 31, 2004, and for the six-month periods then ended:

	yen		U.S. dollars
	For the period from January 1, 2005 to June 30, 2005	For the period from July 1, 2004 to December 31, 2004	For the period from January 1, 2005 to June 30, 2005
Net assets at period-end per unit	¥224,165	¥213,912	\$2,026
Net income per unit	6,599	6,671	60

In calculating the net assets per unit, the amount of the net assets included the cash distribution declared in the subsequent period.

Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during each period. The weighted-average number of units used in the

calculation was 511,547 units for the six months ended June 30, 2005 and 430,000 units for the six months ended December 31, 2004. Diluted net income per unit has not been presented since no warrants and convertible bonds were issued during the period.

11. RELATED PARTY TRANSACTIONS

The Company entered into the following related party transactions:

	thousands of yen		U.S. dollars
	For the period from January 1, 2005 to June 30, 2005	For the period from July 1, 2004 to December 31, 2004	For the period from January 1, 2005 to June 30, 2005
Property brokerage fees	¥140,000	¥87,000	\$1,265,594
Property management fees	32,631	41,175	294,983
Leasing commissions	6,344	5,181	57,349
Outsourced property operation	77,090	98,577	696,890
Repairs and maintenance	48,863	99,853	441,719

12. BREAKDOWN OF OPERATING REVENUES AND EXPENSES

For the six-month periods ended June 30, 2005 and December 31, 2004.

	thousands of yen		U.S. dollars
	For the period from January 1, 2005 to June 30, 2005	For the period from July 1, 2004 to December 31, 2004	For the period from January 1, 2005 to June 30, 2005
Real Estate Rental Revenues	¥7,801,176	¥7,685,733	\$70,522,298
Rental Revenues	7,340,901	7,097,927	66,361,427
Rental revenues	5,772,805	5,586,207	52,185,903
Common charges	1,344,062	1,301,555	12,150,262
Parking revenues	193,180	180,919	1,746,344
Other rental revenues	30,854	29,246	278,918
Non-Rental Revenues	460,275	587,806	4,160,871
Incidental income	404,332	536,067	3,655,143
Cancellation charges	25,167	23,811	227,510
Other miscellaneous revenues	30,776	27,928	278,218
Real Estate Rental Expenses	3,768,567	3,672,910	34,067,689
Property management fees	159,350	153,226	1,440,516
Utilities expenses	446,897	578,443	4,039,934
Property and other taxes	706,269	541,134	6,384,642
Casualty insurance	37,391	38,246	338,016
Repairs and maintenance	113,768	151,755	1,028,459
Depreciation	1,444,283	1,391,662	13,056,251
Other rental expenses	860,609	818,444	7,779,871
Profits	4,032,609	4,012,823	36,454,609

	thousands of yen		U.S. dollars
	For the period from January 1, 2005 to June 30, 2005	For the period from July 1, 2004 to December 31, 2004	For the period from January 1, 2005 to June 30, 2005
Gain on sale of real estate			
Proceeds from sale of real estate	¥3,345,000	¥—	\$30,238,655
Cost of real estate	2,577,089	—	23,296,770
Other related sales expense	65,865	—	595,417
Gain on sale of real estate	702,046	—	6,346,468
Loss on sale of real estate			
Proceeds from sale of real estate	¥3,765,000	¥—	\$34,035,437
Cost of real estate	3,926,104	—	35,491,811
Other related sales expense	74,135	—	670,177
Loss on sale of real estate	235,239	—	2,126,551

13. LEASES

The Company leases office buildings and earns rental income. As of June 30, 2005 and December 31, 2004, the future lease revenues under the non-cancelable operating leases are as follows:

	thousands of yen		U.S. dollars
	As of June 30, 2005	As of December 31, 2004	As of June 30, 2005
Due within one year	¥ 4,630,966	¥ 3,965,044	\$ 41,863,732
Due after one year	26,239,874	20,483,242	237,207,322
Total	¥30,870,840	¥24,448,286	\$279,071,054

14. SUBSEQUENT EVENTS

APPROPRIATION OF RETAINED EARNINGS

On August 18, 2005, the Board of Directors resolved to effect the payment of a cash distribution of ¥6,370 per share aggregating ¥3,376 million (\$30,520 thousand) to unitholders at the record date of June 30, 2005.

Report of Independent Auditors

To the Board of Directors and Unitholders of
Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheets of Japan Prime Realty Investment Corporation as of June 30, 2005 and December 31, 2004, the related statements of income and retained earnings, changes in unitholders' equity and cash flows for the six-month periods ended June 30, 2005 and December 31, 2004, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation at June 30, 2005 and December 31, 2004, and the results of its operations and cash flows for the six-month periods ended June 30, 2005 and December 31, 2004 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended June 30, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

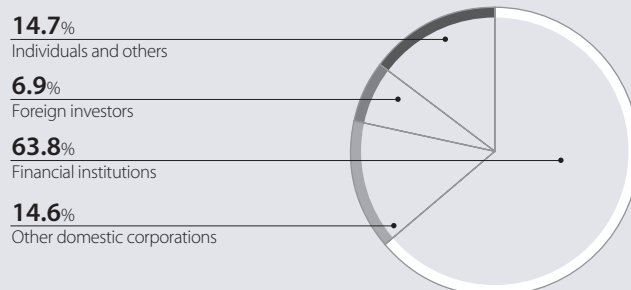


September 16, 2005

UNITHOLDER INFORMATION

Breakdown of Unitholders (As of June 30, 2005)

By Number of Units Held



By Composition



Major Unitholders (As of June 30, 2005)

	Units	(%)
Japan Trustee Services Bank, Ltd. (Trust Account)	50,253	9.5
Tokyo Tatemono Co., Ltd.	29,300	5.5
Kawasaki Gakuen	24,200	4.6
Meiji Yasuda Life Insurance Company	24,000	4.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,491	4.2
Trust & Custody Service Bank, Ltd.	17,259	3.3
The Hiroshima Bank, Ltd.	10,837	2.0
ALG Star Life Insurance Co., Ltd.	10,208	1.9
NikkoCiti Trust and Banking Corporation	10,052	1.9
The Bank of Ikeda, Ltd.	9,461	1.8

MEMBERS OF THE BOARD (As of June 30, 2005)

Name Title

Biography

*Number of Investment Units Held

Japan Prime Realty Investment Corporation

Hirohito Kaneko Executive Officer *0

Dec. 19, 2001	Executive Officer, Japan Prime Realty Investment Corporation
Apr. 1, 1979	Representative Counsel (currently on service) of Hirohito Kaneko Law Office
Apr. 1, 1977	Bar admission (Tokyo Bar Association) Shigeru Yamada Law Office

Sosuke Yasuda Supervising Officer *0

Jun. 28, 2005	Outside Auditor, Mitsui Sumitomo Insurance Company, Limited (currently on service)
Sept. 14, 2001	Supervising Officer, Japan Prime Realty Investment Corporation
Oct. 1, 1999	Director and Senior Partner (currently on service), Tokyo Hokuto & Co., (Tokyo Akasaka Audit Co. and Hokuto Audit Co. merged)
July 2, 1993	Senior Partner, Tokyo Akasaka Audit Co.
Feb. 16, 1983	Representative of Tokyo Akasaka CPA Joint Office
June 27, 1980	Sosuke Yasuda Tax Accountant Office (currently on service)
Dec. 1, 1975	Masamitsu Serizawa Accounting Firm
Apr. 1, 1968	Main Store, KK Ohgiya

Shigeru Sugimoto Supervising Officer *0

Sept. 14, 2001	Supervising Officer, Japan Prime Realty Investment Corporation
June 1, 2001	Auditor, Morimoto Co., Ltd. (currently on service)
Oct. 2, 1999	Representative Director of Tokyo SPC Services (currently on service)
June 24, 1998	Senior Partner (currently on service) of Horwath Sakura & Co. (ex- Sakura Audit Corporation)
Dec. 1, 1996	Horwath International
Dec. 22, 1995	Sakura Audit Corporation
July 1, 1988	Representative Director of Sakura & Co. (currently on service)
Nov. 1, 1985	Ohta Showa Audit Corporation
Apr. 1, 1982	Housing and Urban Development Public Corporation

Tokyo Realty Investment Management, Inc.

Toshihiro Hagiwara President and CEO *0

Jan. 23, 2001	President, Tokyo Realty Investment Management, Inc.
Apr. 1, 1999	Director and Head of Osaka Branch Office
Jan. 1, 1998	Head of Development Business Department of Kinshicho Project (Tokyo) and led negotiations for city planning of large-scale development of more than 28,000m ²
Mar. 28, 1992	Director of Secretary's Office and Human Resources
Apr. 20, 1989	Planning of redevelopment scheme connecting Akihabara and Okachimachi (Tokyo) for JR East Urban Development Corporation (Joint Venture of Japan Railway East)
July 1, 1985	Property management and acquisition businesses of Building Department
Apr. 1, 1968	Tokyo Tatemono Co., Ltd.

Takeshi Maki Director and Chief Financial Officer *0

July 1, 2001	Director and Chief Financial Officer, Tokyo Realty Investment Management, Inc.
Apr. 1, 2000	General Manager of Pension Management Department
Apr. 1, 1991	Manager of International Investment Department in charge of investments in overseas real estate and financing activities
Oct. 1, 1989	Investment Banking Division of Paine Webber Japan Inc. in Tokyo, where he was involved with M&A and IPO businesses
Oct. 23, 1983	New York representative office of Yasuda Life
Apr. 1, 1973	Finance Department of The Yasuda Mutual Life Insurance Company (Currently Meiji Yasuda Life Insurance Company)

Yukio Furuya Director and Chief Investment Officer *0

Jan. 23, 2000	Director and Chief Investment Officer, Tokyo Realty Investment Management, Inc.
Apr. 1, 1999	Group leader of the Sales Planning Group Structured a system of property management services
Jan. 1, 1998	Tenant-leasing team leader
June 1, 1993	Took charge of tenant leasing
Nov. 1, 1990	Tokyo Tatemono of America
Apr. 1, 1981	Tokyo Tatemono Co., Ltd. Involved in real estate investment, leasing to tenants and appraisals of real estate

Kazuo Kitami Director and Chief Administrative Officer *0

Oct. 1, 2004	Director and Chief Administrative Officer, Tokyo Realty Investment Management, Inc.
Apr. 1, 1997	Manager of Credit Assessment Dept. 2, Management and Administration Division. Responsible for loan administration. Responsible for credit administration involved in the bulk sale of non-performing loans, involved in self-assessment and formulation of insurance investigation manual. Manager, Loans Administration between Aug. 2000 through Mar. 2003, responsible for loan-related accounting.
Apr. 1, 1995	Manager of Real Estate Development responsible for overall operations.
Sept. 1, 1989	Manager of Real Estate Development Dept., Real Estate Division. Involved in real estate investment activities, property leasing and property management.
Mar. 1, 1977	Asset Management Division (Loans, Real Estate and Other). Engaged in loan front office operations. Involved in the establishment of a leasing subsidiary.
Apr. 1, 1975	The Yasuda Mutual Life Insurance Company (Currently Meiji Yasuda Life Insurance Company)

CORPORATE DATA

Head Office

9-9 Yaesu 1-chome, Chuo-ku, Tokyo 103-8285, Japan
Tel: +81-3-3231-1051
Fax: +81-3-3274-7775

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

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

Mailing Address Mizuho Trust & Banking Co., Ltd.
1-17-7 Saga, Koto-ku, Tokyo 135-8722
Stock Transfer Agency Division

Telephone Agents +81-3-5213-5213 (Representative)
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

Performance

Trends in occupancy rate by area and purpose; trends in investment conditions. Updated monthly.

FAQ

Answers to commonly asked questions by our unitholders and investors are found here.

Investor Relations

News releases are posted here as appropriate, as well as information useful to unitholders and investors in evaluating the status of JPR, including financial statements and other legally mandated reports.

English page

This Web site has been created specifically for our English-speaking readers.



This document contains a translation of selected information described in the Financial Report (Kessan Tanshin) dated August 18, 2005, prepared under the timely disclosure requirements of the Tokyo Stock Exchange, as well as the Financial Statements and Performance Information Report prepared pursuant to the Investment Trust Law of Japan, for the period from January 1, 2005 to June 30, 2005 of Japan Prime Realty Investment Corporation ("JPR").

This English language document was prepared solely for the convenience of and reference by non-Japanese investors and is not intended to constitute a disclosure document. The Japanese language Financial Report, Financial Statements and Performance Information Report for the aforementioned period should be referred to as the originals of this document.

English translations for legal, accounting, tax and business concepts used herein may not convey precisely identical concepts of the equivalent Japanese terms. The figures presented in the financial statements may differ from the Company's Financial Report (Kessan Tanshin) due to rounding. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese documents and English documents contained herein, the original Japanese documents will govern the meaning and interpretation. Neither JPR, Tokyo Realty Investment Management, Inc., nor any of their respective directors, officers, employees, partners, unitholders, agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of English translations or the selection of the portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than as contained in this document in relation to the matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by JPR, Tokyo Realty Investment Management, Inc., or any of their respective directors, officers, employees, partners, unitholders, agents or affiliates.

The financial statements of JPR have been prepared in accordance with generally accepted accounting principles in Japan (Japanese GAAP), which may materially differ in certain respects from generally accepted accounting principles in other jurisdictions.

Many provisions of this document contain information that constitute forward-looking statements. These forward-looking statements are not a guarantee of future performance and involve risks and uncertainties, and actual results may differ materially from those in the forward-looking statements as a result of various factors.

