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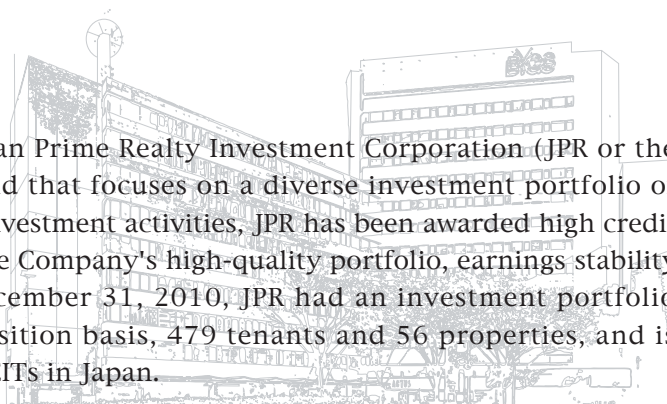


Eighteenth Fiscal Period Business Report
July 1, 2010 – December 31, 2010
Japan Prime Realty Investment Corporation



Corporate Profile

Established on September 14, 2001, Japan Prime Realty Investment Corporation (JPR or the Company) is a closed-end corporate fund that focuses on a diverse investment portfolio of office and retail properties. Through its investment activities, JPR has been awarded high credit ratings from rating agencies, reflecting the Company's high-quality portfolio, earnings stability and sound financial standing. As of December 31, 2010, JPR had an investment portfolio totaling 341.58 billion yen on an acquisition basis, 479 tenants and 56 properties, and is recognized as one of the top diversified REITs in Japan.



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Investment Highlights

Portfolio Overview

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

Growth Strategies

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

Targets

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





Message to Our Unitholders

We are delighted to have this opportunity to provide an overview of the asset management and financial results of Japan Prime Realty Investment Corporation (JPR) for its 18th fiscal period (July 1, 2010 - December 31, 2010).

During the fiscal period, JPR acquired two properties - BYGS Shinjuku Building (additional ownership) and Tokyo Tatemono Yokohama Building - for a total of 10.3 billion yen (on an acquisition price basis). The acquisition of additional co-ownership in BYGS Shinjuku Building allowed JPR to gain entire ownership of the property. As a result, JPR's portfolio expanded to 56 properties, or 341.5 billion yen on an acquisition price basis, as of the end of the 18th fiscal period.

In financing, JPR has continued to secure a stable financial standing through such measures as refinancing of borrowings to long-term, fixed-rate borrowings in an aim to avoid the risk of interest rate fluctuations, while paying attention to the diversification of repayment and redemption dates and other factors.

As for the financial results of the 18th fiscal period, JPR recorded 11,870 million yen in operating revenue, 4,039 million yen in ordinary income and 4,039 million yen in net income. On top of contributions of the full-period operation of properties acquired in the previous fiscal period and partial-period operation of properties acquired in the 18th fiscal period, the occupancy rates of existing properties dropped due to the impact of the stagnant real estate rental market while requests from tenants for reduced rents and other factors caused earnings to decrease.

With regard to the cash distribution for the 18th fiscal period, JPR decided to use the retained earnings brought forward that had been internally reserved through the 17th fiscal period. As a result, the cash distribution per unit came to 5,680 yen.

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

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

Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation

Account Highlights

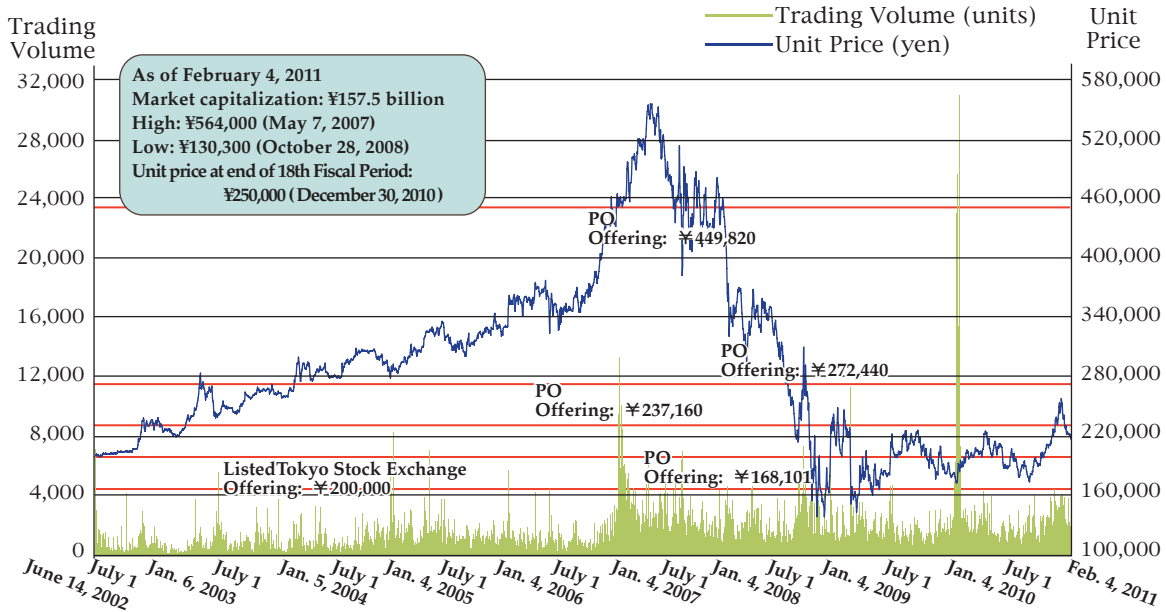
(All amounts in millions of yen unless otherwise stated)

	14th Fiscal Period ended December 2008	15th Fiscal Period ended June 2009	16th Fiscal Period ended December 2009	17th Fiscal Period ended June 2010	18th Fiscal Period ended December 2010
Operating revenues	11,171	14,330	11,493	12,314	11,870
Ordinary income	4,433	5,572	4,333	4,964	4,039
Net income	4,432	2,331	4,332	4,963	4,039
Total cash distributions	4,432	2,331	4,333	4,840	4,061
Total assets	309,253	329,163	332,380	358,339	360,904
Total unitholders' equity	161,158	159,057	161,058	176,303	175,502
Equity ratio (%)	52.1	48.3	48.5	49.2	48.6
Unitholders' equity per unit (yen)	257,853	254,492	257,693	246,578	245,458
Cash distribution per unit (yen)	7,092	3,731	6,933	6,770	5,680



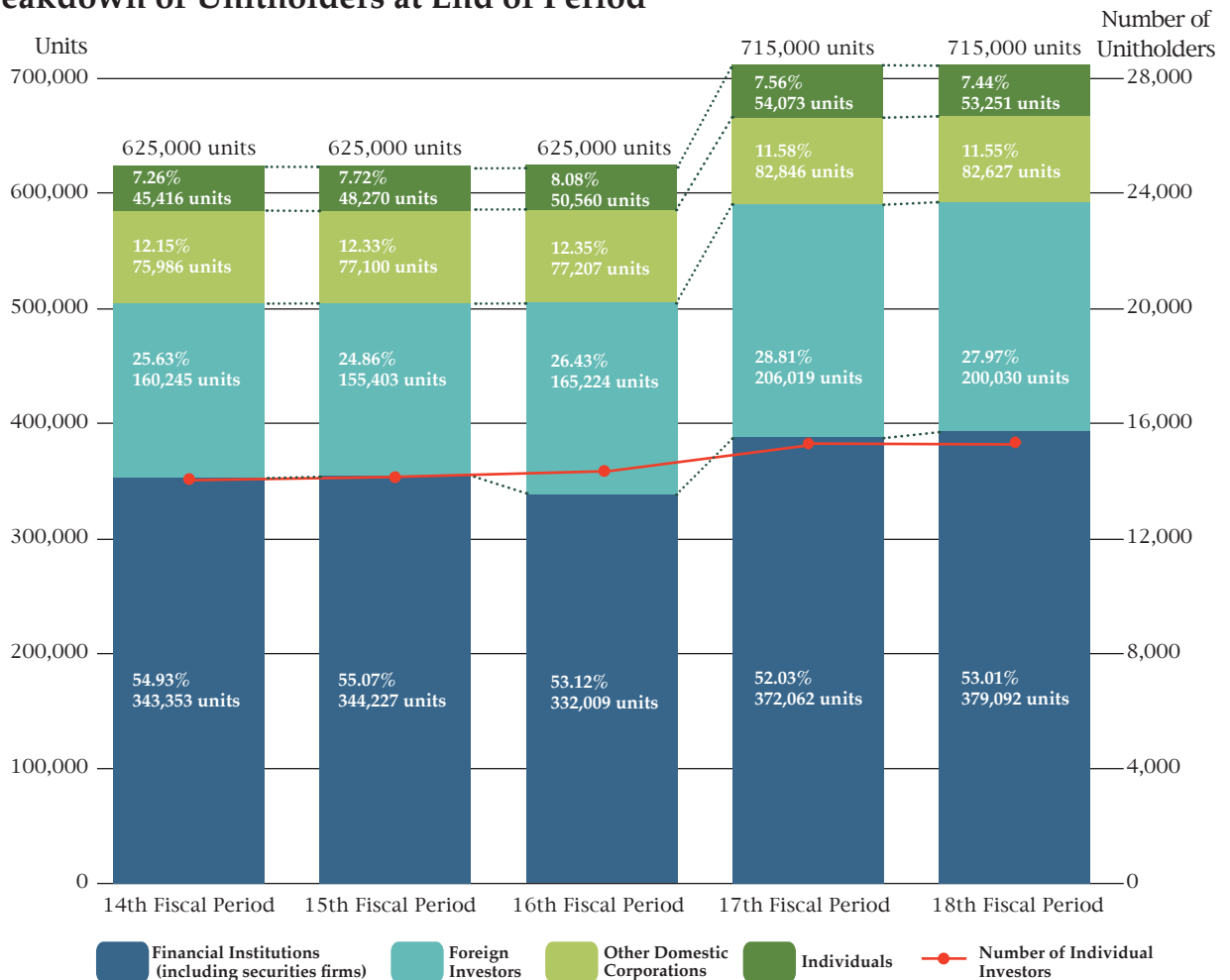
Investment Unit Status

Historical Unit Price



(Note) Unit prices are based on closing prices.

Breakdown of Unitholders at End of Period



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

New Acquisitions during the 18th Fiscal Period

Properties acquired in the 18th Fiscal Period

BYGS Shinjuku Bldg. (additional ownership) **A 12**

(Office)



Location
Shinjuku Ward, Tokyo

Acquisition Date
July 13, 2010

Acquisition Price
¥3,300 million

Site Area
3,522.46m²

Total Floor Space
25,733.10m²

Structure Floors
SRC B2/14F

Completed
April 1985

Tokyo Tatemono Yokohama Bldg. **B 12**

(Office)



Location
Yokohama City, Kanagawa

Acquisition Date
December 27, 2010

Acquisition Price
¥7,000 million

Site Area
1,110.28m²

Total Floor Space
8,772.51m²

Structure Floors
SRC B1/9F

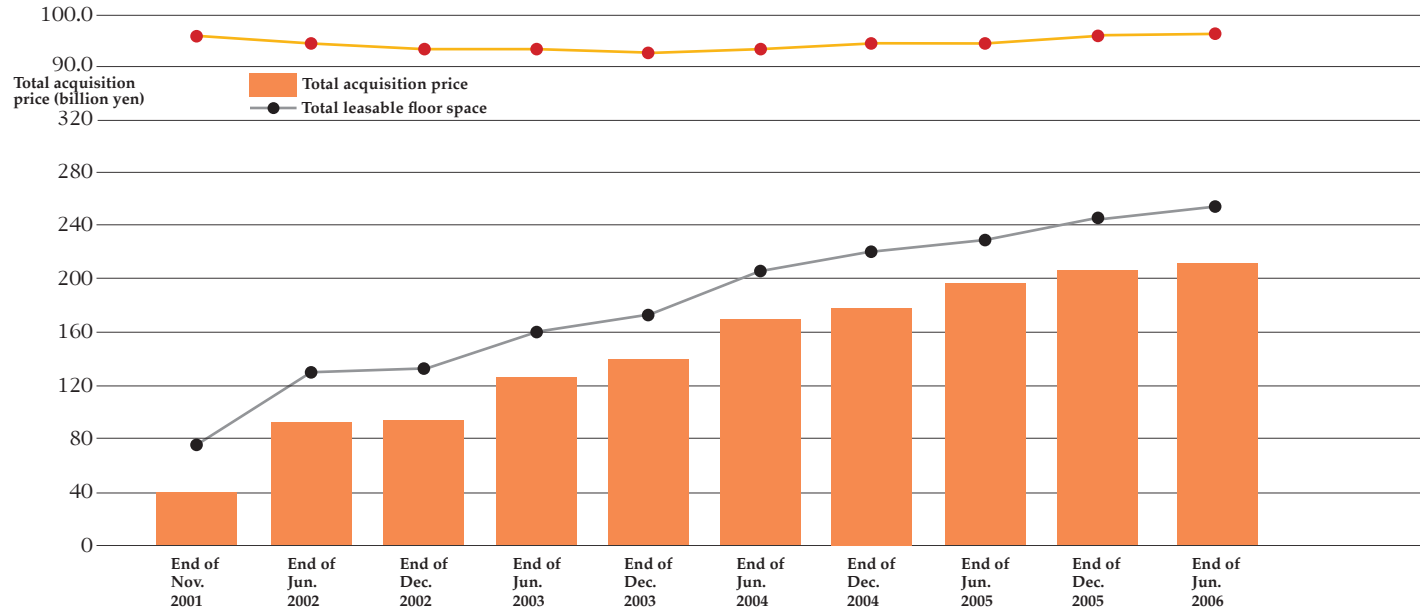
Completed
May 1981

*JPR owned 75% of the co-ownership of BYGS Shinjuku Bldg. and with the acquisition of an additional 25% co-ownership JPR now holds the entire ownership.

Portfolio Topics

Portfolio Growth

Occupancy rate (%) ●—



Total acquisition price (billion yen)	40.73	92.18	94.59	125.79	139.64	163.65	179.62	197.65	202.66	209.22
Total leasable floor space (m ²)	94,935.49	162,739.50	168,987.78	201,808.72	218,734.67	256,329.13	273,330.52	281,408.97	308,205.26	315,156.84
Occupancy rate (%)	96.3	94.1	93.4	93.5	92.7	93.2	95.1	95.4	97.2	98.0
Properties	13	25	27	30	32	38	42	42	42	44
Total number of tenants	133	281	311	324	357	437	496	459	441	462

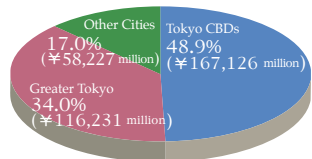
(Note 1) When a single tenant leases multiple rooms in the same property, the tenant is counted as one. If the leased rooms are in multiple buildings, the tenant is counted in plural.

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

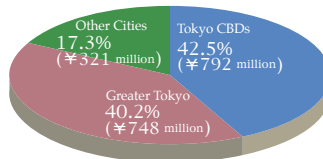
Portfolio Diversification by Region

■ Tokyo CBDs ■ Greater Tokyo ■ Other Cities

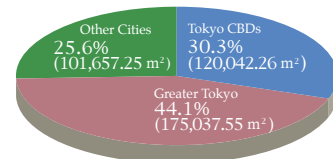
Value breakdown by acquisition price



Value breakdown by monthly rental revenue at period end



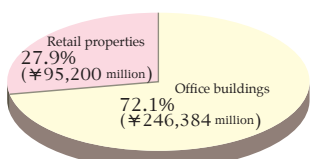
Value breakdown by leased floor space at period end



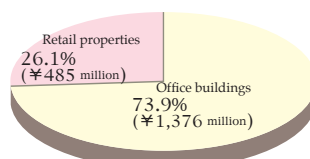
Portfolio Diversification by Asset Class

■ Office buildings ■ Retail properties

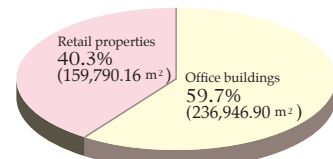
Value breakdown by acquisition price

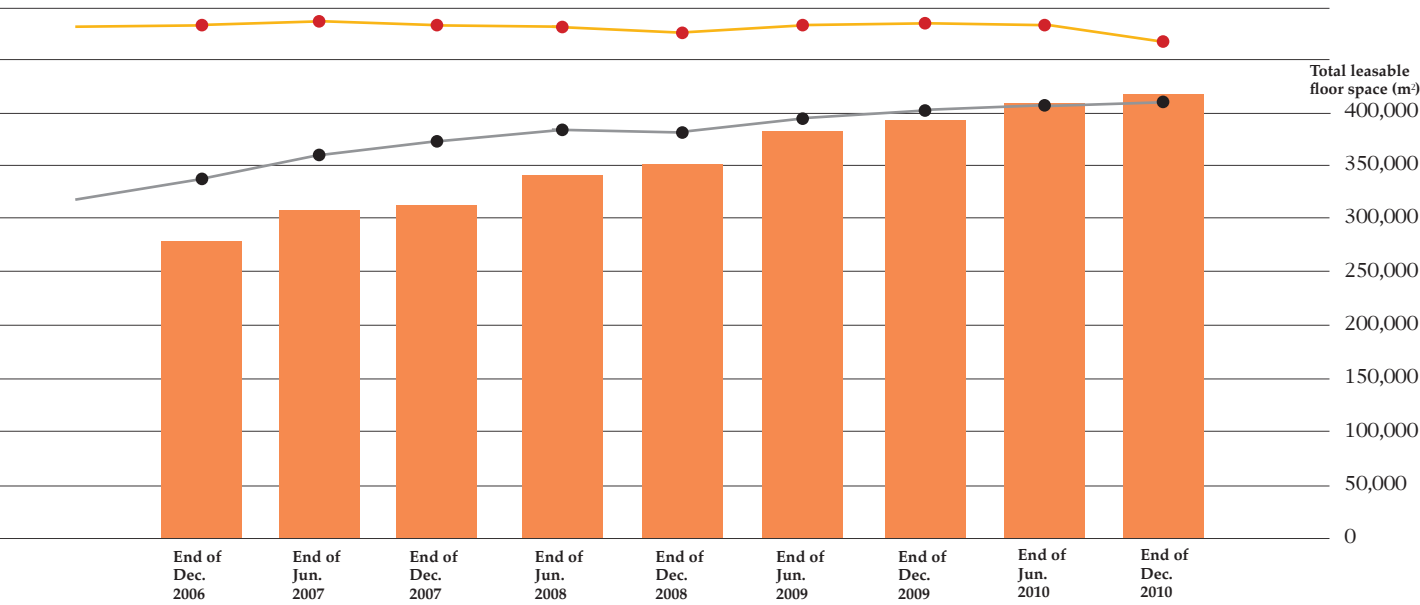


Value breakdown by monthly rental revenue at period end



Value breakdown by leased floor space at period end





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

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

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

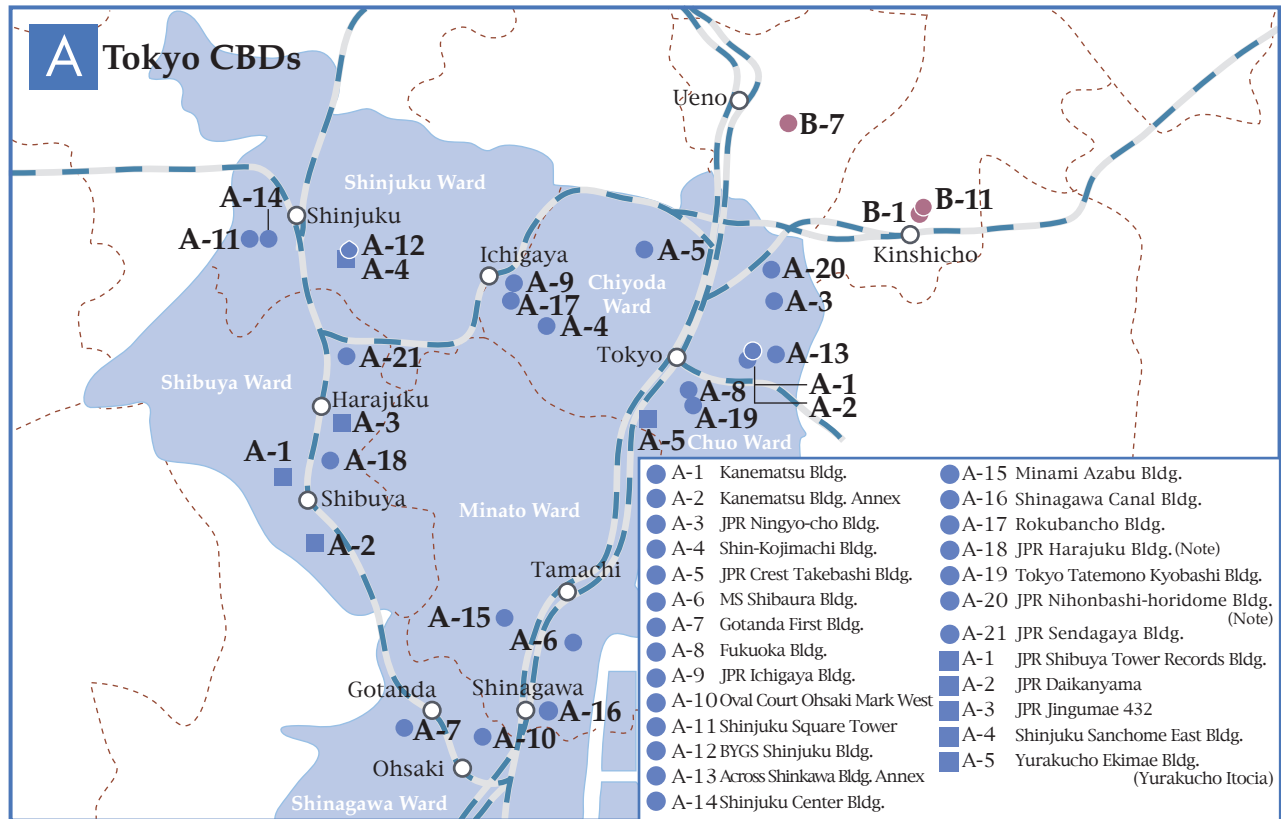
Major Tenants

(As of December 31, 2010)

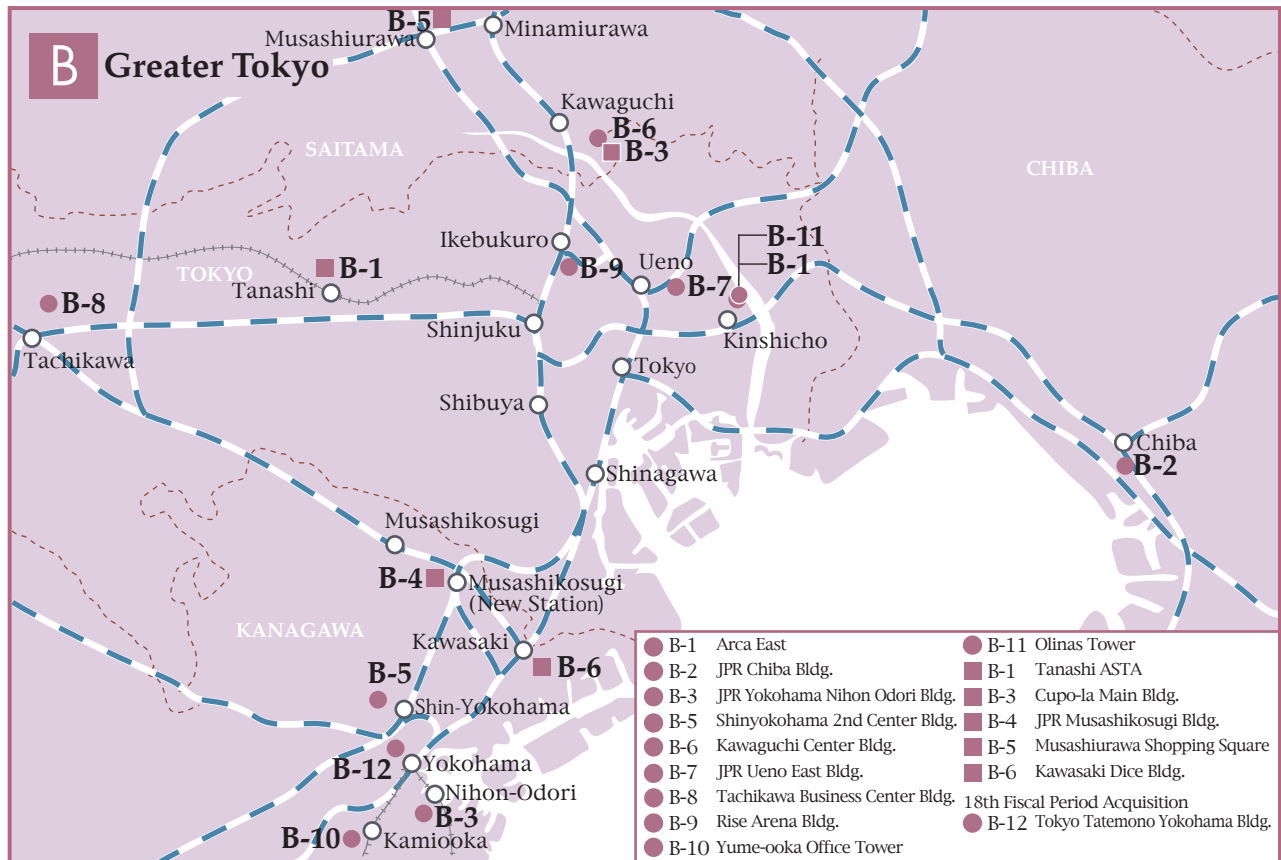
#	Tenant	Name of Property	Leased floor area at period end (m ²)	Percentage of total leased floor area at period end
1	ABC Development Corporation	Housing Design Center Kobe	35,444.13	8.9%
2	The Seiyu, Ltd.	Tanashi ASTA	31,121.71	7.8%
3	Tokyo Tatemono Co., Ltd.	Shinjuku Center Building, Arca East, Kawasaki Dice Bldg.	22,158.40	5.6%
4	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	5.0%
5	The Loft Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	4.7%
6	Shinjuku Square Tower Management Co., Ltd.	Shinjuku Square Tower	11,268.27	2.8%
7	Olympic Corporation	Musashiurawa Shopping Square	9,558.51	2.4%
8	Tower Records Japan, Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	2.0%
9	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg., Yume-ooka Office Tower, Sompo Japan Sendai Bldg., Sompo Japan Wakayama Bldg.	7,254.12	1.8%
10	Yuraku Real Estate Co., Ltd.	Rise Arena Bldg.	6,023.39	1.5%

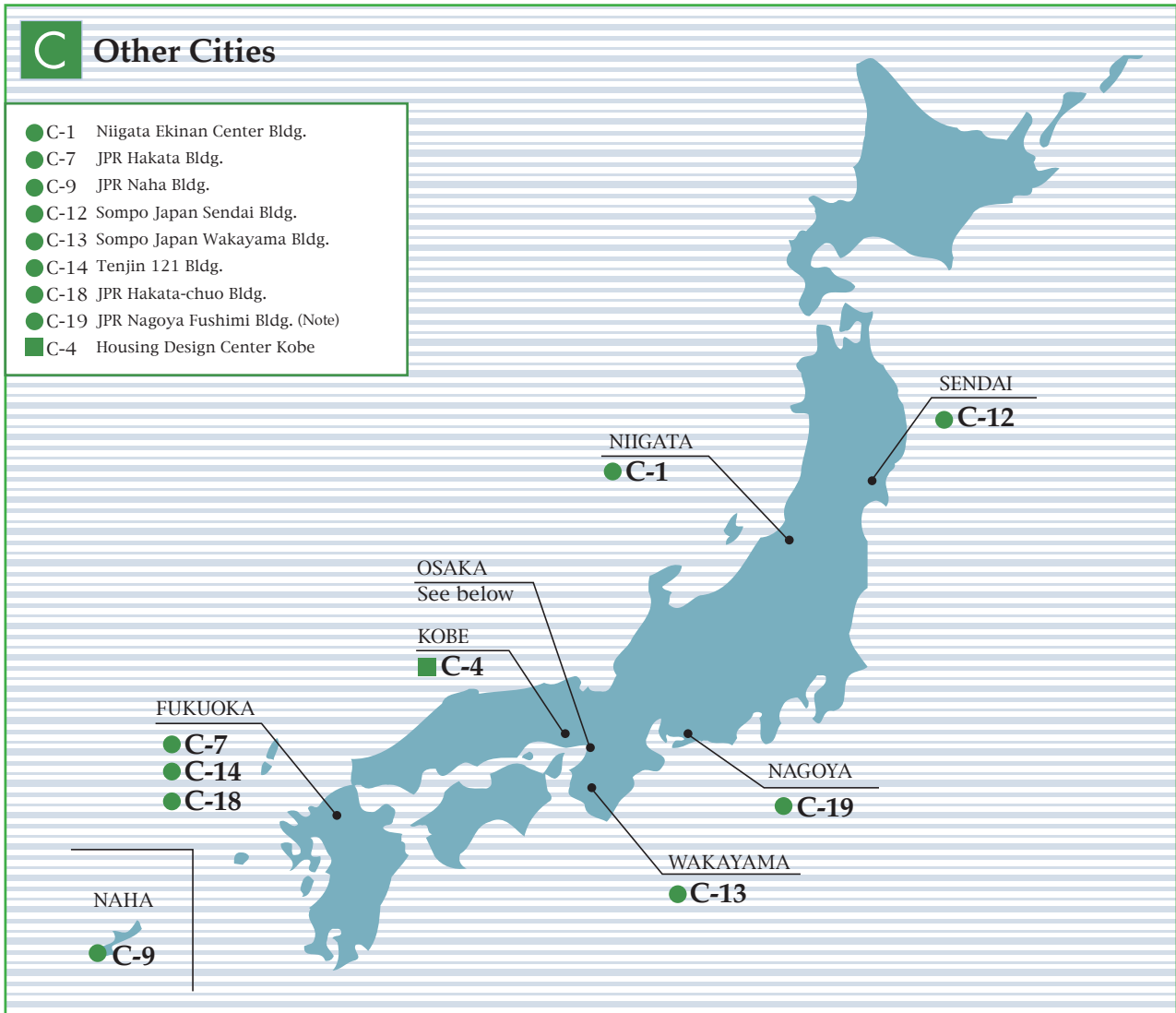
(Note) The areas of co-owned buildings corresponding to the portions owned by JPR are indicated.

Property Portfolio

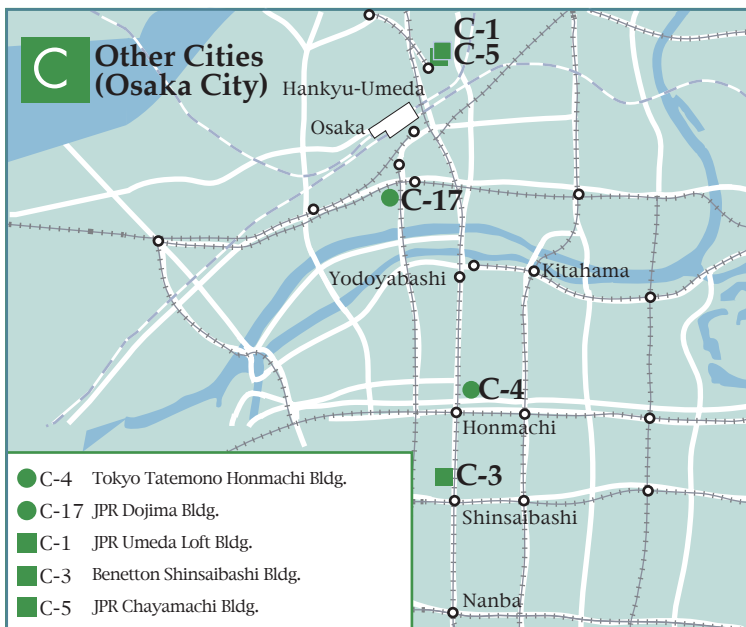


(Note) Property names were changed from Ryoshin Harajuku Building to JPR Harajuku Building on March 1, 2011 and from TK Horidome Building to JPR Nihonbashi-horidome Building on January 1, 2011, respectively.





(Note) Mitsubishi UFJ Lease & Finance Nagoya Head Office Building was renamed to JPR Nagoya Fushimi Building on October 1, 2010. The property is referred to by the new name throughout this Business Report.



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

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

(As of December 31, 2010)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	16,276	4.8	79.4	1,751.13	7,994.02	90.0	7	328,157
	2,874	0.8	79.4	679.06	2,291.13	100.0	1	91,650
	2,100	0.6	100.0	550.06	2,791.88	59.6	3	87,034
	2,420	0.7	77.2	657.80	2,105.44 901.36 312.53 3,319.33	94.1 67.4 100.0	9	77,255 20,642 13,079
	4,000	1.2	100.0	636.90	3,265.34	100.0	9	133,147
	11,200	3.3	58.0	8,992.18	14,470.72	100.0	8	552,166
	2,920	0.9	59.6	1,551.19	4,243.58	100.0	2	135,834
	2,920	0.9	26.2	1,302.17	1,250.06 687.34 1,937.40	100.0 100.0	1	87,356 38,973
	5,100	1.5	100.0	1,058.04	4,227.12	93.1	8	150,068
	3,500	1.0	23.9	4,006.00	4,088.44	100.0	3	191,659
	10,180	3.0	38.8	8,409.52	10,982.03 168.75 11,150.78	82.8 82.8	20	226,423 3,479
	15,121	4.4	100.0	3,522.46	15,128.55	92.9	22	572,875
	710	0.2	35.5	858.48	1,253.39	100.0	4	45,025
	21,000	6.1	8.6	14,917.11	8,041.63	82.6	21	459,220
	3,760	1.1	100.0	778.09	3,405.73	100.0	1	(Note 5)
	1,870	0.5	45.6	828.82	1,700.57	100.0	4	68,025
	2,800	0.8	100.0	716.95	2,488.36	100.0	1	(Note 5)
	8,400	2.5	100.0	1,205.07	4,760.13	100.0	8	240,624
	5,250	1.5	100.0	547.10	3,499.31	100.0	2	(Note 5)
	5,100	1.5	100.0	937.59	5,299.86	88.1	6	181,584
	15,050	4.4	100.0	2,217.49	6,177.74	94.1	5	85,983
	12,000	3.5	100.0	1,010.47	8,076.85	100.0	1	345,576
	2,160	0.6	100.0	277.12	651.29	100.0	4	41,636
	4,275	1.3	100.0	198.10	1,027.33	89.8	5	59,290
	2,740	0.8	12.5	2,578.69	2,347.81	100.0	1	76,400
	3,400	1.0	1.9	6,808.12	1,101.92	100.0	1	(Note 5)
	167,126	48.9	—	—	124,740.21	—		—

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

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

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

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

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

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

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

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

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

(As of December 31, 2010)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)
	5,880	1.7	38.3	3,755.01	7,022.76	100.0	6	275,149
	2,350	0.7	100.0	1,382.35	5,542.94	80.2	28	119,726
	2,927	0.9	100.0	1,100.59	6,066.53	94.5	12	132,886
	920	0.3	50.0	841.71	2,642.38	85.5	12	49,751
	8,100	2.4	86.5	4,524.61	15,461.98	89.3	38	416,839
	3,250	1.0	100.0	1,242.97	6,467.52	83.5	6	175,755
	3,188	0.9	47.9	2,047.22	1,747.13 2,983.91 4,731.04	100.0 96.1	17	61,767 79,537
	5,831	1.7	25.2	9,377.28	6,023.39	100.0	1	243,193
	6,510	1.9	48.8	12,011.00	12,010.37	86.4	32	318,642
	31,300	9.2	23.3	27,335.29	23,987.40	100.0	12	1,177,602
	7,000	2.0	100.0	1,110.28	6,494.90	100.0	13	8,241
	10,200	3.0	43.6	12,326.30	31,121.71	100.0	1	596,400
	2,100	0.6	16.7	15,008.28	5,963.00	100.0	1	(Note 5)
	7,260	2.1	100.0	4,761.62	19,740.95	100.0	1	(Note 5)
	4,335	1.3	50.0	8,317.99	14,960.69	100.0	3	129,061
	15,080	4.4	46.6	4,475.45	13,066.69	99.3	20	493,910
	116,231	34.0	—	—	181,303.44	—	—	—
	2,140	0.6	32.9	2,706.99	5,326.88	99.3	8	132,327
	4,150	1.2	72.0	1,432.64	7,210.25	14.1	6	391,985
	2,900	0.8	100.0	1,214.63	6,581.15	96.6	27	153,814
	1,560	0.5	100.0	959.87	3,946.41	87.0	16	94,816
	3,150	0.9	100.0	1,895.67	7,153.67	83.9	11	183,544
	1,670	0.5	100.0	1,128.45	4,874.91	100.0	17	115,267
	2,810	0.8	52.2	1,164.39	3,281.12	85.4	11	97,575
	2,140	0.6	100.0	668.11	3,930.21	82.2	6	110,170
	1,920	0.6	100.0	680.63	3,290.42	88.9	5	79,612
	4,137	1.2	100.0	1,610.38	7,086.37	55.1	2	140,297
	13,000	3.8	100.0	3,518.68	18,586.97	100.0	1	402,411
	5,430	1.6	100.0	609.31	5,303.98	100.0	1	(Note 5)
	7,220	2.1	100.0	3,994.47	35,444.13	100.0	1	(Note 5)
	6,000	1.8	100.0	592.45	2,484.39	100.0	7	143,501
	58,227	17.0	—	—	114,500.86	—	—	—
	341,584	100.0	—	—	420,544.51	93.5	479	11,870,005

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

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

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

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

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

Olinas Tower: The above site area and total floor space indicate the area for the entire property including retail and residential towers.

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

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

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

Overview of Portfolio Properties

New acquisitions during the 18th Fiscal Period are on page 5

Tokyo CBDs

Kanematsu Bldg. A 1



Chuo Ward, Tokyo

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

Kanematsu Bldg. Annex A 2



Chuo Ward, Tokyo

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

JPR Ningyo-cho Bldg. A 3



Chuo Ward, Tokyo

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

Shin-Kojimachi Bldg. A 4



Chiyoda Ward, Tokyo

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

JPR Crest Takebashi Bldg. A 5



Chiyoda Ward, Tokyo

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

MS Shibaura Bldg. A 6



Minato Ward, Tokyo

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

Gotanda First Bldg. A 7



Shinagawa Ward, Tokyo

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

Fukuoka Bldg. A 8



Chuo Ward, Tokyo

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

JPR Ichigaya Bldg.

A 9



Chiyoda Ward, Tokyo

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

Oval Court Ohsaki Mark West

A 10

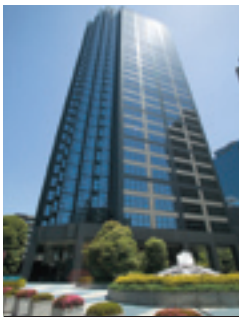


Shinagawa Ward, Tokyo

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

Shinjuku Square Tower

A 11



Shinjuku Ward, Tokyo

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

BYGS Shinjuku Bldg.

A 12



Shinjuku Ward, Tokyo

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

Across Shinkawa Bldg. Annex

A 13



Chuo Ward, Tokyo

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

Shinjuku Center Bldg.

A 14



Shinjuku Ward, Tokyo

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

Minami Azabu Building

A 15

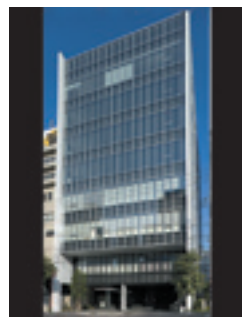


Minato Ward, Tokyo

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

Shinagawa Canal Building

A 16



Minato Ward, Tokyo

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

Rokubancho Building

A 17

Chiyoda Ward, Tokyo



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

JPR Harajuku Building

A 18

Shibuya Ward, Tokyo

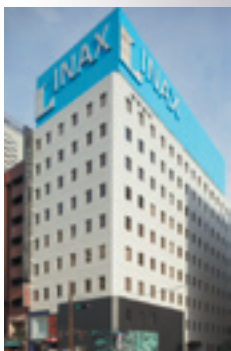


Acquisition Price
¥8,400 million
Site Area
1,205.07m²
Total Floor Space
6,466.94m²
Structure/Floors
SRC B1/9F
Completed
March 1989

Tokyo Tatemono Kyobashi Building

A 19

Chuo Ward, Tokyo



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

JPR Nihonbashi-horidome Building

A 20

Chuo Ward, Tokyo

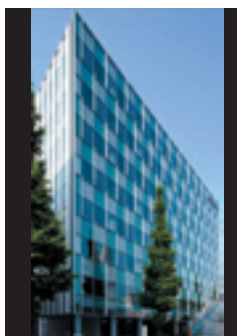


Acquisition Price
¥5,100 million
Site Area
937.59m²
Total Floor Space
7,190.82m²
Structure/Floors
SRC B1/9F
Completed
June 2002

JPR Sendagaya Building

A 21

Shibuya Ward, Tokyo



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

JPR Shibuya Tower Records Bldg. (Retail)

A 1

Shibuya Ward, Tokyo



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

JPR Daikanyama (Retail)

A 2

Shibuya Ward, Tokyo



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

JPR Jingumae 432 (Retail)

A 3

Shibuya Ward, Tokyo



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

*Does not include area transferred to Tokyo Metropolitan Government

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



Shinjuku Ward, Tokyo

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

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



Chiyoda Ward, Tokyo

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

Greater Tokyo

Arca East **B 1**



Sumida Ward, Tokyo

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

JPR Chiba Bldg. **B 2**



Chiba City, Chiba

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

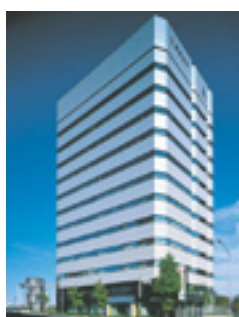
JPR Yokohama Nihon Odori Bldg. **B 3**



Yokohama City, Kanagawa

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

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



Yokohama City, Kanagawa

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

Kawaguchi Center Bldg. **B 6**



Kawaguchi City, Saitama

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

JPR Ueno East Bldg. **B 7**



Taito Ward, Tokyo

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

Tachikawa Business Center Bldg. **B 8**



Tachikawa City, Tokyo

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

Rise Arena Bldg. **B 9**

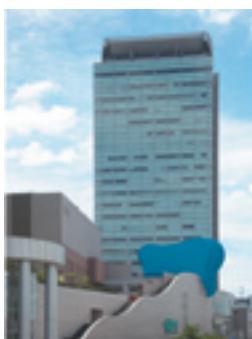


Toshima Ward, Tokyo

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

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

Yume-ooka Office Tower **B 10**



Yokohama City, Kanagawa

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

Olinas Tower **B 11**



Sumida Ward, Tokyo

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

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

Tanashi ASTA (Retail) **B 1**



Nishitokyo City, Tokyo

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

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



Kawaguchi City, Saitama

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

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



Kawasaki City, Kanagawa

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

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



Saitama City, Saitama

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

Other Cities

Kawasaki Dice Bldg. (Retail)

B 6



Kawasaki City, Kanagawa

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

Niigata Ekinan Center Bldg.

C 1

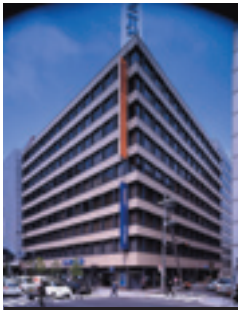


Niigata City, Niigata

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

Tokyo Tatemono Honmachi Bldg.

C 4



Osaka City, Osaka

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

JPR Hakata Bldg.

C 7



Fukuoka City, Fukuoka

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

JPR Naha Bldg.

C 9



Naha City, Okinawa

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

Sompo Japan Sendai Bldg.

C 12



Sendai City, Miyagi

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

Sompo Japan Wakayama Bldg.

C 13



Wakayama City, Wakayama

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

Tenjin 121 Bldg.

C 14



Fukuoka City, Fukuoka

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

JPR Dojima Bldg.

C 17

Osaka City, Osaka



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

JPR Hakata-Chuo Bldg.

C 18

Fukuoka City, Fukuoka

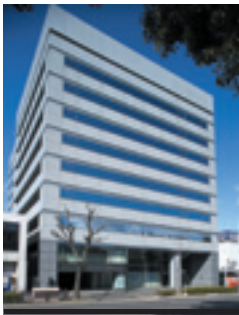


Acquisition Price
¥1,920 million
Site Area
680.63m²
Total Floor Space
3,874.81m²
Structure/Floors
SRC 8F
Completed
February 1993

JPR Nagoya Fushimi Building

C 19

Nagoya City, Aichi



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

JPR Umeda Loft Bldg. (Retail)

C 1

Osaka City, Osaka



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

Benetton Shinsaibashi Bldg. (Retail)

C 3

Osaka City, Osaka



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

Housing Design Center Kobe (Retail)

C 4

Kobe City, Hyogo



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

JPR Chayamachi Bldg. (Retail)

C 5

Osaka City, Osaka



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

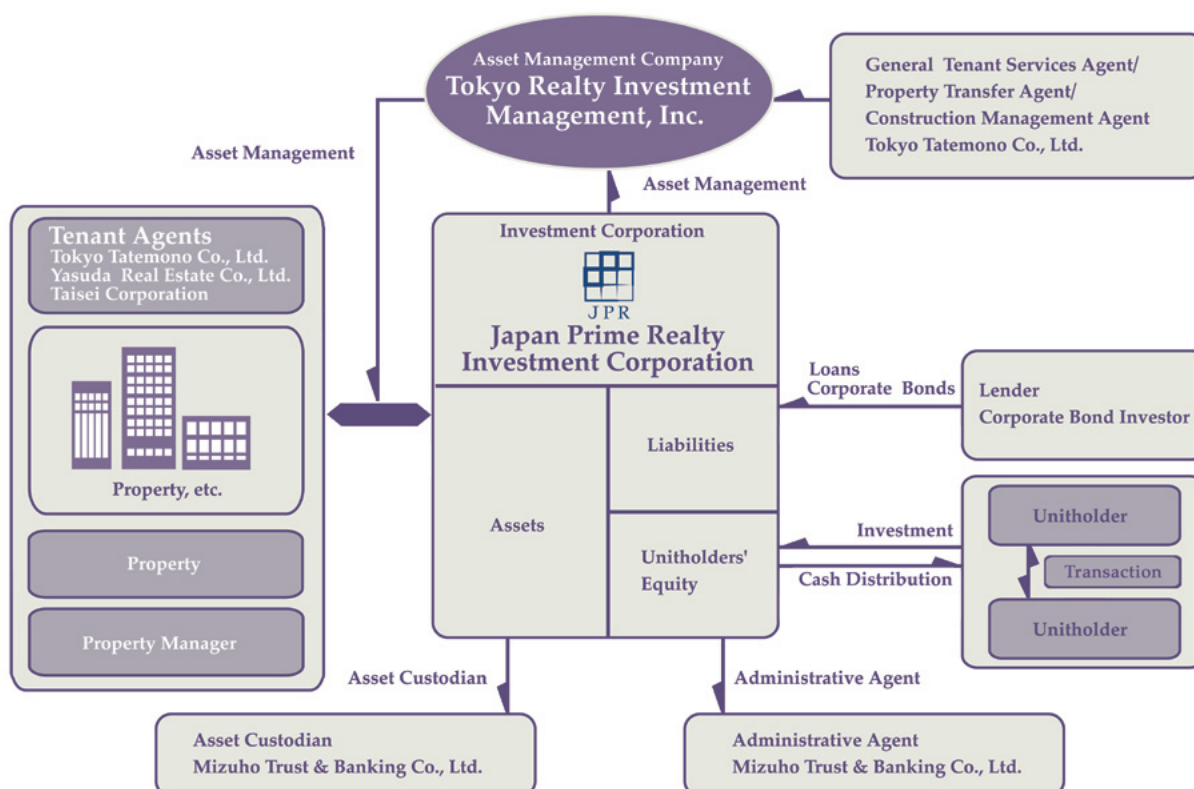
Characteristics and Corporate History

The Objective and Basic Characteristics of JPR

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

Corporate History

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



Members of the Board (As of December 31, 2010)



Executive Officer

Hirohito Kaneko

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

Supervising Officer

Sosuke Yasuda

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

Supervising Officer

Masato Denawa

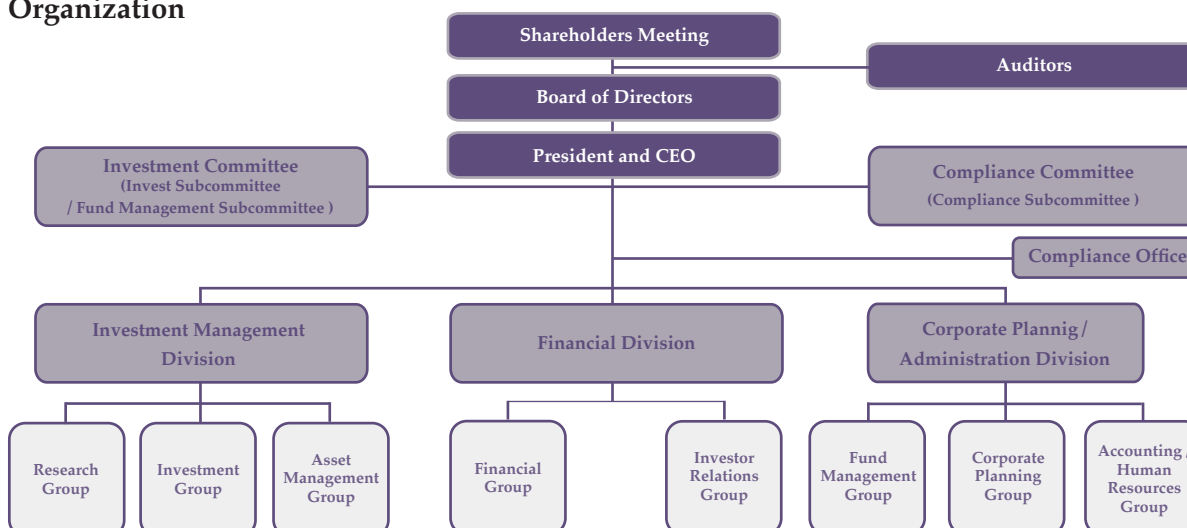
- Apr. 2009** Adjunct professor (part-time) at Keio Law School (currently held position)
- Sep. 2007** Supervising Officer of Japan Prime Realty Investment Corporation
- Jul. 2007** Director of Advicelink Co., Ltd. (currently held position)
- Feb. 2005** Part-time auditor of Ulvex Inc. (currently held position)
- Jul. 2003** Partner attorney at Spring Partners (former Okinobu, Ishihara & Sei Law Office) (currently held position)
- Apr. 2002** Adjunct professor (part-time) at Keio University Faculty of Law (Civil law practice)
- Jun. 2000** Part-time auditor of Kinkan Co., Ltd. (currently held position)
- Jan. 1999** Partner of Okinobu, Ishihara & Sei Law Office
- Apr. 1991** Okinobu, Ishihara & Sei Law Office (former Okinobu & Ishihara Law Office)
- Apr. 1990** Registered with Daiichi Tokyo Bar Association at Okinobu & Ishihara Law Office

Overview of the Asset Manager

Corporate Profile

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

Organization



TRIM's Decision-Making Process of Investment Management

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

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

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

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

Directors of Tokyo Realty Investment Management, Inc.

President and Chief Executive Officer (CEO)

Satoshi Okubo

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

Director and Chief Administrative Officer (CAO)

Kazuo Kitami

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

Director and Chief Investment Officer (CIO)

Seiji Miwa

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

Director and Chief Financial Officer (CFO)

Katsuhito Ozawa

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

Director and Compliance Officer

Shigeyuki Sugawara

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

Overview of Asset Management

(1) Operational Performance of JPR

	Unit	14th Fiscal Period (July 1, 2008 - Dec. 31, 2008)	15th Fiscal Period (Jan. 1, 2009 - June 30, 2009)	16th Fiscal Period (July 1, 2009 - Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - Dec. 31, 2010)
Operating Performance	Operating Revenues	11,171	14,330	11,493	12,314	11,870
	Real estate rental revenues	11,171	11,030	11,493	11,855	11,870
	Gain on sale of real estate	—	3,300	—	459	—
	Operating Expenses	5,689	7,762	5,665	5,830	5,983
	Real estate rental expenses	5,022	4,961	5,010	5,144	5,361
	Loss on sale of real estate	4	2,154	—	—	—
	Loss on sale of investment securities	—	38	—	—	—
	Operating Profits	5,482	6,568	5,827	6,484	5,886
	Recurring Profits	4,433	5,572	4,333	4,964	4,039
Net Income	4,432	2,331	4,332	4,963	4,039	
Assets, etc.	Total Assets	309,253	329,163	332,380	358,339	360,904
	(% Change)	(+1.9)	(+6.4)	(+1.0)	(+7.8)	(+0.7)
	Interest-bearing Debt	129,255	150,230	150,872	161,262	163,904
	Total Unitholders' Equity	161,158	159,057	161,058	176,303	175,502
	(% Change)	(-0.0)	(-1.3)	(+1.3)	(+9.5)	(-0.5)
Unitholders' Capital	156,725	156,725	156,725	171,339	171,339	
Cash Distribution per Unit, etc.	Total Cash Distributions	4,432	2,331	4,333	4,840	4,061
	Dividend payment ratio	99.9	99.9	100.0	97.5	100.5
	Number of Units Outstanding	625,000	625,000	625,000	715,000	715,000
	Total Unitholders' Equity per Unit	257,853	254,492	257,693	246,578	245,458
	Cash Distribution per Unit	7,092	3,731	6,933	6,770	5,680
	Distribution amount	7,092	3,731	6,993	6,770	5,680
Exceeding profit distribution amount	—	—	—	—	—	
Financial Indices	Recurring Profits on Total Assets (Note 1)	1.4	1.7	1.3	1.4	1.1
	Annualized (Note 10)	2.9	3.5	2.6	2.9	2.2
	Return on Total Unitholders' Equity (Note 2-1)	2.8	1.5	2.7	2.9	2.3
	Annualized (Note 10)	5.5	2.9	5.4	5.9	4.6
	Total unitholders' equity at beginning of period (Note 2-2)	161,177	161,158	159,057	161,058	176,303
	Unitholders' Equity Ratio at End of Period (Note 3)	52.1	48.3	48.5	49.2	48.6
	(Year-on-year increase/decrease)	(-1.0)	(-3.8)	(+0.1)	(+0.7)	(-0.6)
	Interest-Bearing Debt to Total Assets at End of Period (Note 4)	41.8	45.6	45.4	45.0	45.4
	DSCR (Note 5)	7.0	7.1	5.4	5.4	4.9
	Net income before interest and amortization	7,285	7,284	7,604	7,841	7,511
	Interest paid (Notes 6)	1,048	1,024	1,420	1,439	1,542
	NOI from Leasing (Note 7)	7,948	7,864	8,332	8,607	8,438
Annualized NOI yield (Notes 9 and 10)	5.5	5.1	5.3	5.2	4.9	
NCF from Leasing (Note 8)	7,346	7,109	7,657	8,383	7,980	
Annualized NCF yield (Notes 9 and 10)	5.1	4.6	4.9	5.0	4.6	
Reference Information	Properties Owned (Note 11)	52	51	53	55	56
	Number of Tenants	499	476	476	460	479
	Total Leasable Floor Space (Note 12)	383,215.57	393,532.31	400,751.87	410,326.04	420,544.51
	Occupancy Rate	96.4	96.8	96.4	95.5	93.5

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

(Note 9) Annualized NOI from leasing / purchase price of property (14th fiscal period: ¥284.31 billion, 15th fiscal period: ¥311.91 billion, 16th fiscal period: ¥310.61 billion, 17th fiscal period: ¥335.98 billion and 18th fiscal period: ¥341.58 billion)

Annualized NCF from leasing / purchase price of property

(Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 14th fiscal period: 184 days, 15th fiscal period: 181 days, 16th fiscal period: 184 days, 17th fiscal period: 181 days and 18th fiscal period: 184 days.

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

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

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

(2) 18th Fiscal Period Asset Management

1) Milestones of JPR

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

2) Management Environment

The Japanese economy entered a stage of leveling off in the fourth quarter (October - December) of 2010 because of such stimulating policies as tax cuts for eco-friendly cars and the “Eco-Point System” coming to an end, as well as due to exports stumbling in accordance with some slowdown in the recovery of Western economies. Nevertheless, the strong Asian economies are bolstering overseas demand, likely helping the Japanese economy avoid entering a recession. Expectations are that Japan will come out of the leveling-off situation into a renewed recovery, but there still remains a sense of uncertainty in such factors as the trends of natural resource prices and the foreign exchange levels. Meanwhile, moves for market recovery have been observed in the circumstances surrounding J-REITs since the Bank of Japan decided on comprehensive monetary easing as of October 5, 2010.

The Office Building Leasing Market

The office market continues to be weak. In Tokyo, however, the market is starting to bottom out as new demand turned to increase after significant rent adjustments. Furthermore, there was a gap in the speed of recovery between highly competitive offices (including class S and class A buildings) and other office buildings. Regional cities continued to see worsening market conditions, with vacancy rates generally staying at high levels.

The Retail Property Leasing Market

Although there are signs that consumption is recovering, it still lacks dynamism, and in the retail industry, overall sales are continuing to decline. There are cases where some stores in good locations of major cities, such as Ginza and Shinjuku, started to show faint signs of bottoming out as a result of significant rent adjustments.

The For-Sale Real Estate Market

Fund procurement conditions improved notably, giving sellers enough margins to take their time in conducting sales activities. This led to stagnant transactions of blue-chip properties that allow expectations for improved earnings in the recovery period of the leasing markets. On the other hand, given the regain of willingness to invest by buyers, the for-sale market is presumably entering a turnaround and recovery period prior to the recovery of the leasing markets.

3) Portfolio Management Status

New Property Acquisitions

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

During the 18th fiscal period, JPR acquired BYGS Shinjuku Building (additional ownership; acquisition price: 3.3 billion yen) and Tokyo Tatemono Yokohama Building (acquisition price: 7.0 billion yen). The acquisition of additional equity led to JPR realizing the entire ownership of BYGS Shinjuku Building. As a result, the balance of assets under management now totals 56 properties, or 341.5 billion yen on an acquisition price basis, as of the end of December 2010. The total leasable floor space is now 420,544m² and the number of tenants is 479.

Operational Management of Portfolio

JPR is conducting management by working to improve the levels of the actual properties and services through promptly responding to tenant needs through tenant satisfaction surveys that are implemented regularly based on its brand strategy. Furthermore, given that severe leasing market conditions have continued, JPR placed the highest priority on maintaining occupancy rates while giving due consideration to maintaining balance with rental revenue for attracting new tenants and negotiating rent conditions with existing tenants.

Furthermore, based on JPR's brand concept A/3S (Amenity/Service, Safety and Save Energy), JPR from time to time implements renovations in an aim to create spaces where the workers feel satisfied. During the 18th fiscal period, JPR implemented renovations in the common areas of JPR Ueno East Building and JPR Nagoya Fushimi Building. As an endeavor to implement energy-saving measures, we formulated a medium- to long-term plan on the construction work necessary for saving energy based on grasping the energy usage at each property.

Fund Procurement

During the 18th fiscal period, JPR practiced flexible borrowings for property acquisitions as it worked to expand the portfolio, while continuing to maintain its stable financial ground through such measures as conducting refinances into long-term fixed interest funds, with an eye on avoiding future interest rate fluctuation risks and remaining attentive to the diversification of repayment and redemption maturity dates. Moreover, it made partial repayment of borrowings that charged relatively high interest rates before maturity dates. As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 113.40 billion yen, with unsecured corporate bonds of 50.5 billion yen. With regards to JPR's overall interest-bearing debt, the average interest rate as of the end of the fiscal period (Note 1) was 1.8%, the interest-bearing debt ratio (Note 2) was 48.9% and the LTV (ratio of interest-bearing debt to total assets) at the end of the period (Note 3) was 45.4%.

Of these, the non-current portion of long-term interest-bearing debt that is hedged against risk of interest rate fluctuations now comprises 73.8% of all interest-bearing debt, and the average maturity (Note 4) is 3.7 years. The current portion of long-term interest-bearing debt is 32.89 billion yen.

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

Details of Corporate Credit Ratings as of December 31, 2010

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

(Note 1) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 18th fiscal period based on the balance of each debt.

(Note 2) Interest-bearing debt ratio (%): $\text{interest-bearing debt} / (\text{interest-bearing debt} + \text{unitholders' capital}) \times 100$ (unitholders' capital: 171.33 billion yen)

(Note 3) LTV at end of period (%): $\text{interest-bearing debt} / \text{total assets at end of period} \times 100$ (total assets at the end of the 18th fiscal period: 360.90 billion yen)

(Note 4) Average maturity of long-term interest-bearing debt is arrived at by calculating a weighted average of maturities from the end of the 18th fiscal period to the repayment deadlines for long-term interest-bearing debt with repayment periods of more than one year, based on the balance of each debt.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. in and prior to the 17th fiscal period.

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

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

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

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

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

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

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

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

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

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

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

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

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

(4) Cash Distributions

With regard to cash distribution for the 18th fiscal period, JPR decided to distribute part of retained earnings brought forward that had been internally reserved through the 17th fiscal period, taking into account the fact that profit distributions are deductible as expenses due to the application of the Special Measures on Taxation for Investment Corporation (Act on Special Measures Concerning Taxation, Article 67-15). As a result, the cash distribution per unit for the 18th fiscal period was 5,680 yen.

(Thousands of yen unless otherwise indicated)

Date	14th Fiscal Period (as of December 31, 2008)	15th Fiscal Period (as of June 30, 2009)	16th Fiscal Period (as of December 31, 2009)	17th Fiscal Period (as of June 30, 2010)	18th Fiscal Period (as of December 31, 2010)
Unappropriated Retained Earnings at End of Period	4,432,832	2,332,243	4,333,229	4,963,970	4,088,758
Internal Reserves	332	368	104	123,420	27,558
Total Cash Distributions (cash distribution per unit)	4,432,500 (7,092 yen)	2,331,875 (3,731 yen)	4,333,125 (6,933 yen)	4,840,550 (6,770 yen)	4,061,200 (5,680 yen)
Total Cash Distributions from Net Income (cash distribution from net income per unit)	4,432,500 (7,092 yen)	2,331,875 (3,731 yen)	4,333,125 (6,933 yen)	4,840,550 (6,770 yen)	4,061,200 (5,680 yen)
Repayment of Paid-in Capital (repayment of paid-in capital per unit)	- (- yen)	- (- yen)	- (- yen)	- (- yen)	- (- yen)

(5) Future Management Policy and Vital Issues

Despite signs of recovery in the economy, uncertainty over the future still remains, and JPR will continue to be tested as to how it can conduct management under this environment.

In regard to the office leasing market, it appears that the difficult conditions will continue for some time, although the leasing market is presumably entering the stage of bottoming out. JPR will strive to maintain and recover its earnings by continuing to make careful judgments on management concerning such factors as a breakdown of demand trends by location, property size and specification, in addition to the trend in overall demand, as well as a breakdown of new supply trends by city or region.

As for the for-sale real estate market, we must carefully discern how the competition between other players changes while endeavoring to collect information necessary for acquiring blue-chip properties. Moreover, the for-sale market not only depends largely on the fund procurement environment, but also tends to change ahead of the leasing market. In particular, the for-sale market in Tokyo has already entered a recovery process. With the competition over acquisition anticipated to become fiercer in the future, we at JPR will make timely decisive investment judgments.

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

1. Acquisition of New Properties

1. Acquisition of New Properties

JPR will investigate investment targets from a wide selection of available properties, centering on Tokyo and office buildings. In considering properties, JPR will strive to acquire properties under appropriate terms by negotiating prices based on detailed market studies and property appraisals.

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

2. Management of Portfolio

Given the continuation of the severe leasing environment, JPR will continue differentiating ourselves from others through our brand strategy and strive to maintain and improve competitiveness of portfolio properties. With regard to Tokyo Tatemono Honmachi Building and JPR Nagoya Fushimi Building, which saw declines in occupancy rates due to contract cancellations by major tenants in the 17th fiscal period, lease contracts are underway with multiple tenants. JPR will continue to focus on attracting new tenants for these properties in order to further raise their occupancy rates.

Furthermore, JPR will also proactively work on making conversions to environmentally-friendly buildings for which social demand is heightening and systematically implement renovations of air conditioning systems aiming to create buildings with high environmental performance, and other measures currently being carried out based on the concept of “Save energy,” which is part of JPR’s brand strategy. We plan on enhancing customer satisfaction together with measures such as renovations of common areas and at the same time, plan on maintaining and increasing occupancy rates upon pouring effort in attracting new tenants and preventing tenants from moving out. For reducing energy consumption based on the revised Energy Conservation Act, the Environmental Security Ordinance of the Tokyo Metropolitan Government and other laws and regulations, JPR will start implementing measures following its reports, plans and other documentation already prepared. JPR has been investigating measures that should help reduce energy consumption, such as replacing lighting equipment with LED lamps, for buildings subject to the revised Energy Conservation Act. JPR estimates that the measures will make it possible to fulfill the energy savings obligations (efforts to save energy by at least 1% on average per year) for the coming 5 years without having to make significant changes to the existing medium- to long-term repair and maintenance plans. Moreover, JPR will conduct studies on establishing additional targets for the future, such as setting energy-saving targets for the administration and management of properties, as it continues its proactive endeavors to save energy at owned buildings.

(6) Fund Procurement

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

(7) Information Disclosure

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

(8) Important Facts Arising after the Settlement

There are no material subsequent events for this fiscal period.

Overview of the Investment Corporation

(1) Unitholders' Capital

	14th Fiscal Period as of December 31, 2008	15th Fiscal Period as of June 30, 2009	16th Fiscal Period as of December 31, 2009	17th Fiscal Period as of June 30, 2010	18th Fiscal Period as of December 31, 2010
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	625,000	625,000	625,000	715,000	715,000
Unitholders' capital (millions of yen)	156,725	156,725	156,725	171,339	171,339
Total number of unitholders	14,535	14,570	14,751	15,197	14,977

(2) Primary Investors

The following table shows the 10 largest investors according to the percentage of their owned investment units to the total number of units outstanding as of the end of the 18th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd.	Chuo Ward, Tokyo	100,081	13.99
The Nomura Trust and Banking Co., Ltd.	Chiyoda Ward, Tokyo	66,494	9.29
Trust & Custody Services Bank, Ltd.	Chuo Ward, Tokyo	38,185	5.34
Tokyo Tatemono Co., Ltd.	Chuo Ward, Tokyo	29,300	4.09
Northern Trust Company (AVFC) Account Shingapore Clients (Standing proxy: Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	London, UK (Chuo Ward, Tokyo)	27,258	3.81
The Master Trust Bank of Japan, Ltd.	Minato Ward, Tokyo	25,269	3.53
Kawasaki Gakuen	Kurashiki City, Okayama	25,000	3.49
Meiji Yasuda Life Insurance Company	Chiyoda Ward, Tokyo	24,000	3.35
AIG Star Life Insurance Co., Ltd. (General Account) (Standing Proxy: Citibank Japan Ltd.)	Sumida Ward, Tokyo (Shinagawa Ward, Tokyo)	12,982	1.81
The Senshu Ikeda Bank, Ltd.	Osaka City, Osaka	11,448	1.60
	Total	360,017	50.35

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

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 18th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 18th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,400	—
Supervising Officers (Note 1)	Sosuke Yasuda	Group representative partner, Gyosei & Co. CPA and Director, Gyosei Audit Corporation Outside Auditor, Nomura Research Institute, Ltd. Outside Auditor, MS&AD Insurance Group Holdings	4,200	—
	Masato Denawa	Partner Attorney, Spring Partners		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	—	12,700	—

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

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

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

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 18th fiscal period are as follows.

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

Status of JPR's Assets under Management

(1) JPR's Asset Structure

Asset Type	Area	17th Fiscal Period (as of June 30, 2010)		18th Fiscal Period (as of December 31, 2010)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Tokyo CBDs	73,147,819	20.4	76,540,431	21.2
	Greater Tokyo	58,721,705	16.4	65,348,124	18.1
	Other Cities	11,194,010	3.1	11,126,283	3.1
Real estate in trust	Tokyo CBDs	88,928,114	24.8	88,651,587	24.6
	Greater Tokyo	45,701,609	12.8	45,255,752	12.5
	Other Cities	45,111,605	12.6	44,882,587	12.4
Deposits and other assets	—	35,534,811	9.9	29,099,813	8.1
	—	(—)	(—)	(—)	(—)
Total assets		358,339,677	100.0	360,904,581	100.0
	—	(322,804,866)	(90.1)	(331,804,767)	(91.9)

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

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

(Note 3) Various survey expenses (200 thousand yen for the 17th fiscal period) are appropriated in deposits and other assets as construction in progress in this table.

(2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 18th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Olinas Tower	30,808,833	23,987.40	23,987.40	100.0	9.5	Office
Shinjuku Center Bldg.	21,483,172	8,041.63	6,644.07	82.6	3.8	Office
BYGS Shinjuku Bldg.	15,417,570	15,128.55	14,055.76	92.9	4.7	Office
JPR Sendagaya Bldg.	15,368,245	6,177.74	5,813.42	94.1	2.4	Office
Kanematsu Bldg.	15,028,033	7,994.02	7,190.65	90.0	3.0	Office
Kawasaki Dice Bldg.	14,847,283	13,066.69	12,981.11	99.3	3.4	Retail
JPR Umeda Loft Bldg.	12,649,262	18,586.97	18,586.97	100.0	3.6	Retail
JPR Shibuya Tower Records Bldg.	11,667,899	8,076.85	8,076.85	100.0	3.2	Retail
MS Shibaura Bldg.	11,027,590	14,470.72	14,470.72	100.0	4.5	Office
Shinjuku Square Tower	9,311,618	11,150.78	9,230.63	82.8	2.1	Office
Total	157,609,510	126,681.35	121,037.58	95.5	40.3	

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

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

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

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

(3) Acquired Properties

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

Location Category	Asset Class	Property Name	Location	Asset Type	Book Value (as of December 31, 2010) (thousands of yen)	Appraisal Value (as of December 31, 2010) (thousands of yen)
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	15,028,033	10,200,000
		Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Beneficiary Interest	2,511,512	2,290,000
		JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	1,968,884	2,320,000
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	Chiyoda Ward, Tokyo	Beneficiary Interest	1,636,401 565,742 201,515	3,090,000
		JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	3,554,104	3,440,000
		MS Shibaura Bldg.	Minato Ward, Tokyo	Beneficiary Interest	11,027,590	14,700,000
		Gotanda First Bldg.	Shinagawa Ward, Tokyo	Beneficiary Interest	2,724,131	2,780,000
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	Chuo Ward, Tokyo	Beneficiary Interest Real Estate	1,784,830 1,147,547	3,240,000
		JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	5,343,121	4,840,000
		Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	Beneficiary Interest	3,234,956	4,320,000
		Shinjuku Square Tower (additional acquisition in 14th fiscal period)	Shinjuku Ward, Tokyo	Beneficiary Interest Real Estate	9,131,559 180,059	8,659,000
		BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Real Estate	15,417,570	13,800,000
		Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Real Estate	632,559	863,000
		Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Real Estate	21,483,172	12,600,000
		Minami Azabu Building	Minato Ward, Tokyo	Real Estate	3,878,505	2,830,000
		Shinagawa Canal Building	Minato Ward, Tokyo	Real Estate	1,854,439	1,680,000
	Rokubancho Building	Chiyoda Ward, Tokyo	Real Estate	2,907,769	3,030,000	
	JPR Harajuku Building	Shibuya Ward, Tokyo	Beneficiary Interest	8,674,252	7,610,000	
	Tokyo Tatemono Kyobashi Bldg.	Chuo Ward, Tokyo	Real Estate	5,283,715	5,120,000	
	JPR Nihonbashi-horidome Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	5,234,290	5,780,000	
	JPR Sendagaya Bldg.	Shibuya Ward, Tokyo	Real Estate	15,368,245	10,600,000	
	Retail	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Beneficiary Interest	11,667,899	12,600,000
		JPR Daikanyama	Shibuya Ward, Tokyo	Real Estate	2,211,973	1,300,000
		JPR Jingumae 432	Shibuya Ward, Tokyo	Beneficiary Interest	4,362,760	3,800,000
		Shinjuku Sanhome East Bldg.	Shinjuku Ward, Tokyo	Real Estate	2,772,527	2,350,000
		Yurakucho Ekimae Building (Yurakucho Itocia)	Chiyoda Ward, Tokyo	Real Estate	3,402,345	2,660,000
Greater Tokyo	Office	Arca East	Sumida Ward, Tokyo	Beneficiary Interest	4,834,441	5,570,000
		JPR Chiba Bldg.	Chiba City, Chiba	Beneficiary Interest	2,468,945	1,550,000
		JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Beneficiary Interest	2,737,263	2,460,000
		Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	Real Estate	870,567	790,000
		Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Beneficiary Interest	7,328,340	8,800,000
		JPR Ueno East Bldg.	Taito Ward, Tokyo	Real Estate	3,151,717	4,600,000
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)	Tachikawa City, Tokyo	Beneficiary Interest Real Estate	808,177 2,246,818	2,880,000
		Rise Arena Bldg.	Toshima Ward, Tokyo	Real Estate	5,667,581	5,730,000
		Yume-ooka Office Tower	Yokohama City, Kanagawa	Real Estate	6,272,183	5,540,000
		Olinas Tower	Sumida Ward, Tokyo	Real Estate	30,808,833	32,100,000
	Tokyo Tatemono Yokohama Building	Yokohama City, Kanagawa	Real Estate	7,047,981	7,030,000	
	Retail	Tanashi ASTA	Nishitokyo City, Tokyo	Beneficiary Interest	8,018,804	12,200,000
		Cupo-la Main Bldg.	Kawaguchi City, Saitama	Real Estate	1,958,592	2,480,000
		JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Real Estate	7,323,849	5,940,000
Musashirawa Shopping Square		Saitama City, Saitama	Beneficiary Interest	4,212,496	3,910,000	
Kawasaki Dice Bldg.		Kawasaki City, Kanagawa	Beneficiary Interest	14,847,283	14,664,000	
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata City, Niigata	Beneficiary Interest	1,719,882	2,090,000
		Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Beneficiary Interest	4,136,658	2,960,000
		JPR Hakata Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	3,303,748	2,940,000
		JPR Naha Bldg.	Naha City, Okinawa	Beneficiary Interest	1,477,686	1,540,000
		Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Beneficiary Interest	2,499,424	3,260,000
		Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Beneficiary Interest	1,374,568	1,770,000
		Tenjin 121 Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	2,399,803	2,340,000
		JPR Dojima Bldg.	Osaka City, Osaka	Beneficiary Interest	2,083,641	2,270,000
	JPR Hakata-chuo Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	1,815,284	1,790,000	
	JPR Nagoya Fushimi Building	Nagoya City, Aichi	Real Estate	4,289,857	2,490,000	
	Retail	JPR Umeda Loft Bldg.	Osaka City, Osaka	Beneficiary Interest	12,649,262	14,000,000
		Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Beneficiary Interest	5,354,857	4,530,000
		Housing Design Center Kobe	Kobe City, Hyogo	Real Estate	6,836,425	6,390,000
JPR Chayamachi Bldg.		Osaka City, Osaka	Beneficiary Interest	6,067,767	4,690,000	
				Total	331,804,767	315,806,000

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

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

Location Category	Asset Class	Property Name	17th Fiscal Period (from Jan. 1, 2010 to June 30, 2010)				18th Fiscal Period (from July 1, 2010 to Dec. 31, 2010)			
			Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total	Number of Tenants	Occupancy Rate (%)	Rental Revenues (thousands of yen)	% of Total
Tokyo CBDs	Office	Kanematsu Bldg.	7	90.0	387,836	3.3	7	90.0	328,157	2.8
		Kanematsu Bldg. Annex	1	100.0	90,528	0.8	1	100.0	91,650	0.8
		JPR Ningyo-cho Bldg.	4	100.0	103,625	0.9	3	59.6	87,034	0.7
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	10	94.1 100.0	77,346 32,281 12,880	0.7 0.3 0.1	9	94.1 67.4 100.0	77,255 20,642 13,079	0.7 0.2 0.1
		JPR Crest Takebashi Bldg.	9	100.0	125,365	1.1	9	100.0	133,147	1.1
		MS Shibaura Bldg.	8	98.4	539,873	4.6	8	100.0	552,166	4.7
		Gotanda First Bldg.	2	100.0	134,950	1.1	2	100.0	135,834	1.1
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	1	100.0 100.0	87,356 38,973	0.7 0.3	1	100.0 100.0	87,356 38,973	0.7 0.3
		JPR Ichigaya Bldg.	7	81.0	153,342	1.3	8	93.1	150,068	1.3
		Oval Court Ohsaki Mark West	3	100.0	177,670	1.5	3	100.0	191,659	1.6
		Shinjuku Square Tower (additional acquisition in 14th fiscal period)	20	82.8 82.8	236,519 3,634	2.0 0.0	20	82.8 82.8	226,423 3,479	1.9 0.0
		BYGS Shinjuku Bldg.	22	93.3	444,060	3.7	22	92.9	572,875	4.8
		Across Shinkawa Bldg. Annex	4	100.0	41,721	0.4	4	100.0	45,025	0.4
		Shinjuku Center Bldg.	20	84.1	476,668	4.0	21	82.6	459,220	3.9
		Minami Azabu Building	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Shinagawa Canal Building	4	100.0	52,845	0.4	4	100.0	68,025	0.6
		Rokubancho Building	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Harajuku Building	8	100.0	266,279	2.2	8	100.0	240,624	2.0
		Tokyo Tatemono Kyobashi Bldg.	2	100.0	(Note 2)	(Note 2)	2	100.0	(Note 2)	(Note 2)
		JPR Nihonbashi-horidome Bldg.	6	88.1	95,817	0.8	6	88.1	181,584	1.5
	JPR Sendagaya Bldg.	3	73.5	151,257	1.3	5	94.1	85,983	0.7	
	Retail	JPR Shibuya Tower Records Bldg.	1	100.0	345,576	2.9	1	100.0	345,576	2.9
		JPR Daikanyama	4	100.0	41,566	0.4	4	100.0	41,636	0.4
		JPR Jingumae 432	5	100.0	94,861	0.8	5	89.8	59,290	0.5
		Shinjuku Sanchoe East Bldg.	1	100.0	78,306	0.7	1	100.0	76,400	0.6
		Yurakucho Ekimae Building (Yurakucho Itocia)	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Greater Tokyo	Office	Arca East	6	100.0	274,075	2.3	6	100.0	275,149	2.3
		JPR Chiba Bldg.	27	78.4	109,678	0.9	28	80.2	119,726	1.0
		JPR Yokohama Nihon Odori Bldg.	12	94.5	136,952	1.2	12	94.5	132,886	1.1
		Shinyokohama 2nd Center Bldg.	10	83.8	54,548	0.5	12	85.5	49,751	0.4
		Kawaguchi Center Bldg.	36	85.2	452,603	3.8	38	89.3	416,839	3.5
		JPR Ueno East Bldg.	7	94.3	232,165	2.0	6	83.5	175,755	1.5
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)	16	100.0 77.8	60,927 81,674	0.5 0.7	17	100.0 96.1	61,767 79,537	0.5 0.7
		Rise Arena Bldg.	1	100.0	240,297	2.0	1	100.0	243,193	2.0
		Yume-ooka Office Tower	31	86.3	313,756	2.6	32	86.4	318,642	2.7
		Olinas Tower	12	100.0	1,166,600	9.8	12	100.0	1,177,602	9.9
	Tokyo Tatemono Yokohama Building	—	—	—	—	13	100.0	8,241	0.1	
	Retail	Tanashi ASTA	1	100.0	596,400	5.0	1	100.0	596,400	5.0
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Musashirawa Shopping Square	3	100.0	129,061	1.1	3	100.0	129,061	1.1
Kawasaki Dice Bldg.		20	99.3	481,174	4.1	20	99.3	493,910	4.2	
Other Cities	Office	Niigata Ekinan Center Bldg.	9	98.2	133,726	1.1	8	99.3	132,327	1.1
		Tokyo Tatemono Honmachi Bldg.	8	97.8	246,645	2.1	6	14.1	391,985	3.3
		JPR Hakata Bldg.	27	93.3	151,593	1.3	27	96.6	153,814	1.3
		JPR Naha Bldg.	16	89.1	99,748	0.8	16	87.0	94,816	0.8
		Sompo Japan Sendai Bldg.	12	92.7	192,735	1.6	11	83.9	183,544	1.5
		Sompo Japan Wakayama Bldg.	16	91.7	121,510	1.0	17	100.0	115,267	1.0
		Tenjin 121 Bldg.	10	79.6	102,209	0.9	11	85.4	97,575	0.8
		JPR Nagoya Sakae Bldg.	—	—	93,963	0.8	—	—	—	—
		JPR Dojima Bldg.	6	85.9	123,174	1.0	6	82.2	110,170	0.9
		JPR Hakata-chuo Bldg.	5	100.0	81,698	0.7	5	88.9	79,612	0.7
	JPR Nagoya Fushimi Building	2	100.0	179,169	1.5	2	55.1	140,297	1.2	
	Retail	JPR Umeda Loft Bldg.	1	100.0	402,411	3.4	1	100.0	402,411	3.4
		Benetton Shinsaibashi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Housing Design Center Kobe	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
JPR Chayamachi Bldg.		7	100.0	138,050	1.2	7	100.0	143,501	1.2	
Total			460	95.5	11,855,159	100.0	479	93.5	11,870,005	100.0

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

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

(Note 3) JPR Nagoya Sakae Bldg. was sold on March 24, 2010.

(4) Status of Other Properties

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

There is no incorporation of main specific assets which are main investment targets of JPR other than listed on P34 as of the end of 18th period.

Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 18th Fiscal Period	Amount Already Paid
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	1st phase of replacement of air conditioning units	Jan. 2011~ Jun. 2011	226	—	—
JPR Harajuku Bldg.	Shibuya Ward, Tokyo	Replacement of 4th and 6th - 9th floor air conditioning units	Mar. 2011~ Jun. 2011	61	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Change in office specifications on 51st floor	Apr. 2011~ May 2011	58	—	—
JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Renewal of exterior wall seal	Jan. 2011~ Jun. 2011	47	—	—
JPR Chiba Bldg.	Chiba City, Chiba	Replacement of sprinkler system	Apr. 2011~ Jun. 2011	46	—	—
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Renewal of water supply and drainage pipes	Mar. 2011~ Jun. 2011	46	—	—
JPR Ningyocho Bldg.	Chuo Ward, Tokyo	Replacement of 6th - 8th floor air conditioning units	Mar. 2011~ Apr. 2011	45	—	—
Minami Azabu Bldg.	Minato Ward, Tokyo	Replacement of interior fittings of 2nd - 8th floor common areas	Feb. 2011~ May 2011	18	—	—

(2) Capital Expenditures during the 18th Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 18th period.

Among major capital expenditures, JPR conducted to enhance tenant satisfaction, as well as improvements to common-use areas and the installation of office automation floors for leased offices with the aim of attracting new tenants. In addition, aside from these constructions, JPR conducted construction of 254 million yen (Note), which was appropriated as expenditures for repair and maintenance.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	1st phase of renewal of passenger elevator	Jul. 2009~ Nov. 2010	101
JPR Nagoya Fushimi Bldg.	Nagoya City, Aichi	Renovation associated with restoration	Aug. 2010~ Sep. 2010	37
JPR Ningyocho Bldg.	Chuo Ward, Tokyo	Replacement of 4th, 5th and 7th floor air conditioning units	Nov. 2010~ Dec. 2010	32
Tachikawa Business Center Bldg. 1, 2	Tachikawa City, Tokyo	Renewal of central monitoring system	May 2010~ Dec. 2010	32
JPR Harajuku Bldg.	Shibuya Ward, Tokyo	Renewal of central monitoring and security systems	Jul. 2010~ Nov. 2010	15
MS Shibaura Bldg.	Minato Ward, Tokyo	Change in office specifications on 1st floor	Jul. 2010~ Sep. 2010	15
Other Properties		Repair of common areas, installation of office equipment floors, maintenance of parking, air conditioners, and disaster prevention facilities		222
Total				457

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

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

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

(Millions of yen)

Operation Period	14th Fiscal Period (July 1, 2008 ~ Dec. 31, 2008)	15th Fiscal Period (Jan. 1, 2009 ~ June 30, 2009)	16th Fiscal Period (July 1, 2009 ~ Dec. 31, 2009)	17th Fiscal Period (Jan. 1, 2010 ~ June 30, 2010)	18th Fiscal Period (July 1, 2010 ~ Dec. 31, 2010)
Balance of deposits at end of previous period	796	768	783	731	857
Deposits during the period	697	555	391	238	121
Amounts used from deposits during the period	725	540	443	112	241
Deposits carried forward to the next period	768	783	731	857	737

Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	17th Fiscal Period (Jan. 1, 2010- June 30, 2010)	18th Fiscal Period (July 1, 2010- Dec. 31, 2010)
(a) Asset Management Fees (Note)	447,576	421,951
Fixed compensation	75,000	75,000
Incentive-based compensation 1	218,995	218,208
Incentive-based compensation 2	153,580	128,743
(b) Administrative Service and Custodian Fees	68,218	71,064
(c) Directors' Fee	6,600	6,600
(d) Trust Fees	48,489	49,552
(e) Other Expenses	115,525	73,413
Total	686,408	622,582

(Note) Aside from the amounts of the asset management fees entered above, a total 63,500 thousand yen for 17th fiscal period and 25,750 thousand yen for 18th fiscal period have been paid for asset management of the acquired properties and have been included in the book value of each property.

(2) Status of Borrowings

As of December 31, 2010 JPR has the following borrowings.

Category	Lender	Drawdown Date	Balance as of June 30, 2010 (millions of yen)	Balance as of Dec. 31, 2010 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Borrowings	Resona Bank, Limited	Mar. 30, 2010	4,000	—	0.750	Jul. 2, 2010	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		Jul. 2, 2010	—	4,000	0.878	Jul. 4, 2011			
	Mizuho Corporate Bank, Ltd.	Jul. 3, 2009	1,000	—	1.050	Jul. 2, 2010			
		Jul. 2, 2010	—	1,000	0.878	Jul. 4, 2011			
		Dec. 27, 2010	—	1,000	0.780	Jul. 4, 2011			
	Mitsubishi UFJ Trust and Banking Corporation	Dec. 27, 2010	—	3,000	0.780	Jul. 4, 2011			
Mizuho Trust & Banking Co., Ltd.	Dec. 27, 2010	—	1,000	0.780	Jul. 4, 2011				
	Total		5,000	10,000					

(2) Status of Borrowings (Continued)

Category	Lender	Drawdown Date	Balance as of June 30, 2010 (millions of yen)	Balance as of Dec. 31, 2010 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks	
Current Portion of Long-term Borrowings	Development Bank of Japan Inc.	Mar. 31, 2009	50	50	1.740	(Note 4)	(Note 4)	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated	
		Jun. 26, 2009	200	200	3.190	(Note 5)	(Note 5)			
	Mizuho Corporate Bank, Ltd.	Jun. 26, 2009	200	200	2.449	(Note 6)	(Note 6)			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Jun. 26, 2009	166	166	2.390	(Note 7)	(Note 7)			
	Sumitomo Mitsui Banking Corporation	Jun. 29, 2009	100	100	2.440	(Note 8)	(Note 8)			
	Shinsei Bank, Ltd.	Sep. 26, 2006	3,000	—	1.356	Sep. 24, 2010	Principal lump sum repayment on maturity			
	The Bank of Fukuoka, Ltd.	Sep. 26, 2006	1,000	—	1.356	Sep. 24, 2010				
	The Chugoku Bank, Ltd.	Sep. 26, 2006	1,000	—	1.356	Sep. 24, 2010				
	The Hachijuni Bank, Ltd.	Sep. 26, 2006	1,000	—	1.356	Sep. 24, 2010				
	Mizuho Corporate Bank, Ltd.	Feb. 5, 2008	5,000	5,000	1.181	Feb. 4, 2011				
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 26, 2008	5,000	5,000	1.380	Mar. 26, 2011				
	Aozora Bank, Ltd.	Aug. 26, 2008	—	3,400	1.593	Aug. 26, 2011				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2006	—	6,000	1.734	Aug. 29, 2011				
	Meiji Yasuda Life Insurance Company	Jun. 21, 2002	4,783	4,783	2.050	Jun. 21, 2011				
Total		21,499	24,899							
Long-Term Borrowings	Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	Nov. 24, 2005	5,000	5,000	1.453	Nov. 27, 2012	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated	
		Mar. 26, 2008	2,000	2,000	1.725	Mar. 26, 2015				
	Mitsubishi UFJ Trust and Banking Corporation	Aug. 29, 2006	6,000	—	1.734	Aug. 29, 2011				
	The Bank of Fukuoka, Ltd.	Jun. 26, 2009	1,000	1,000	2.156	Jun. 27, 2012				
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012				
	The Chugoku Bank, Ltd.	Sep. 24, 2010	—	1,000	1.070	Sep. 24, 2013				
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012				
	The Hachijuni Bank, Ltd.	Sep. 24, 2010	—	1,000	1.070	Sep. 24, 2013				
		Dec. 26, 2006	1,000	1,000	1.642	Apr. 11, 2012				
	Daido Life Insurance Company	Sep. 24, 2010	—	1,000	1.070	Sep. 24, 2013				
		Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013				
	Taiyo Life Insurance Company	Feb. 5, 2008	1,000	1,000	1.666	Feb. 5, 2015				
		Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013				
	Sumitomo Life Insurance Company	Jun. 4, 2008	1,000	1,000	2.035	Jun. 4, 2013				
		Sep. 24, 2010	—	1,000	1.275	Sep. 24, 2015				
	Sampo Japan Insurance Inc.	Dec. 27, 2006	2,000	2,000	1.858	Dec. 27, 2013				
		Jun. 4, 2008	2,000	2,000	2.257	Jun. 4, 2015				
	The Iyo Bank, Ltd.	Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012				
		Jun. 26, 2009	2,000	2,000	2.156	Jun. 27, 2012				
	Mizuho Corporate Bank, Ltd.	Apr. 11, 2007	1,000	1,000	1.676	Apr. 11, 2012				
		Jun. 26, 2009	5,600	5,500	2.449	(Note 6)				(Note 6)
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	May 28, 2010	3,000	3,000	1.279	Nov. 27, 2013				Principal lump sum repayment on maturity
		Jun. 26, 2009	4,668	4,585	2.390	(Note 7)				(Note 7)
	Aozora Bank, Ltd.	May 28, 2010	3,000	3,000	1.279	Nov. 27, 2013				Principal lump sum repayment on maturity
		Aug. 26, 2008	3,400	—	1.593	Aug. 26, 2011				Principal lump sum repayment on maturity
	Development Bank of Japan Inc.	Jul. 3, 2009	900	900	2.076	Jul. 3, 2012				Principal lump sum repayment on maturity
		Mar. 30, 2010	1,000	1,000	1.322	Sep. 30, 2013				Principal lump sum repayment on maturity
	Sumitomo Mitsui Banking Corporation	Mar. 31, 2009	895	870	1.740	(Note 4)				(Note 4)
		Jun. 26, 2009	3,600	3,500	3.190	(Note 5)				(Note 5)
	American Family Life Assurance Company of Columbus (Note 9)	Jun. 29, 2009	2,800	2,750	2.440	(Note 8)				(Note 8)
Jul. 8, 2010		—	3,000	1.190	Jun. 27, 2013	Principal lump sum repayment on maturity				
Mizuho Trust & Banking Co., Ltd.	Sep. 7, 2009	10,000	5,000	3.440	Sep. 6, 2019	Principal lump sum repayment on maturity				
The Shinkumi Federation Bank	Feb. 4, 2010	3,000	3,000	1.376	Feb. 4, 2013	Principal lump sum repayment on maturity				
ORIX Trust and Banking Corporation	Feb. 4, 2010	3,000	3,000	1.376	Feb. 4, 2013	Principal lump sum repayment on maturity				
	Feb. 4, 2010	1,000	1,000	1.376	Feb. 4, 2013	Principal lump sum repayment on maturity				
Shinsei Bank, Ltd.	May 28, 2010	2,000	2,000	1.281	Nov. 27, 2013	Principal lump sum repayment on maturity				
	Sep. 24, 2010	—	2,000	1.070	Sep. 24, 2013	Principal lump sum repayment on maturity				
Meiji Yasuda Life Insurance Company	Mar. 28, 2003	4,400	4,400	1.750	Mar. 28, 2013	Principal lump sum repayment on maturity				
Total		84,263	78,505							

(Note 1) The average interest rates are weighted-average figures during the period and are rounded to the third decimal point. Furthermore, fees related to loan arrangement paid to the above lenders are not included.
 (Note 2) Short-term borrowings are floating-rate borrowings. Long-term borrowings are fixed-rate borrowings.
 (Note 3) Funds are mainly used for purchasing real estate or real estate beneficiary interest in trust (including accompanying expenses), repaying borrowings and amortization of corporate bonds.
 (Note 4) The borrowings are subject to repayment of 25 million yen on Jun. 27, 2009 and hereafter every 6 months. In addition, repayment of 820 million yen will be made on the maturity date, Jun. 27, 2013.
 (Note 5) The borrowings are subject to repayment of 100 million yen on Dec. 27, 2009 and hereafter every 6 months. In addition, repayment of 2,100 million yen will be made on the maturity date, Jun. 27, 2019.
 (Note 6) The borrowings are subject to repayment of 100 million yen on Dec. 25, 2009 and hereafter every 6 months. In addition, repayment of 5,100 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 7) The borrowings are subject to repayment of 83 million yen on Dec. 27, 2009 and hereafter every 6 months. In addition, repayment of 4,253 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 8) The borrowings are subject to repayment of 50 million yen on Dec. 25, 2009 and hereafter every 6 months. In addition, repayment of 2,550 million yen will be made on the maturity date, Jun. 27, 2014.
 (Note 9) JPR repaid, ahead of the maturity date, 5 billion yen on Dec. 27, 2010 of the 10 billion yen long-term borrowings from American Family Life Assurance Company of Columbus undertaken on Sep. 7, 2009.

(3) Corporate Bonds

Details of corporate bonds outstanding as of December 31, 2010 are as follows.

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

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

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

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

Acquisitions and Sales during the 18th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquired Date	Acquisition Price (thousands of yen) (Note)	Sale Date	Sale Price (A) (thousands of yen) (Note)	Book Value (B) (thousands of yen)	Difference (C) (A) - (B) (thousands of yen)	Sale Expense (D) (thousands of yen)	Sale Profit and Loss (C) - (D) (thousands of yen)
Real Estate	BYGS Shinjuku Bldg. (additional ownership)	Jul. 13, 2010	3,300,000	—	—	—	—	—	—
Real Estate	Tokyo Tatemono Yokohama Bldg.	Dec. 27, 2010	7,000,000	—	—	—	—	—	—
Total			10,300,000	—	—	—	—	—	—

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

(2) Acquisition and Sale of Other Assets

There were no acquisitions or sales of other assets.

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

Acquisition or Sale	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Survey Value of Specified Assets (Note 2) (thousands of yen)
Acquisition	BYGS Shinjuku Bldg. (additional ownership)	Jul. 13, 2010	3,300,000	3,400,000
Acquisition	Tokyo Tatemono Yokohama Bldg.	Dec. 27, 2010	7,000,000	7,010,000

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

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

(4) Transactions with Interested Parties and Major Shareholders

A. Transaction Status

(Thousands of yen)

Category	Transaction Price, etc.	
	Acquisition Price, etc.	Sale Price, etc.
Total Amount	¥10,300,000 Of which, acquisition price from interested parties, etc. ¥7,000,000 (68.0%)	— Of which, sale price to interested parties, etc. — (-%)
Breakdown of Transactions with Interested Parties, etc.		
Tokyo Tatemono Co., Ltd.	7,000,000 (100.0%)	— (-%)
Total	7,000,000 (100.0%)	— (-%)

B. Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transaction with Interested Parties		Ratio to Total Amount (B/A) (% of total)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	225,447	Tokyo Tatemono Co., Ltd.	189,632	84.1
		Yasuda Real Estate Co., Ltd.	8,931	4.0
		Yuraku Real Estate Co., Ltd.	3,361	1.5
Outsourcing Fees	512,149	Tokyo Tatemono Co., Ltd.	410,656	80.2
		Yasuda Real Estate Co., Ltd.	22,575	4.4
Tenant Brokerage Fees, etc.	39,439	Tokyo Tatemono Co., Ltd.	10,089	25.6
		E-State Online Co., Ltd.	5,440	13.8
		Tokyo Tatemono Real Estate Sales Co., Ltd.	1,169	3.0

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

(Note 2) The management fees indicated in the above table include construction management fees (total of 12,404 thousand yen for JPR) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties during the 18th fiscal period.

Tokyo Tatemono Co., Ltd.	321,775 thousand yen
Yasuda Real Estate Co., Ltd.	28,791 thousand yen
Taisei Corporation	103,240 thousand yen
Tokyo Real Estate Management Co., Ltd.	10,600 thousand yen
Shinjuku Center Building Management Co., Ltd.	102,176 thousand yen

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

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

Overview of Accounting

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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate

No change has been made.

Overview of Investment Trust Beneficiary Certificates of JPR

(1) Acquisition

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

(2) Units Held

The number of investment units held by Tokyo Realty Investment Management, Inc. has remained at 100 units through December 31, 2010 with the total investment unchanged at 20 million yen. The amount of units held is immaterial versus the total units outstanding of JPR.

Other

(1) Notice

There were no major issues related to the conclusion or changes of major contracts approved by JPR's Board of Directors meeting during the fiscal period.

(2) Other

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

Balance Sheets

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

(Thousands of yen)

	End of 17th Fiscal Period (information only) (as of June 30, 2010)	End of 18th Fiscal Period (as of December 31, 2010)	% Change
Assets			
Current assets			
Cash and deposits	¥ 19,647,583	¥ 14,090,256	
Cash and deposits in trust	14,681,830	13,934,140	
Operating accounts receivable	200,156	176,154	
Prepaid expenses	192,994	189,512	
Deferred tax assets	46	23	
Other	6,133	6,095	
Total current assets	34,728,743	28,396,182	(18.2%)
Noncurrent assets			
Property, plant and equipment			
Buildings	47,696,388	49,822,056	
Accumulated depreciation	(4,442,600)	(5,197,068)	
Buildings, net	43,253,787	44,624,987	
Buildings in trust	74,807,525	74,986,011	
Accumulated depreciation	(16,262,208)	(17,357,507)	
Buildings in trust, net	58,545,316	57,628,504	
Structures	27,729	33,292	
Accumulated depreciation	(3,737)	(4,631)	
Structures, net	23,991	28,661	
Structures in trust	92,143	105,894	
Accumulated depreciation	(30,464)	(33,789)	
Structures in trust, net	61,679	72,105	
Machinery and equipment	550,949	560,066	
Accumulated depreciation	(186,948)	(208,192)	
Machinery and equipment, net	364,001	351,873	
Machinery and equipment in trust	1,385,887	1,388,373	
Accumulated depreciation	(793,620)	(838,152)	
Machinery and equipment in trust, net	592,267	550,221	
Tools, furniture and fixtures	33,511	36,917	
Accumulated depreciation	(12,207)	(14,704)	
Tools, furniture and fixtures, net	21,304	22,213	
Tools, furniture and fixtures in trust	101,088	103,099	
Accumulated depreciation	(51,923)	(58,562)	
Tools, furniture and fixtures in trust, net	49,165	44,536	
Land	94,581,913	103,175,872	
Land in trust	120,491,107	120,491,113	
Construction in progress	23,982	16,495	
Construction in progress in trust	—	1,699	
Total property, plant and equipment	318,008,517	327,008,283	2.8%
Intangible assets			
Leasehold right	4,794,109	4,794,109	
Other	5,256	4,497	
Total intangible assets	4,799,366	4,798,607	(0.0%)
Investments and other assets			
Lease and guarantee deposits	49,000	49,520	
Long-term prepaid expenses	581,579	501,426	
Total investments and other assets	630,579	550,946	(12.6%)
Total noncurrent assets	323,438,463	332,357,836	2.8%
Deferred assets			
Investment corporation bond issuance costs	172,471	150,562	
Total deferred assets	172,471	150,562	(12.7%)
Total assets	¥ 358,339,677	¥ 360,904,581	0.7%

(Note) See accompanying Notes to Financial Statements.

(Thousands of yen)

	End of 17th Fiscal Period (information only) (as of June 30, 2010)	End of 18th Fiscal Period (as of December 31, 2010)	% Change
Liabilities			
Current liabilities			
Operating accounts payable	¥ 994,078	¥ 1,149,687	
Short-term loans payable	5,000,000	10,000,000	
Current portion of long-term loans payable	21,499,000	24,899,000	
Current portion of investment corporation bonds	3,000,000	8,000,000	
Accounts payable-other	630,561	550,017	
Accrued expenses	383,365	332,028	
Income taxes payable	605	605	
Accrued consumption taxes	31,017	157,515	
Advances received	1,465,927	1,498,924	
Other	—	35,000	
Total current liabilities	33,004,554	46,622,779	41.3%
Noncurrent liabilities			
Investment corporation bonds	47,500,000	42,500,000	
Long-term loans payable	84,263,000	78,505,000	
Tenant leasehold and security deposits	6,463,850	7,428,462	
Tenant leasehold and security deposits in trust	10,804,484	10,345,814	
Total noncurrent liabilities	149,031,334	138,779,277	(6.9%)
Total liabilities	182,035,888	185,402,057	1.8%
Net assets			
Unitholders' equity			
Unitholders' capital	171,339,818	171,339,818	
Surplus			
Voluntary deposits			
Deposits for advanced depreciation	—	73,946	
Total voluntary deposits	—	73,946	
Unappropriated retained earnings (undisposed loss)	4,963,970	4,088,758	
Total surplus	4,963,970	4,162,705	(16.1%)
Total unitholders' equity	176,303,789	175,502,523	(0.5%)
Total net assets	176,303,789	175,502,523	(0.5%)
Total liabilities and net assets	¥ 358,339,677	¥ 360,904,581	0.7%

(Note) See accompanying Notes to Financial Statements.

Statements of Income and Retained Earnings

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

(Thousands of yen)

	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)	% Change
Operating revenue			
Rent revenue-real estate	¥11,855,159	¥11,870,005	
Gain on sales of real estate properties	459,648	—	
Total operating revenue	12,314,808	11,870,005	(3.6%)
Operating expenses			
Expenses related to rent business	5,144,388	5,361,037	
Asset management fee	447,576	421,951	
Administrative service and asset custody fees	68,218	71,064	
Directors' compensations	6,600	6,600	
Trust fees	48,489	49,552	
Other operating expenses	115,525	73,413	
Total operating expenses	5,830,796	5,983,620	2.6%
Operating income	6,484,011	5,886,384	(9.2%)
Non-operating income			
Interest income	7,658	6,576	
Income on settlement of management association accounts	49,202	—	
Other	22,372	6,313	
Total non-operating income	79,233	12,889	(83.7%)
Non-operating expenses			
Interest expenses	1,008,955	1,064,789	
Borrowing expenses	89,604	287,872	
Interest expenses on investment corporation bonds	430,797	478,092	
Amortization of investment corporation bond issuance costs	16,329	21,908	
Unit-issuance costs	50,723	—	
Other	2,378	6,698	
Total non-operating expenses	1,598,790	1,859,361	16.3%
Ordinary income	4,964,454	4,039,912	(18.6%)
Income before income taxes	4,964,454	4,039,912	(18.6%)
Income taxes-current	605	605	
Income taxes-deferred	(16)	22	
Total income taxes	588	627	6.6%
Net income	4,963,866	4,039,284	(18.6%)
Retained earnings brought forward	104	49,473	47,470.2%
Unappropriated retained earnings (undisposed loss)	¥ 4,963,970	¥ 4,088,758	(17.6%)

(Note) See accompanying Notes to Financial Statements.

Statements of Unitholders' Equity

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

(Thousands of yen)

	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18h Fiscal Period (July 1, 2010 - December 31, 2010)
Unitholders' equity		
Unitholders' capital		
Balance at the end of previous period	¥156,725,438	¥171,339,818
Changes of items during the period		
Issuance of units	14,614,380	—
Total changes of items during the period	14,614,380	—
Balance at the end of current period	171,339,818	171,339,818
Surplus		
Voluntary deposits		
Balance at end of previous period	—	—
Change of items during the period		
Provision of deposits for advanced depreciation	—	73,946
Total change of items during the period	—	73,946
Balance at the end of current period	—	73,946
Unappropriated retained earnings (undisposed loss)		
Balance at the end of previous period	4,333,229	4,963,970
Changes of items during the period		
Dividends from surplus	(4,333,125)	(4,840,550)
Provision of deposits for advanced depreciation	—	(73,946)
Net income	4,963,866	4,039,284
Total changes of items during the period	630,741	(875,211)
Balance at the end of current period	4,963,970	4,088,758
Total surplus		
Balance at the end of previous period	4,333,229	4,963,970
Changes of items during the period		
Total changes of items during the period	630,741	(801,265)
Balance at the end of current period	4,963,970	4,162,705
Total unitholders' equity		
Balance at the end of previous period	161,058,667	176,303,789
Changes of items during the period		
Total changes of items during the period	15,245,121	(801,265)
Balance at the end of current period	176,303,789	175,502,523
Total net assets		
Balance at the end of previous period	161,058,667	176,303,789
Changes of items during the period		
Total changes of items during the period	15,245,121	(801,265)
Balance at the end of current period	¥176,303,789	¥175,502,523

(Note) See accompanying Notes to Financial Statements.

Notes to Financial Statements

Basis of Presenting Financial Statements

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

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

JPR's accounting period ends at the end of June and December. JPR's 18th accounting period began on July 1, 2010 and ended on December 31, 2010.

Significant Accounting Policies

1. Depreciation Method for Property and Equipment

(1) Property and Equipment (including entrusted properties)

Depreciation is calculated using the straight-line method. The estimated useful lives of major property and equipment ranges are as follows:

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

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

(2) Intangible Assets

Intangible assets are depreciated utilizing the straight-line method.

(3) Long-term Prepaid Expenses

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

2. Accounting for Deferred Assets

Investment Corporation Bond Issuance Costs

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

3. Standards for Recording Revenues and Expenses

Accounting Treatment of Taxes on Properties and Equipment

In connection with property taxes, city planning taxes and depreciated asset taxes, JPR adopts the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interest with real estate as entrusted property. During the 18th fiscal period, the amount equivalent to the property taxes included as an acquisition cost of real estate totaled 16,403 thousand yen.

4. Other Significant Items Fundamental to Preparing the Financial Statements

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

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

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

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

(2) Accounting for Consumption Taxes

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

Notes to Changes in Accounting Policies

Effective from the fiscal period ended December 31, 2010, JPR adopted the “Accounting Standard for Asset Retirement Obligations” (Accounting Standards Board of Japan Statement No. 18 issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan Guidance No. 21 issued on March 31, 2008). The adoptions have had no impact on JPR’s income and expenses.

Notes to Balance Sheets

1. Assets Pledged as Collateral and Secured Liabilities

(Thousands of yen)

	End of 17th Fiscal Period (information only) (as of June 30, 2010)	End of 18th Fiscal Period (as of December 31, 2010)
Assets pledged as collateral are as follows:		
Cash and deposits in trust	¥ 2,200,489	¥ 2,193,011
Buildings (net)	133,851	131,982
Buildings in trust (net)	6,684,100	6,526,983
Structures in trust (net)	3,288	3,791
Machinery and equipment (net)	4,622	4,451
Machinery and equipment in trust (net)	14,657	13,107
Tools, furniture and fixtures in trust (net)	2,037	1,767
Land	399,183	399,183
Land in trust	8,536,013	8,536,013
Other (intangible assets)	147	143
Total	¥17,978,392	¥17,810,437
Secured liabilities are as follows:	End of 17th Fiscal Period (information only) (as of June 30, 2010)	End of 18th Fiscal Period (as of December 31, 2010)
Current portion of long-term loans payable	¥ 4,783,000	¥ 4,783,000
Long-term loans payable	4,400,000	4,400,000
Tenant leasehold and security deposits	15,536	15,536
Total	¥ 9,198,536	¥ 9,198,536

2. Balance of Unused Commitment Line

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

	End of 17th Fiscal Period (information only) (as of June 30, 2010)	End of 18th Fiscal Period (as of December 31, 2010)
Contract execution date	December 1, 2008	—
Credit limit	¥16,000,000	¥16,000,000
Outstanding debt at end of period	—	—
Unused commitment line at end of period	¥16,000,000	¥16,000,000

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

	End of 17th Fiscal Period (information only) (as of June 30, 2010)	End of 18th Fiscal Period (as of December 31, 2010)
	¥50,000	¥50,000

Notes to Statements of Income and Retained Earnings

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

	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
A. Rent Revenue-Real Estate		
Rent revenue		
Rents	¥9,016,339	¥8,747,251
Common charges	1,730,099	1,720,736
Parking revenues	209,930	204,512
Advertising expenses	19,942	19,305
Antenna use fees	10,784	10,221
Other	27,693	29,948
Subtotal	11,014,790	10,731,976
Other rental revenues		
Incidental income	616,055	745,605
Time-based parking revenues	8,368	10,089
Cancellation charges	146,311	119,318
Income equivalent to expenses for restoration to as is condition	38,665	229,571
Other miscellaneous income	30,967	33,444
Subtotal	840,368	1,138,029
Total rent revenue-real estate	¥11,855,159	¥11,870,005
B. Expenses Related to Rent Business		
Outsourcing expenses	¥ 497,216	¥ 512,149
Utilities expenses	630,556	754,056
Property and other taxes	995,353	975,068
Casualty insurance	30,379	30,912
Repairs and maintenance	214,290	247,869
Property management fees	219,147	213,042
Management association accounts	569,032	553,550
Depreciation	1,896,791	1,929,036
Other	91,618	145,351
Total expenses related to rent business	¥5,144,388	¥5,361,037
C. Profits (A-B)		
	¥6,710,771	¥6,508,967

2. Breakdown of Gain on Sales of Real Estate Properties

(Thousands of yen)

	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
JPR Nagoya Sakae Bldg.		
Proceeds from sales of real estate properties	¥4,937,296	—
Costs of sales of real estate properties	4,434,630	—
Other related sales expenses	148,578	—
Total gain on sales of real estate properties	¥ 354,087	—
A Portion of Land of JPR Jingumae 432		
Proceeds from sales of real estate properties	¥301,650	—
Costs of sales of real estate properties	196,088	—
Total gain on sales of real estate properties	¥105,561	—

Notes to Statements of Changes in Unitholders' Equity

	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
The number of units outstanding	715,000 units	715,000 units

Tax Effect Accounting

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

(Thousands of yen)

	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
Lump-sum depreciated assets not deductible for tax purposes	46	23
Total deferred tax assets	46	23
Net deferred tax assets	¥ 46	¥ 23

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

	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
Effective statutory tax rate	39.33%	39.33%
(Adjustment)		
Deductible cash distributions	(38.35%)	(39.33%)
Other	(0.97%)	0.02%
Effective tax rate after applying tax effect accounting	0.01%	0.02%

Property and Equipment Leased to JPR

17th Fiscal Period (information only)
(January 1, 2010 - June 30, 2010)

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

No property and equipment leased to JPR

No property and equipment leased to JPR

Financial Instruments

1. Matters Concerning Status of Financial Instruments

(1) Policy on Handling Financial Instruments

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

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

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

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

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

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

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

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

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

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

End of 17th Fiscal Period (information only) (as of June 30, 2010)

(Thousands of yen)

	Carrying Value (Note 1)	Estimated Fair Value (Note 1)	Difference
1) Cash and deposits	¥ 19,647,583	¥ 19,647,583	¥ —
2) Cash and deposits in trust	14,681,830	14,681,830	—
3) Short-term loans payable	(5,000,000)	(5,000,000)	—
4) Current portion of long-term loans payable	(21,499,000)	(21,594,554)	95,554
5) Current portion of investment corporation bonds	(3,000,000)	(3,023,400)	23,400
6) Investment corporation bonds	(47,500,000)	(48,116,034)	616,034
7) Long-term loans payable	¥(84,263,000)	¥(86,987,115)	¥2,724,115

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

(Thousands of yen)

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

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

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

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

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

(3) Short-term loans payable

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

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

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

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

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

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

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

End of 17th Fiscal Period (information only) (as of June 30, 2010)

(Thousands of yen)

Carrying Value

Tenant leasehold and security deposits	¥ 6,463,850
Tenant leasehold and security deposits in trust	¥10,804,484

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

(Thousands of yen)

Carrying Value

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

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

End of 17th Fiscal Period (information only) (as of June 30, 2010)

(Thousands of yen)

Due in One Year or Less

Cash and deposits	¥19,647,583
Cash and deposits in trust	¥14,681,830

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

(Thousands of yen)

Due in One Year or Less

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

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

End of 17th Fiscal Period (information only) (as of June 30, 2010)

(Thousands of yen)

	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years
Short-term loans payable	¥ 5,000,000	—	—
Investment corporation bonds	3,000,000	¥ 5,000,000	¥ 9,000,000
Long-term loans payable	¥21,499,000	¥21,116,000	¥19,811,000

(Thousands of yen)

	Due after Three Year through Four Years	Due after Four Year through Five Years	Due after Five Years
Short-term loans payable	—	—	—
Investment corporation bonds	¥ 5,000,000	¥24,000,000	¥ 4,500,000
Long-term loans payable	¥25,336,000	¥ 5,200,000	¥12,800,000

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

(Thousands of yen)

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

(Thousands of yen)

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

Investment and Rental Properties

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

End of 17th Fiscal Period (information only) (as of June 30, 2010)

Carrying Value			Estimated Fair Value at End of Current Period
As of December 31, 2009	Amount of Increase (Decrease) During Current Period	As of June 30, 2010	
¥ 303,090,465	¥ 19,714,401	¥ 322,804,866	¥ 308,134,000

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

(Note 2) Of the amount of increase (decrease) during current period for investment and rental properties, the amount of increase is primarily attributable to acquisition of Tokyo Tatemono Kyobashi Building (5,282,718 thousand yen), TK Horidome Building (5,267,652 thousand yen) and JPR Sendagaya Building (15,402,742 thousand yen) and the amount of decrease is primarily attributable to sale of JPR Nagoya Sakae Building (4,448,639 thousand yen).

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

The income (loss) in the 17th fiscal period for investment and rental properties are as presented in the "Notes to Statements of Income."

(Additional Information)

The "Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Statement No. 20 issued on November 28, 2008) and "Guidance on Accounting Standard for Disclosures about Fair Value of Investment and Rental Property" (ASBJ Guidance No. 23 issued on November 28, 2008) are applied as of the 17th fiscal period.

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

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

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

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

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

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

Transactions with Interested Parties

17th Fiscal Period (information only) (January 1, 2010 – June 30, 2010)

(Thousands of yen)

Attribute	Name of Company, etc.	Business Description or Occupation	Percentage of Number of Investment Units Held Among Total Number of Investment Units	Transactions	Transaction Amount (thousands of yen)	Account	Balance at End of Period (thousands of yen)
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business and trust business	—	Long-term borrowings	¥3,000,000	Long-term loans payable	¥3,000,000
				Interest expenses	¥16,511	Accrued expenses	¥565

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

18th Fiscal Period (July 1, 2010 – December 31, 2010)

(Thousands of yen)

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

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

Per Unit Information

	(Yen)	
	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
Total net assets per unit	¥246,578	¥245,458
Net income per unit	¥7,145	¥5,649

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

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

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

	(Thousands of yen)	
	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
Net income	¥4,963,866	¥4,039,284
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥4,963,866	¥4,039,284
Average number of units	694,690units	715,000units

Distribution Information

	(Yen)	
	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
1. Unappropriated retained earnings	¥4,963,970,414	¥4,088,758,450
2. Distributions	4,840,550,000	4,061,200,000
(distribution per unit)	(6,770)	(5,680)
3. Voluntary deposits		
Transferred from deposits for advanced depreciation	73,946,740	—
4. Retained earnings brought forward	¥ 49,473,674	¥ 27,558,450

In accordance with the distribution policy stipulated in Article 30-2 of the Articles of Incorporation, JPR will be able to distribute only to the extent of the profits and needs to distribute in excess of 90% of JPR's distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law. Based on this policy, JPR decided on a total distribution of 4,061,200,000 yen for the 18th fiscal period (4,840,550,000 yen for the 17th fiscal period). This is the maximum value arrived at when the number of units outstanding (715,000 units) is multiplied by an integer, within the limit of retained earnings for the respective fiscal period and within the limit of not placing a burden of additional income taxes on our unitholders. Furthermore, JPR does not make cash distributions in excess of the profit as stipulated in Article 30-4 of the Articles of Incorporation.

Report of Independent Auditors



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Report of Independent Auditors

The Board of Directors
Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheet of Japan Prime Realty Investment Corporation as of December 31, 2010, and the related statement of income and retained earnings, statement of unitholders' equity for the six-month period then end, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation at December 31, 2010, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

February 9, 2011

Statements of Cash Flows (Information Only)

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

(Thousands of yen)

	17th Fiscal Period (January 1, 2010 - June 30, 2010)	18th Fiscal Period (July 1, 2010 - December 31, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	¥ 4,964,454	¥ 4,039,912
Depreciation and amortization	1,897,485	1,929,729
Amortization of investment corporation bond issuance costs	16,329	21,908
Unit-issuance cost	50,723	—
Interest income	(7,658)	(6,576)
Interest expenses	1,439,753	1,542,882
Decrease (increase) in operating accounts receivable	(31,978)	24,002
Decrease (increase) in prepaid expenses	(2,677)	3,481
Increase (decrease) in operating accounts payable	72,070	76,076
Increase (decrease) in accounts payable-other	(8,501)	(23,119)
Increase (decrease) in accrued consumption taxes	(281,229)	126,498
Increase (decrease) in advances received	48,947	32,997
Decrease in property, plant and equipment	4,630,718	—
Other, net	(137,437)	66,659
Subtotal	12,651,001	7,834,452
Interest income received	7,658	6,576
Interest expenses paid	(1,451,340)	(1,594,218)
Income taxes (paid) refund	(924)	(388)
Net cash provided by (used in) operating activities	11,206,394	6,246,421
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(17,640,017)	(10,696,752)
Purchase of property, plant and equipment in trust	(5,531,870)	(156,846)
Purchase of intangible assets	(3,252,190)	—
Payments for lease and guarantee deposits	—	(520)
Repayments of tenant leasehold and security deposits	(579,727)	(279,071)
Proceeds from tenant leasehold and security deposits	1,081,891	1,305,202
Repayments of tenant leasehold and security deposits in trust	(236,989)	(852,566)
Proceeds from tenant leasehold and security deposits in trust	470,475	326,225
Net cash provided by (used in) investing activities	(25,688,429)	(10,354,330)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	4,000,000	10,000,000
Decrease in short-term loans payable	(15,252,000)	(5,000,000)
Proceeds from long-term loans payable	16,000,000	9,000,000
Repayment of long-term loans payable	(358,000)	(11,358,000)
Proceeds from issuance of investment corporation bonds	12,909,047	—
Redemption of investment corporation bonds	(7,000,000)	—
Proceeds from issuance of units	14,563,656	—
Dividends paid	(4,330,938)	(4,839,107)
Net cash provided by (used in) financing activities	20,531,765	(2,197,107)
Net changes in cash and cash equivalents	6,049,730	(6,305,017)
Cash and cash equivalents at beginning of period	28,279,683	34,329,413
Cash and cash equivalents at end of period	¥ 34,329,413	¥ 28,024,396

Significant Accounting Policies

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

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

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

Notes to Statements of Cash Flows

	(Thousands of yen)	
	17th Fiscal Period (information only) (January 1, 2010 - June 30, 2010) As of June 30, 2010	18th Fiscal Period (July 1, 2010 - December 31, 2010) As of December 31, 2010
Breakdown of cash and cash equivalents		
Cash and deposits	¥19,647,583	¥14,090,256
Cash and deposits in trust	14,681,830	13,934,140
Cash and cash equivalents	¥34,329,413	¥28,024,396

JPR Investment Policies

A. INVESTMENT POLICIES

① Basic Policies

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

The Company will diversify investments in terms of both tenants and properties, taking into account the amount of investment per property, and will thereby seek to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 62 under "③ Investment Stance."

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

② Types of Investment Assets

I) "Real estate" refers to the following:

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

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

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

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

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

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

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

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

③ Investment Stance

Portfolio Management Standards

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

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

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

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

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

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

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

iv) Tenants

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

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

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

vi) Investment policies for development projects

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

i) Development investments

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

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

ii) Rebuilding projects

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

iii) Properties under development

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

vii) Equipment and fixtures investment policies

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

viii) Insurance policies

a) Criteria for selecting underwriting insurance companies:

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

b) Earthquake insurance coverage criteria:

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

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

ix) Sales policy

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

x) Value-up properties

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

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

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

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

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

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

xi) Core properties

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

④ Investment Standards

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

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

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

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

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

ii) Size

a) Office buildings

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

b) Retail properties

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

iii) Facilities and equipment

a) Office buildings

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

b) Retail properties

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

iv) Earthquake resistance

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

v) Tenants

a) Office buildings

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

b) Retail properties

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

vi) Rights

a) Co-ownership

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

- b) Unit ownership
- The Company will, in principle, reserve for itself at least 75% of the voting rights in meetings attended by unit owners in order to assure sufficient latitude in improvements. However, it may make individual decisions based on a general evaluation of the nature and creditworthiness of other unit owners.
 - The Company shall, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for preferential purchasing rights or options among the other owners will be executed, and whether restrictions will be placed on the transfer of rights, and if so, the nature of these restrictions.
 - The Company will attempt to ensure the stability of revenues by confirming the operations of the management union (reserves, liability ratios, insurance, etc.) and will take such individual measures as are required. (This may include, but is not limited to, increasing accumulated amounts within the Company itself, or providing for insurance on the joint areas and registration of land rights separately from the management union.)
- c) Leaseholds
- The Company will, in principle, invest in leaseholds as specified in the old Leasehold Law (Law No. 49 of 1921, including all subsequent amendments) and the Land and Building Leasing Law (Law No. 90 of 1991, including all subsequent amendments).
 - The Company will carefully study the nature of the proprietary right holder of land and will make its decision after fully investigating the impact of the provisions for rent revisions, charges for renewing the leasing contract, charges for approval of rebuilding proposals, charges for the approval of sales proposals and other factors in concerning profitability.
- d) Collateral rights and usufructuary rights
- The Company will confirm the existence of mortgages or other collateral rights on the proposed property at the time of purchase, and the possibility of extinguishing such rights on closing.
 - The Company will make its decision after confirming the existence of usufructuary rights (for example, surface rights or easements) set forth by third parties and the impact that such rights will have on profitability.
- vii) Investment amount
- a) Minimum investment per property
- The minimum investment per property (only the purchasing price, exclusive of taxes, acquisition costs, etc.) will, in principle, be more than 1 billion yen. A property can be acquired for a lesser amount under the following circumstances:
- When acquiring part of a property valued in total at over 1 billion yen
 - When acquiring a property with an appraisal value of more than 1 billion yen, but acquired after negotiation for a lesser amount
 - In cases where several properties are being acquired together as a package and the concerned property is a subordinate asset
- b) Maximum investment per property
- The ceiling on the investment amount per property will be one-third of the total investment in real estate, asset-backed securities and other investments already held. Generally, however, properties that exceed this ratio can be acquired in cases where this is deemed advisable. The "total investment in real estate, asset-backed securities and other investments already held" refers to the total appraised value of investments up to the previous period, plus the price of investments purchased in the current period (exclusive of taxes, acquisition costs, etc.), plus the amount to be invested in the new property (exclusive of taxes, acquisition costs, etc.).
- c) Restrictions on acquisition price
- However, provided that the property acquisition does not cause the total property acquisition fund to fall below the NOI yield criterion for the current period, the above-mentioned acquisition price's upper limit of 105% of appraised value can be exceeded in the following cases:
- Properties that, by long-term fixed leasing contracts, are forecast to contribute to stable cash flow and that are expected to contribute to stably generating dividends in the medium- to long-term
 - Properties that, in terms of scale, location or general standpoint, are judged to contribute to an increase in total fund quality and that are expected to contribute to stably generating dividends in the medium- to long-term
- viii) Selection guidelines concerning real estate acquisition ownership type
- The Company acquires real estate under direct ownership or on an entrusted basis, acquiring beneficiary interests to the property. The decision as to which form of ownership the Company will take is determined after considering the requirements of the existing owner, the cost of transferring rights and a number of other factors.

ix) Policy on forward commitments

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

B. FINANCIAL POLICIES

① *Fund Management Policies*

I) Leasehold and security deposits

- For real estate trust beneficiary interests

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

- For real estate, real estate leaseholds and surface rights

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

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

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

III) Cash and bank deposits in the Company accounts

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

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

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

IV) Derivatives

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

② *Issuance of Additional Investment Units*

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

③ *Borrowings and Issuance of Corporate Bonds*

I) Basic policies

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

II) Loan to value (LTV)

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

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

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

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

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

C. PROPERTY-RELATED BUSINESS ADMINISTRATION POLICIES

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

① *Asset Manager and Property Manager*

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

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

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

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

② *Commissioned General Tenant Agents*

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

③ *Property Transfer Agents*

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

D. OTHER INVESTMENT POLICIES

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

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

③ Lending of assets in the portfolio

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

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

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

E. DISTRIBUTION POLICIES

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

① Distributable Amount

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

② Determining Amount of Distribution

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

③ Retained Earnings

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

④ Distribution of Cash Exceeding Earnings

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

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

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

⑤ Method of Distribution

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

⑥ Extinctive Prescription

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

Investor Information

Address of Japan Prime Realty Investment Corporation (JPR)

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

Date of Establishment

September 14, 2001

Listing

Tokyo Stock Exchange (Securities Code: 8955)

Fiscal Period Ends

June 30 and December 31 of each year

General Meeting of Unitholders

More than once every two years

Cash Distribution Payment Eligibility

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

Transfer Agent

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

Location of Records

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

Mailing Address

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

Agents

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

Web Site

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

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Annual Schedule (Provisional)



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