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Twelfth Fiscal Period Business Report
July 1, 2007–December 31, 2007
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 geographically 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, 2007 JPR had an investment portfolio totaling 251.90 billion yen on an acquisition basis, 517 tenants and 49 properties, and is recognized as one of the top diversified REITs in Japan.

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Investment Highlights

Portfolio Overview

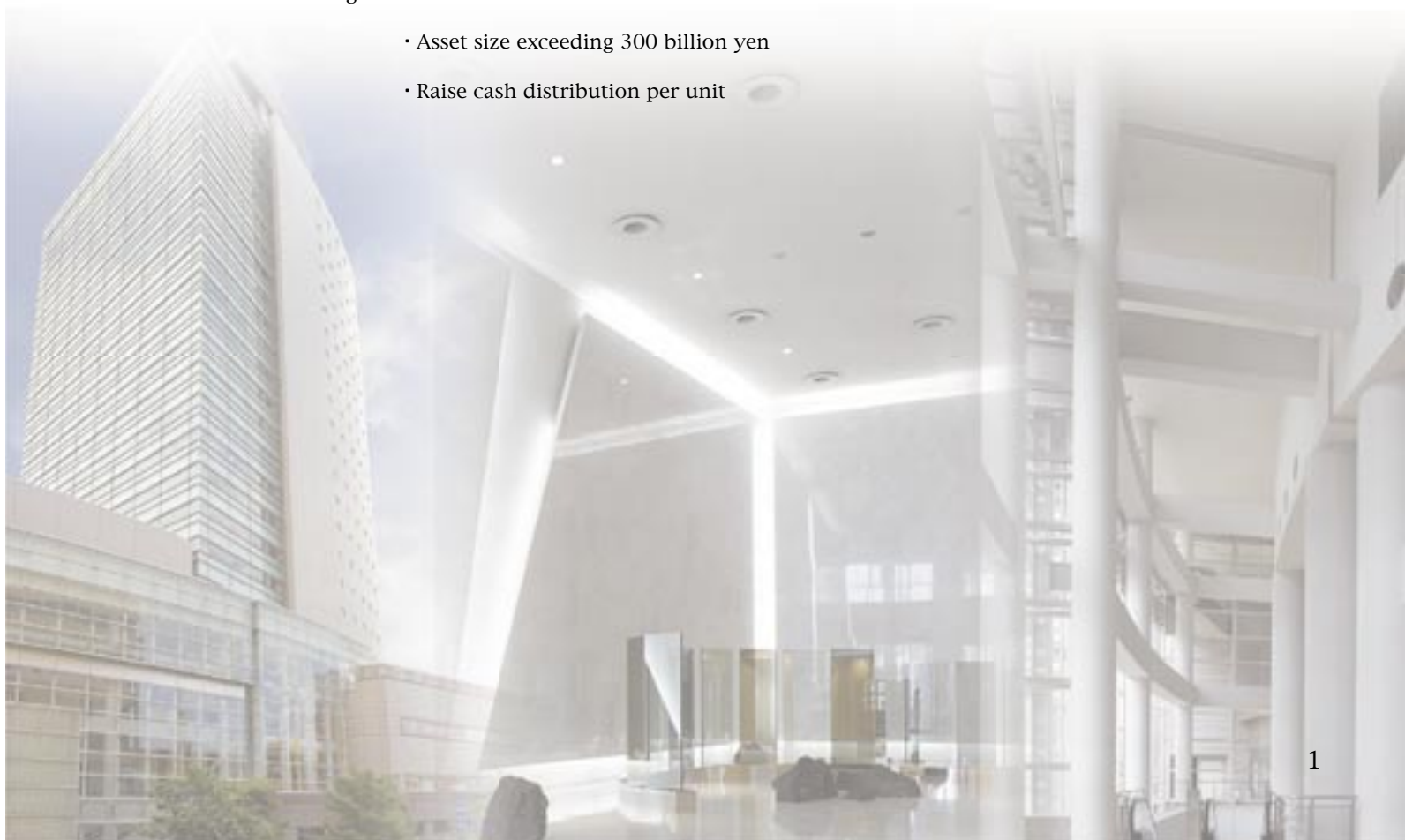
- Top-ranked diversified J-REIT
- Focusing on high-quality office buildings and popular retail properties
- Sponsored by major real estate developers, a general contractor, etc.

Growth Strategies

- Selective investment in properties with strong potential using diversified acquisition methods
- Leverage sponsor pipeline
 - Focus on acquiring additional properties from Tokyo Tatemono, a main sponsor
 - Focus on incorporating development projects in which Taisei Corporation, a sponsor, participates
- Seek growth through rent hikes
- Continue prudent financial strategy that can effectively handle changes in the financial environment

Management View

- Targets
 - Asset size exceeding 300 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 12th fiscal period (July 1, 2007 - December 31, 2007).

The JPR portfolio grew to 49 properties, or 251.9 billion yen on an acquisition basis, this fiscal period. This was due to the acquisition of Yume-ooka Office Tower for 6.5 billion yen.

We also acquired preferred securities in the Meieki Nichome Kaihatsu Special Purpose Company during the fiscal period. Acquisition of the securities gives JPR first option to acquire an amount equal to our preferred capital contribution if the asset being backed by the securities is sold after construction is completed. JPR believes the acquisition of these securities will contribute to increasing our blue chip assets in the future while helping us avoid excessive market competition.

As for financing, JPR continued to secure a stable financial status by issuing 9 billion yen and 6 billion yen unsecured corporate bonds, with respective maturities of 5 years and 7 years, in July 2007.

As for our financial results, we posted operating revenues of 10,449 million yen and recurring profits of 4,170 million yen primarily due to the full-period operations of properties acquired during the previous fiscal period, as well as the contribution of properties acquired during the 12th fiscal period and enhanced revenue-generating capabilities of existing properties. These efforts and performances led to net income for the 12th fiscal period of 4,169 million yen.

As a result, the cash distribution per unit was set at 6,671 yen.

Our expectations are that the environment surrounding the industry will continue to be severe. JPR will continue working with our asset manager, Tokyo Realty Investment Management, to realize stable growth over the medium to long term through a continued emphasis on a careful selection of properties to be acquired while maintaining a consistent focus on compliance.

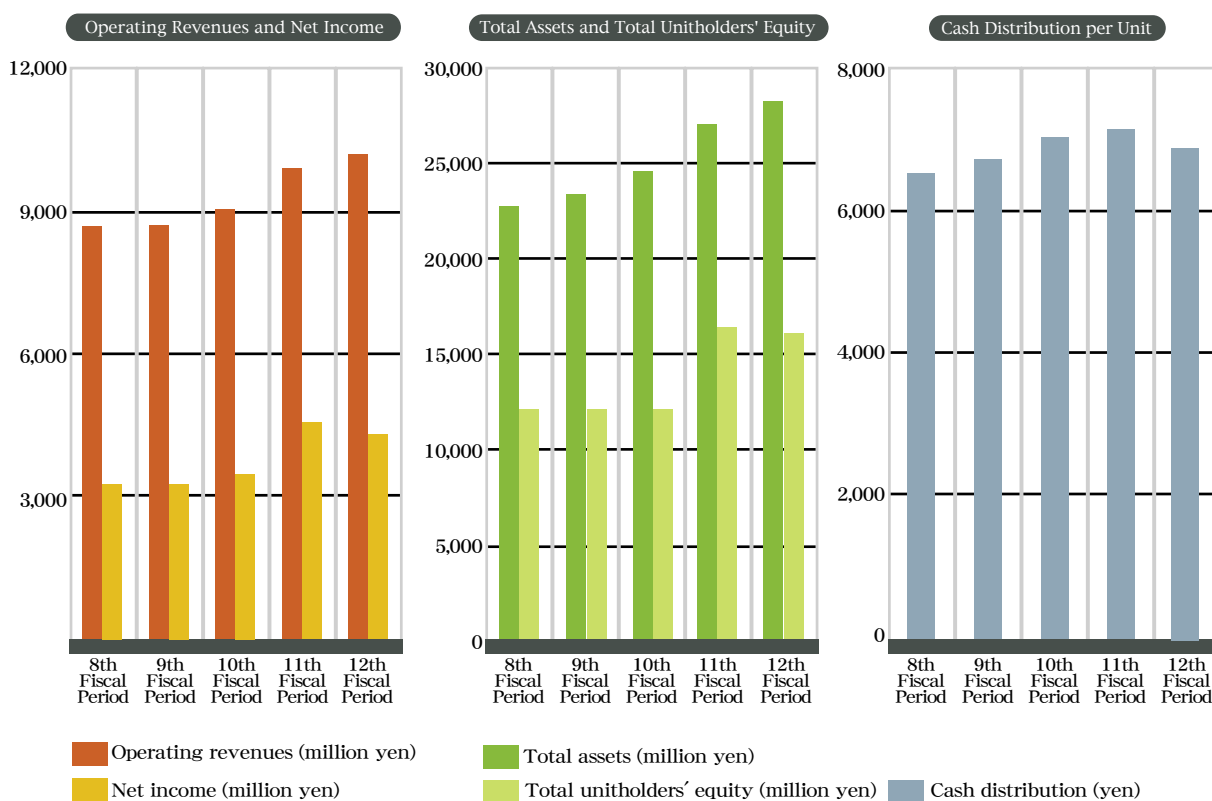
We ask for your continued understanding and support of our operations.

Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation

Account Highlights

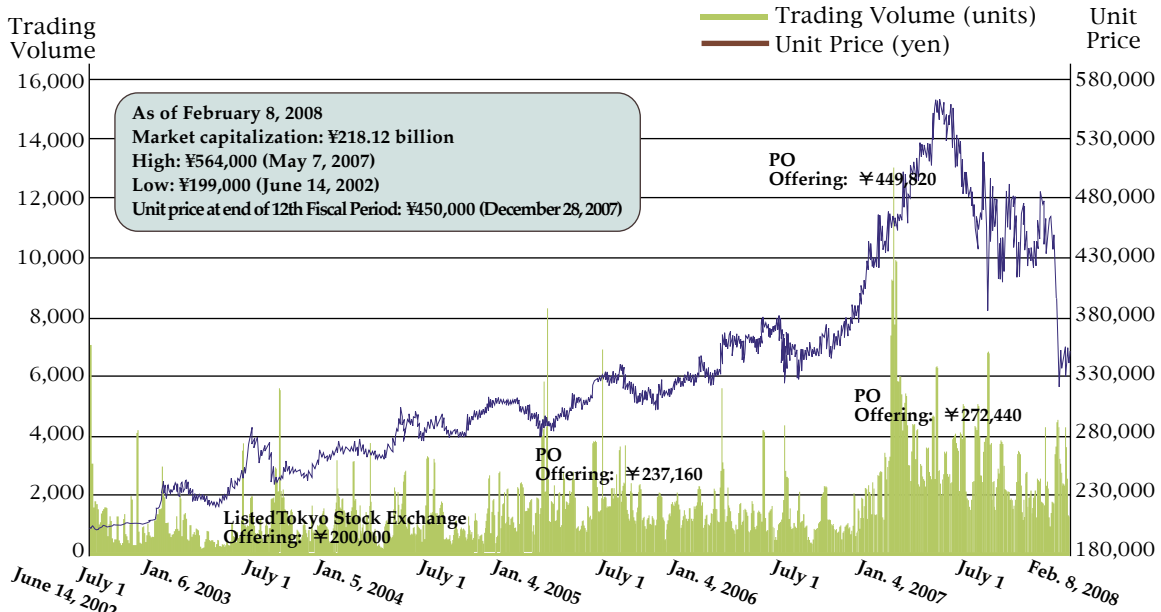
(All amounts in millions of yen unless otherwise stated)

	8th Fiscal Period ended December 2005	9th Fiscal Period ended June 2006	10th Fiscal Period ended December 2006	11th Fiscal Period ended June 2007	12th Fiscal Period ended December 2007
Operating revenues	8,587	8,588	9,088	10,056	10,449
Recurring profits	3,399	3,450	3,643	4,373	4,170
Net income	3,398	3,449	3,642	4,372	4,169
Total cash distributions	3,397	3,449	3,642	4,372	4,169
Total assets	225,882	231,523	244,691	271,398	278,842
Total unitholders' equity	118,829	118,881	119,074	161,098	160,895
Equity ratio	52.6%	51.3%	48.7%	59.4%	57.7%
Unitholders' equity per unit (yen)	224,206	224,304	224,668	257,757	257,432
Cash distribution per unit (yen)	6,411	6,509	6,873	6,996	6,671



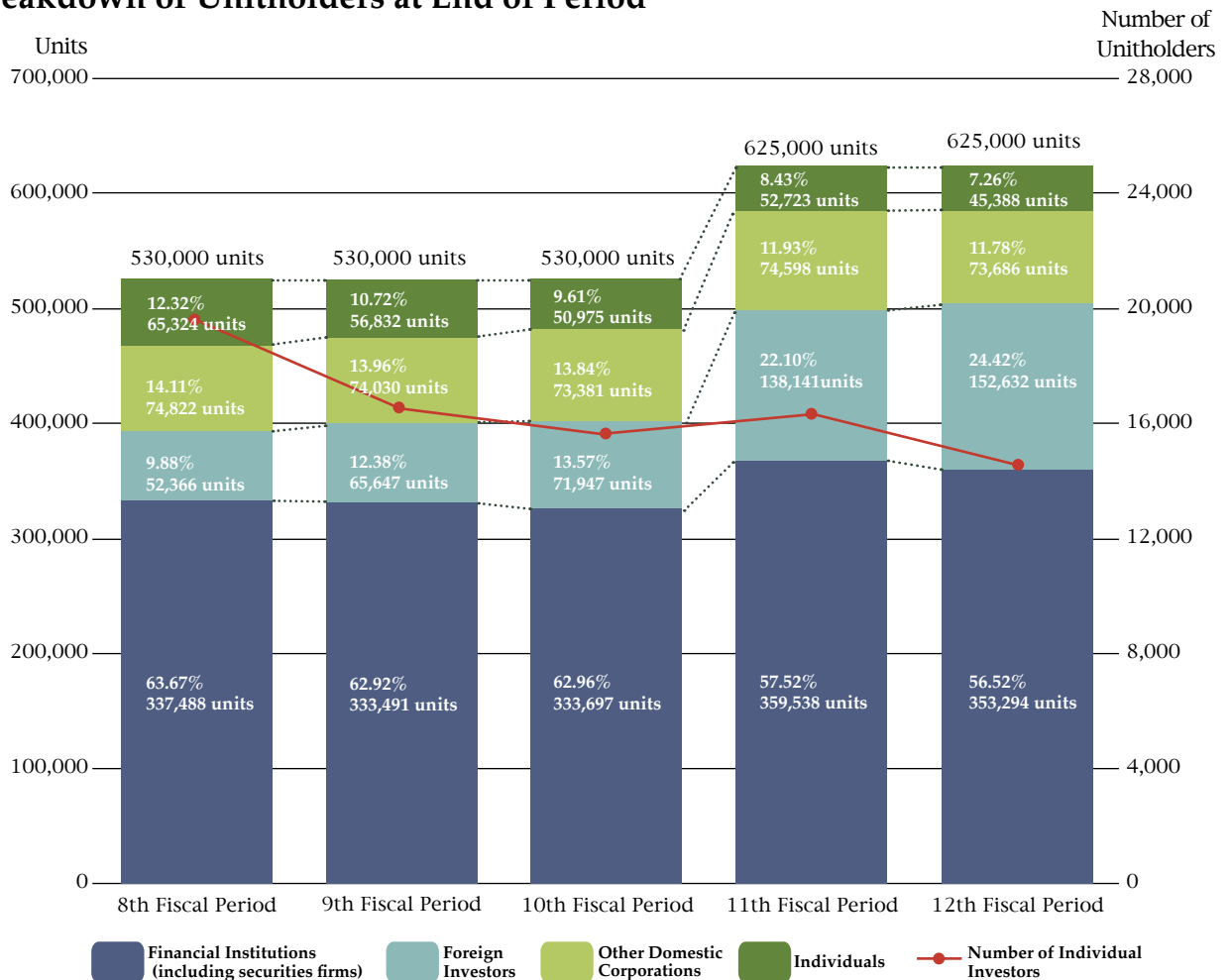
Investment Unit Status

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 12th Fiscal Period and After

Properties Acquired in the 12th Fiscal Period

Yume-ooka Office Tower

B 10

(Office)



Location	Yokohama City, Kanagawa
Acquisition Date	July 10, 2007
Acquisition Price	¥6,510 million
Site Area	12,011.00m ²
Total Floor Space	185,974.87m ²
Structure	Floors
S/SRC/RC	B3/27F
Completed	March 1997

Property to be Acquired in the 14th Fiscal Period

Konan Nichome Building (tentative name) **A -**

(Office)



Location	Minato Ward, Tokyo
Acquisition Date	December 2008
Acquisition Price	¥1,870 million
Site Area	828.82m ²
Total Floor Space	5,446.77m ²
Structure	Floors
S	B1/8F
Completed	July 2008 (Planned)

Property to be Acquired in the 15th Fiscal Period

KM Fukugo Bldg.(tentative name) **C -**

(Retail)



Location	Osaka City, Osaka
Acquisition Date	March 2009
Acquisition Price	¥9,250 million
Site Area	5,138.40m ²
Total Floor Space	80,309.87m ²
Structure	Floors
RC	B1/54F
Completed	March 2009 (Planned)

Preferred Securities acquired in the 12th Fiscal Period and to be Acquired in the 15th and 17th Fiscal Periods

Meiki Nichome Kaihatsu TMK (SPC) Preferred Securities



Acquisition Date	Investment Amount	Acquisition Price (planned) (thousand yen)	Preferred Equity Ratio (%) (Note 1)
November 9, 2007	6,120	340,000	3
May 2009 (planned)	24,480	1,643,000	12
April 2010 (planned)	51,000	TBD	25

Location	Nagoya City, Aichi
Site Area	7,463.10m ² (Note2)
Total Floor Space	49,788.45m ² (Note3)
Structure	Floors
S	B1/24F
Completed	April 2009 (Planned)

Note 1: Figures indicated is the preferred equity ration after the additional capital contribution is made planned on April 2009.

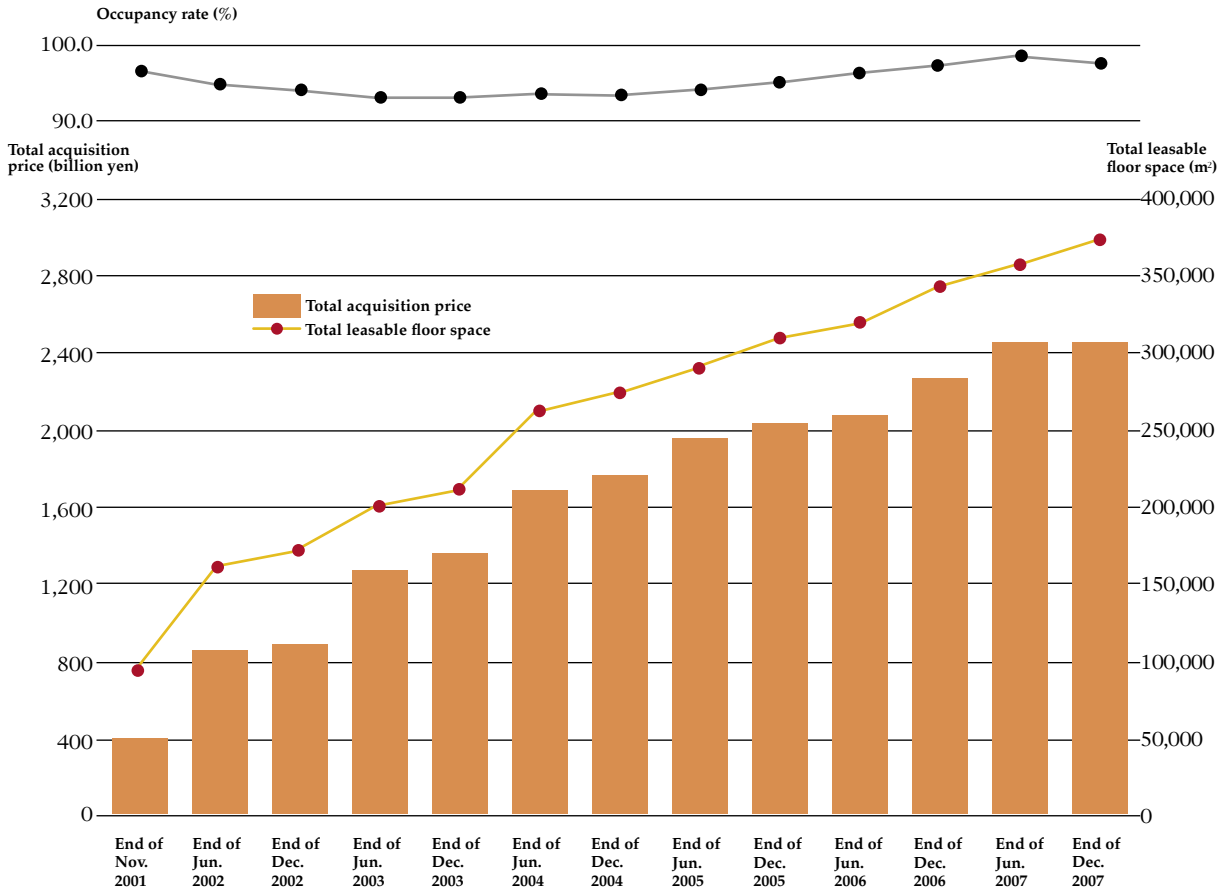
The preferred equity ration as of the end of the 12th Fiscal Period is 4.63%.

2: The site area is owned separately by the SPC and other owner. The above area indicates the total site area of the office building being developed.

3: The total floor area indicates the figure based on recent area table.

Portfolio Topics

Portfolio Growth



Total acquisition price (billion yen)	40.73	92.18	94.59	125.79	139.64	163.65	179.62	197.65	202.66	209.22	222.48	245.39	251.90
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	337,382.05	361,574.77	373,609.99
Occupancy rate (%)	96.3	94.1	93.4	93.5	92.7	93.2	95.1	95.4	97.2	98.0	98.6	99.0	98.4
Properties	13	25	27	30	32	38	42	42	42	44	46	48	49
Total number of tenants	133	281	311	324	357	437	496	459	441	462	479	491	517

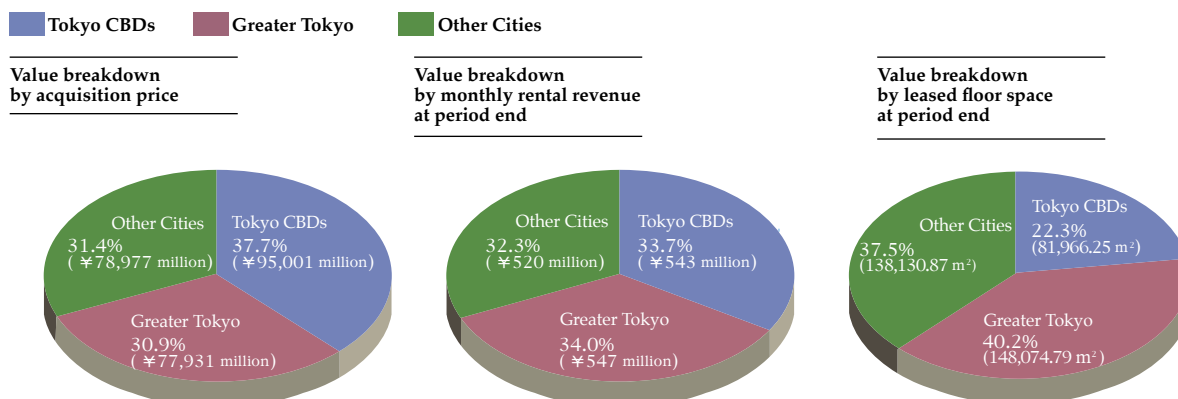
(Note 1) When a single tenant leases multiple rooms in the same property, the tenant is counted as one. If the leased rooms are in multiple buildings, the tenant is counted in plural.

(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 39.7045%, the rent allocation ratio of JPR, 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.

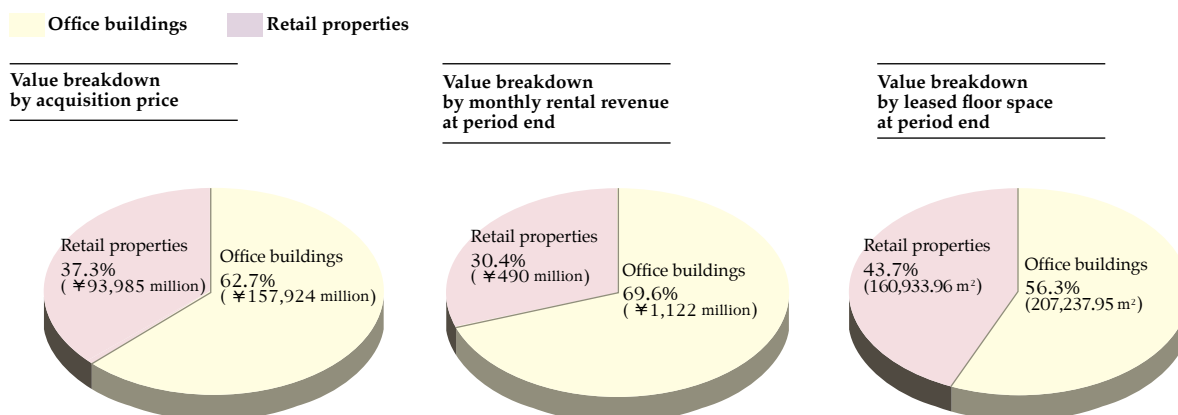
(Note 3) The tenant of Kawasaki Dice Building has sublet space to a sub-lessee and a lease agreement has been executed where the rent paid by the tenant fluctuates in accordance with the lease conditions of the sub-lessee. Therefore, the total leasable floor space, total leased floor space and occupancy rate entered for this building 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.

Portfolio Diversification by Region



Portfolio Diversification by Asset Class



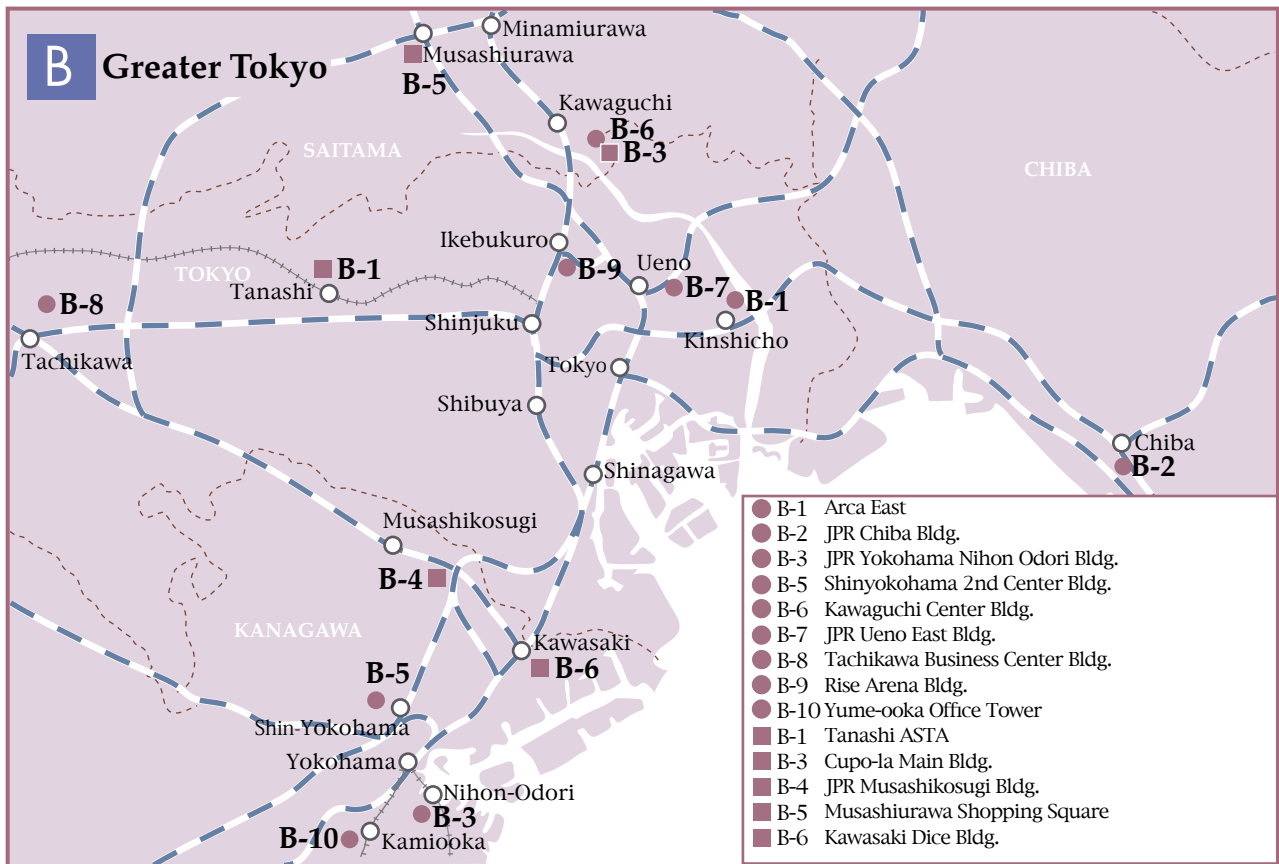
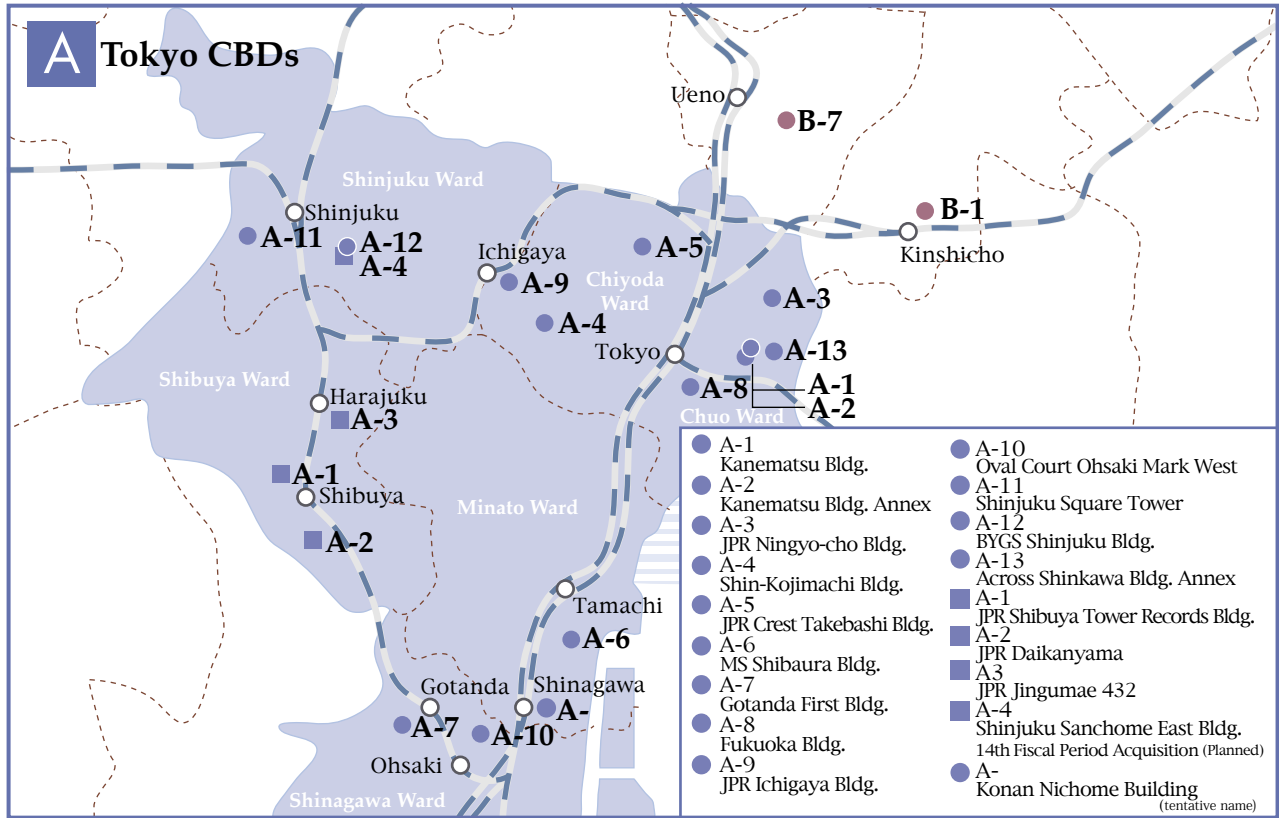
Major Tenants

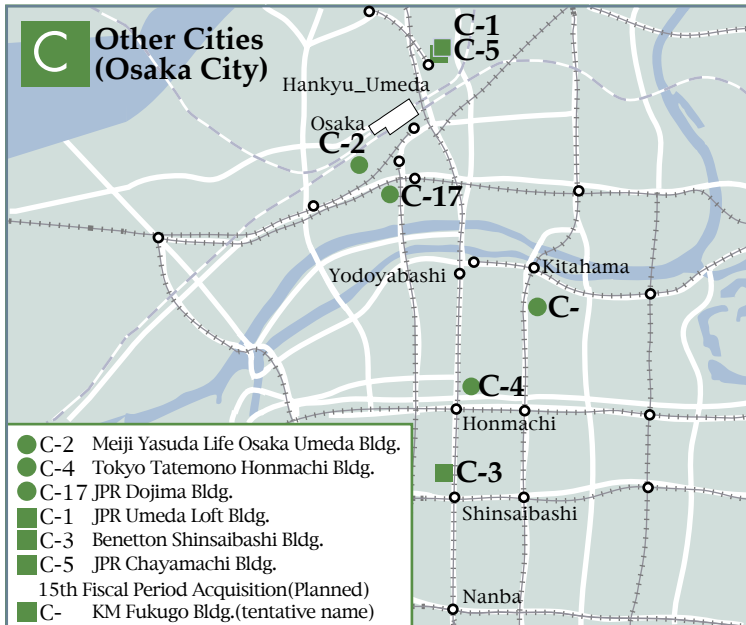
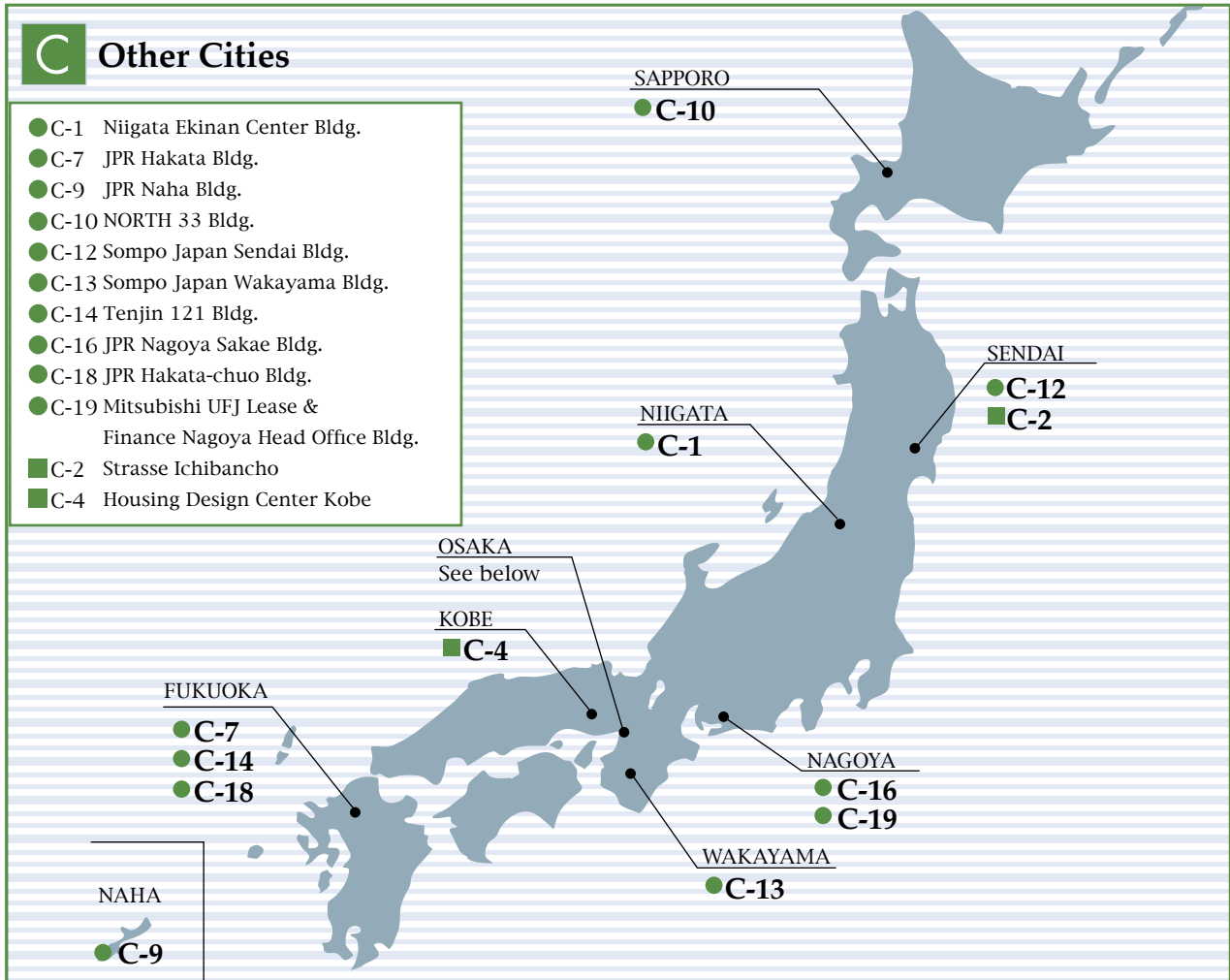
(As of December 31, 2007)

#	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	9.6%
2	The Seiyu, Ltd.	Tanashi ASTA	31,121.71	8.5%
3	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	5.4%
4	The Loft Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	5.0%
5	Tokyo Tatemono Co., Ltd.	Arca East, Kawasaki Dice Bldg.	14,140.03	3.8%
6	Shinjuku Square Tower Management Co., Ltd.	Shinjuku Square Tower	11,096.96	3.0%
7	Olympic Corporation	Musashiuurawa Shopping Square	9,558.51	2.6%
8	Tower Records Japan, Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	2.2%
9	Mitsubishi UFJ Lease & Finance Co., Ltd.	JPR Chiba Bldg., Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	7,287.86	2.0%
10	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg., Yume-ooka Office Tower Sompo Japan Sendai Bldg. Sompo Japan Wakayama Bldg.	6,959.56	1.9%

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

Property Portfolio





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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* JPR Chayamachi Bldg. is the new name for the former Chayamachi Grande Bldg. The name change took place on January 1, 2008.

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 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	
	Office	A-12	BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	1985.4	2004.11 2005.4	}
	Office	A-13	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	1994.6	2004.11	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	1992.2	2003.6	
	Retail	A-2	JPR Daikanyama	Shibuya Ward, Tokyo	2002.7	2004.10	
	Retail	A-3	JPR Jingumae 432	Shibuya Ward, Tokyo	2006.2	2006.3	
	Retail	A-4	Shinjuku Sanhome East Bldg.	Shinjuku Ward, Tokyo	2007.1	2007.3	
Total							
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	
	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	
Total							

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) The ratio of proprietary ownership is shown on the deed for the land.
(4) Cupo-la Main Bldg. and JPR Musashikosugi Bldg. are leased to single tenants.
JPR was unable to obtain the tenants' approval to disclose rental information.

	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)	Percentage of Total (2)
	16,276	6.5	79.4	1,751.13	7,994.02	97.5	9	470,728	4.5
	2,874	1.1	79.4	679.06	2,291.13	100.0	1	108,950	1.0
	2,100	0.8	100.0	550.06	2,788.98	100.0	4	104,980	1.0
	2,420	1.0	77.3	657.80	2,105.44 901.36 312.53 3,319.33	100.0 100.0 100.0	11	75,543 32,159 12,260	0.7 0.3 0.1
	4,000	1.6	100.0	636.90	3,265.34	100.0	9	143,592	1.4
	11,200	4.4	36.0	8,992.18	14,429.09	100.0	8	581,455	5.6
	2,920	1.2	61.8	1,551.19	4,243.58	100.0	1	140,877	1.4
	2,920	1.2	21.8	1,302.17	1,250.06 687.34 1,937.40	100.0 100.0	1	64,667 41,468	0.6 0.4
	5,100	2.0	100.0	1,058.04	4,186.09	100.0	9	193,250	1.9
	3,500	1.4	27.1	4,006.00	4,088.44	100.0	4	188,276	1.8
	10,000	4.0	29.3	8,409.52	10,982.03	96.3	23	300,738	2.9
	11,821	4.7	75.0	3,522.46	11,357.50	98.5	25	484,198	4.6
	710	0.3	100.0	858.48	1,253.39	100.0	4	51,070	0.5
	12,000	4.8	100.0	1,010.47	8,076.85	100.0	1	345,576	3.3
	2,160	0.9	100.0	277.12	653.99	76.6	3	43,505	0.4
	4,460	1.8	100.0	218.21	1,027.33	100.0	5	88,879	0.9
	540	0.2	100.0	2,578.69	478.51	100.0	1	15,959	0.2
	95,001	37.7	—	—	82,373.00	—	—	—	—
	5,880	2.3	41.1	3,755.01	7,022.76	100.0	6	296,103	2.8
	2,350	0.9	100.0	1,382.35	5,566.59	91.1	29	145,454	1.4
	2,927	1.2	100.0	1,100.59	6,066.53	97.2	10	144,358	1.4
	920	0.4	50.0	841.71	2,641.19	100.0	13	75,338	0.7
	8,100	3.2	86.5	4,524.61	15,461.98	97.1	39	466,918	4.5
	3,250	1.3	100.0	1,242.97	6,512.45	90.9	8	193,514	1.9
	3,188	1.3	46.6	2,047.22	1,747.13 2,980.90 4,728.03	100.0 96.1	20	59,106 91,501	0.6 0.9
	5,831	2.3	15.9	9,377.28	6,023.39	100.0	1	244,442	2.3
	6,510	2.6	19.7	12,011.00	12,042.54	91.1	35	320,142	3.1
	10,200	4.0	42.1	12,326.30	31,121.71	100.0	1	596,400	5.7
	2,100	0.8	7.3	15,008.28	5,963.00	100.0	1	(Note 4)	(Note 4)
	7,260	2.9	100.0	4,761.62	19,740.95	100.0	1	(Note 4)	(Note 4)
	4,335	1.7	50.0	8,317.99	14,960.69	100.0	3	129,061	1.2
	15,080	6.0	52.0	4,475.45	13,089.96	99.2	20	486,880	4.7
	77,931	30.9	—	—	150,941.77	—	—	—	—

Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired		
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata City, Niigata	1996.3	2001.11		
	Office	C-2	Meiji Yasuda Life Osaka Umeda Bldg.	Osaka City, Osaka	2000.6	2001.12		
	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	2001.11		
	Office	C-9	JPR Naha Bldg.	Naha City, Okinawa	1991.10	2001.11		
	Office	C-10	NORTH 33 Bldg.	Sapporo City, Hokkaido	1992.2	2002.6		
	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-16	JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	B 2003.1 P 1986.12	2003.9		
	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	Mitsubishi UFJ Lease & Finance Nagoya Head Office 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-2	Strasse Ichibancho	Sendai City, Miyagi	2002.10	2005.2		
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka City, Osaka	2003.2	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		
	Total					B Building P Parking		
	Total							

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) The ratio of proprietary ownership is shown on the deed for the land.
(4) The Benetton Shinsaibashi Bldg. and the Housing Design Center Kobe are leased to single tenants. JPR was unable to obtain the tenants' approval to disclose rental information.

	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)	Percentage of Total (2)
	2,140	0.8	52.7	2,706.99	5,205.82	100.0	10	133,971	1.3
	8,300	3.3	33.3	5,999.33	9,600.37	98.4	27	379,879	3.6
	4,150	1.6	64.3	1,432.64	7,210.25	98.9	9	245,457	2.4
	2,900	1.2	100.0	1,214.63	6,581.15	96.0	26	168,446	1.6
	1,560	0.6	100.0	959.87	3,947.70	100.0	19	112,869	1.1
	3,700	1.5	100.0	1,382.12	6,642.98	98.9	26	161,985	1.6
	3,150	1.3	100.0	1,895.67	7,118.60	99.9	17	207,452	2.0
	1,670	0.7	100.0	1,128.45	4,874.91	96.8	18	121,689	1.2
	2,810	1.1	52.2	1,164.39	3,281.12	100.0	13	120,023	1.2
	4,550	1.8	100.0	992.31	5,461.90	87.8	19	229,591	2.2
	2,140	0.8	100.0	668.11	3,941.40	87.0	9	116,328	1.1
	1,920	0.8	100.0	680.63	3,349.57	92.5	5	87,354	0.8
	4,137	1.6	100.0	1,610.38	7,123.07	100.0	1	192,692	1.9
	13,000	5.2	100.0	3,518.68	18,586.97	100.0	1	402,411	3.9
	4,200	1.7	100.0	648.81	4,136.95	100.0	1	128,388	1.2
	5,430	2.2	100.0	609.31	5,303.98	100.0	1	(Note 4)	(Note 4)
	7,220	2.9	100.0	3,994.47	35,444.13	100.0	1	(Note 4)	(Note 4)
	6,000	2.4	100.0	592.45	2,484.39	100.0	8	141,744	1.4
	78,977	31.4	—	—	140,295.22	—	—	—	—
	251,909	100.0	—	—	373,609.99	98.4	517	10,415,033	100.0

Overview of Portfolio Properties (as of December 31, 2007)(Note)

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

(Note) Properties acquired in the 12th Fiscal Period are on page 5

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
¥10,000 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
¥11,821 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

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
¥4,460 million
Site Area
218.21m²
Total Floor Space
1,066.81m²
Structure/Floors
S/SRC B1/7F
Completed
February 2006

Greater Tokyo

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



Shinjuku Ward, Tokyo

Acquisition Price
 ¥540 million
 Site Area
 2,578.69m²
 Total Floor Space
 24,617.65m²
 Structure/Floors
 S/SRC/RC B3/14F
 Completed
 January 2007

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
 (including residential tower)
 Total Floor Space 91,280.94m²
 (entire redevelopment project)
 Structure/Floors RC/SRC/S B3/42F
 Completed January 2007

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

Kawasaki Dice Bldg. (Retail)

B 6

Kawasaki City, Kanagawa



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

Other Cities

Niigata Ekinan Center Bldg.

C 1

Niigata City, Niigata



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

Meiji Yasuda Life Osaka Umeda Bldg.

C 2

Osaka City, Osaka



Acquisition Price
 ¥8,300 million
 Site Area 5,999.33m²
 Total Floor Space 52,982.94m²
 Structure/Floors S/SRC B2/31F
 Completed June 2000

Tokyo Tatemono Honmachi Bldg. **C 4**

Osaka City, Osaka



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

JPR Hakata Bldg. **C 7**

Fukuoka City, Fukuoka



Acquisition Price
¥2,900 million
Site Area
4,214.63m²
Total Floor Space
9,828.73m²
Structure/Floors
S/RC B1/12F
Completed
June 1985

JPR Naha Bldg. **C 9**

Naha City, Okinawa



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

NORTH 33 Bldg. **C 10**

Sapporo City, Hokkaido



Acquisition Price
¥3,700 million
Site Area
1,382.12m²
Total Floor Space
10,568.23m²
Structure/Floors
SRC B1/12F
Completed
February 1992

Sompo Japan Sendai Bldg. **C 12**

Sendai City, Miyagi



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

Sompo Japan Wakayama Bldg. **C 13**

Wakayama City, Wakayama



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

Tenjin 121 Bldg. **C 14**

Fukuoka City, Fukuoka



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

JPR Nagoya Sakae Bldg. **C 16**

Nagoya City, Aichi



Acquisition Price
¥4,550 million
Site Area
992.31m²
Total Floor Space
7,340.18m²
Structure/Floors
Building S/ B1/11F
Parking S 1F
Completed
Building January 2003
Parking December 1986

JPR Dojima Bldg.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

Mitsubishi UFJ Lease & Finance
Nagoya Head Office Bldg.

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

Strasse Ichibancho (Retail)

C 2

Sendai City, Miyagi



Acquisition Price
¥4,200 million
Site Area
648.81m²
Total Floor Space
3,445.80m²
Structure/Floors
RC/S B1/8F
Completed
October 2002

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 Grande 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

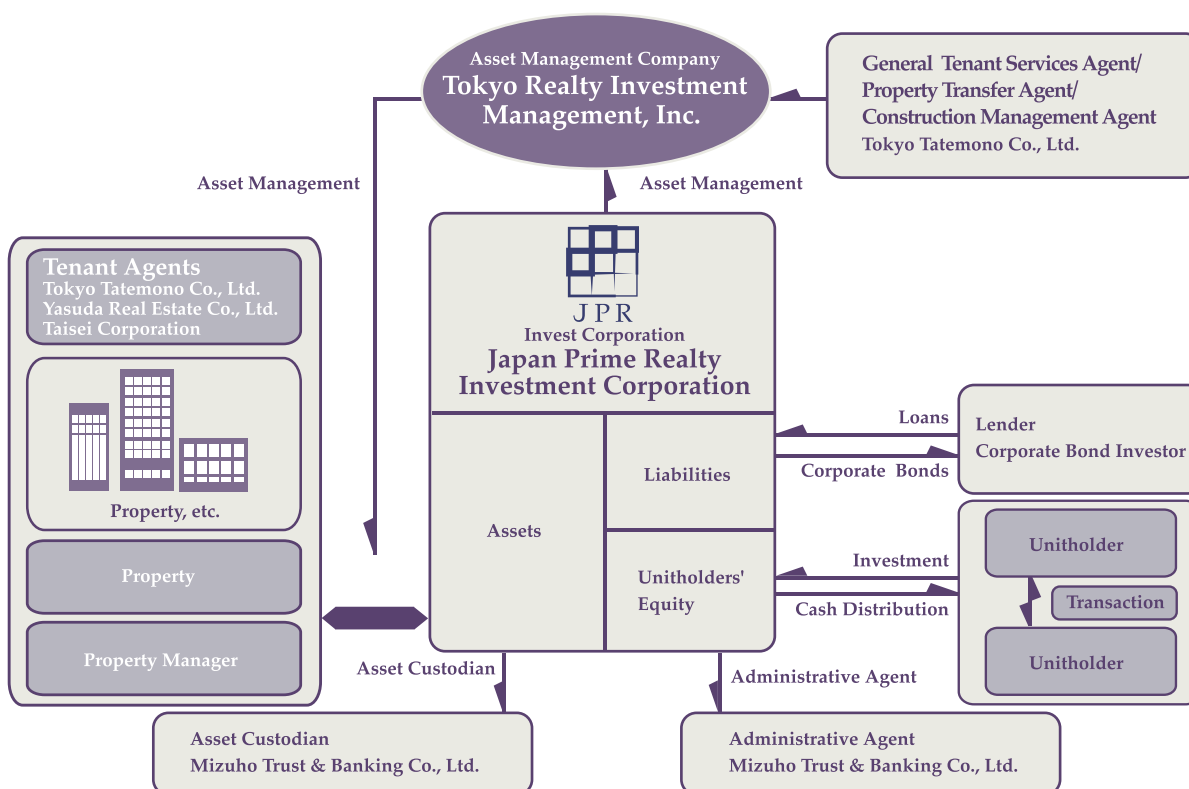
Characteristics and Corporate History

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, 2007)



Executive Officer

Hirohito Kaneko

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

Supervising Officer

Sosuke Yasuda

- Oct. 1, 2006** CPA and Director, Gyosei Audit Corporation (Tokyo Hakuto & Co. merged with Serizawa Accounting Firm)
 - Jun. 23, 2006** Outside Auditor, Nomura Research Institute, Ltd. (currently held position)
 - Jun. 28, 2005** Outside Auditor, Mitsui Sumitomo Insurance Company, Limited (currently held position)
 - Sep. 14, 2001** Supervising Officer, Japan Prime Realty Investment Corporation
 - Oct. 1, 1999** Director and Senior Partner, Tokyo Hokuto & Co. (Tokyo Akasaka Audit Co. merged with Hokuto Audit Co.) (currently held position)
 - Jul. 2, 1993** Senior Partner, Tokyo Akasaka Audit Co.
 - Feb. 16, 1983** Representative, Tokyo Akasaka CPA Joint Office
 - Jun. 27, 1980** Sosuke Yasuda Tax Accountant Office (currently held position)
 - Dec. 1, 1975** Masamitsu Serizawa Accounting Firm
 - Apr. 1, 1968** Main Store, KK Ohgiya
-

Supervising Officer

Masato Denawa

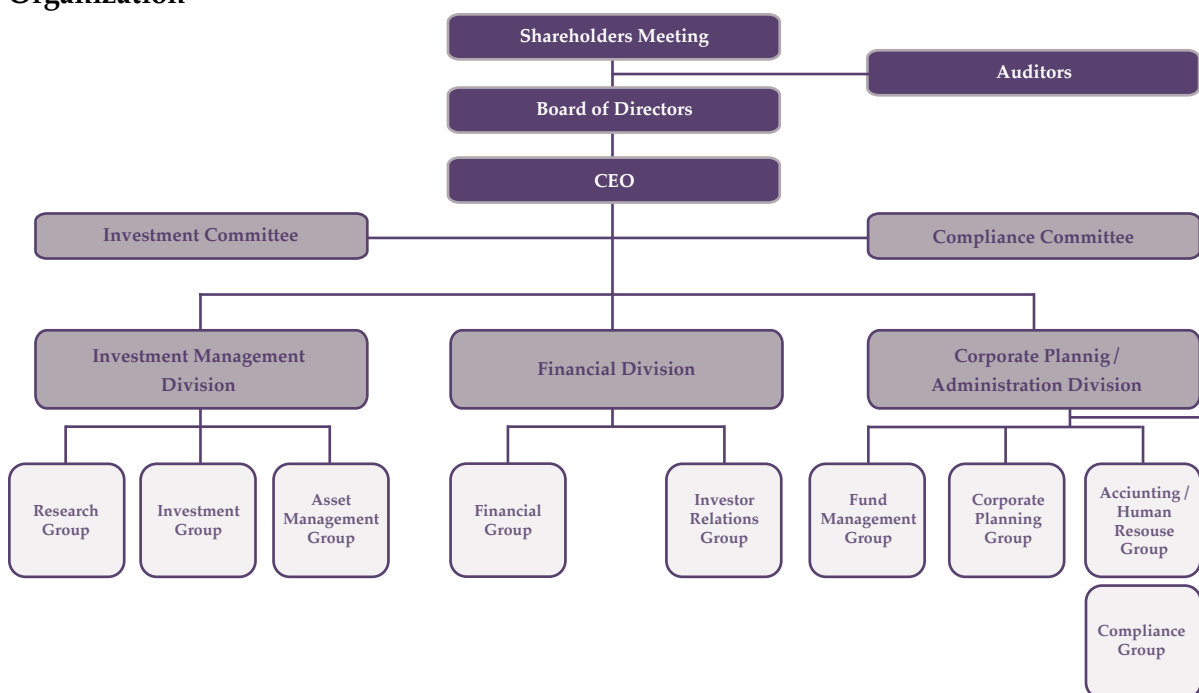
- Sep. 15, 2007** Supervising Officer of Japan Prime Realty Investment Corporation
- Jul. 10, 2007** Director of Advicelink Co., Ltd. (currently held position)
- Feb. 23, 2005** Part-time auditor of Ulvex Inc. (currently held position)
- Jul. 1, 2003** Partner attorney at Spring Partners (former Okinobu, Ishihara & Sei Law Office) (currently held position)
- Apr. 1, 2002** Adjunct professor (part-time) at Keio University Faculty of Law (Civil law practice) (currently held position)
- Jun. 21, 2000** Part-time auditor of Kinkan Co., Ltd. (currently held position)
- Jan. 1, 1999** Partner of Okinobu, Ishihara & Sei Law Office
- Apr. 1, 1991** Okinobu, Ishihara & Sei Law Office (former Okinobu & Ishihara Law Office)
- Apr. 1, 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. (26%) Meiji Yasuda Life Insurance Company (24%) Taisei Corporation (20%) Yasuda Real Estate Co., Ltd. (20%) 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	(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

The Investment Committee (including the Due Diligence Subcommittee) was established to make investment management decisions and has the Investment Subcommittee and Fund Management Subcommittee below it. Members of these committees and subcommittees include the CEO, CIO, CFO, CAO. However, regarding the Due Diligence Subcommittee, a director in charge of Compliance Group and a manager of the Group, etc. are also included to enhance compliance in 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. The Board of Directors is given the final decision-making powers on the acquisition and disposition of individual assets greater than a certain value.

Directors of Tokyo Realty Investment Management, Inc.

President and Chief Executive Officer (CEO) Toshihiro Hagiwara

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

Director and Chief Administrative Officer (CAO) Kazuo Kitami

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

Director and Chief Investment Officer (CIO) Seiji Miwa

Mar. 30, 2006	Director and Chief Investment Officer
Oct. 1, 2004	General Manager, Investment Management Division (responsible for Asset Management Group)
Jul. 1, 2003	Joined Tokyo Realty Investment Management, Inc.
Jan. 1, 2000	Engaged in activities relating to the establishment of a J-REIT; appointed Group Leader, responsible for preparations for the establishment of an asset manager and Japan Prime Realty Investment Corporation; appointed a member of a J-REIT project team responsible for the acquisition of assets for the Tokyo Tatemono Group and growing the portfolio up to the public listing; during this period, assumed responsibility for the development of real estate investment structures including real estate syndications and structured finance; participated in forming structures for investment and development using SPCs
Jul. 1, 1998	Manager, Investment Service Department (currently the Investment Management Division); responsible for the securitization of serviced apartments, establishment of Takanawa Apartments Inc. (SPC), which was Japan's first real estate securitization project, the formulation of securitization plans, the issuance of real estate securities and obtaining a credit rating from Standard & Poor's for the issuance of qualified bonds
Apr. 1, 1991	Assistant Manager, Development Department 1
Apr. 1, 1989	Assigned to Development Department 1
Apr. 1, 1983	Joined Tokyo Tatemono Co., Ltd.

Director and Chief Financial Officer (CFO) Yasuo Furuya

Jun. 9, 2006	Director and Chief Financial Officer
Apr. 28, 2006	Chief Financial Officer
Apr. 1, 2006	Tokyo Realty Investment Management, Inc.
Jan. 1, 2004	Group Manager, Risk Management of Meiji Yasuda Life Insurance Company
Apr. 1, 2000	Manager, Investment Risk Management Department
Oct. 21, 1998	Manager, Investment Planning & Research Department
Apr. 1, 1997	Manager, Investment Administration Department
Apr. 1, 1995	Manager, Investment Planning & Research Department
Apr. 1, 1984	Following completion of outside assignment, transferred to the asset management operations of The Yasuda Mutual Life Insurance Company; spent eight years in securities investment operations engaged in interest rate analysis, as well as the establishment of bond investment and asset management companies; undertook activities related to variable insurance securities management and oversaw securities investment activities as Chief Bond Trader; later, gained further experience in stock market investment operations
Apr. 1, 1983	Joined the Medium and Small Business Research Institute
Apr. 1, 1980	Joined the Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company)

Overview of Asset Management

(1) Operational Performance of JPR

	Unit	8th Fiscal Period (July 1, 2005 - Dec. 31, 2005)	9th Fiscal Period (Jan. 1, 2006 - June 30, 2006)	10th Fiscal Period (July 1, 2006 - Dec. 31, 2006)	11th Fiscal Period (Jan. 1, 2007 - June 30, 2007)	12th Fiscal Period (July 1, 2007 - Dec. 31, 2007)
Operating Performance	Operating Revenues	8,587	8,588	9,088	10,056	10,449
	Real estate rental revenues	8,372	8,552	9,056	9,496	10,415
	Gain on sale of real estate	214	—	—	530	—
	Dividends received	—	35	31	30	34
	Operating Expenses	4,602	4,564	4,714	4,948	5,443
	Real estate rental expenses	4,044	4,013	4,151	4,315	4,816
	Loss on sale of real estate	—	—	—	—	—
	Operating Profits	3,984	4,024	4,373	5,108	5,006
	Recurring Profits	3,399	3,450	3,643	4,373	4,170
Net Income	3,398	3,449	3,642	4,372	4,169	
Assets, etc.	Total Assets	225,882	231,523	244,691	271,398	278,842
	(% Change)	(+4.3)	(+2.5)	(+5.7)	(+10.9)	(+2.7)
	Interest-bearing Debt	90,966	97,466	109,466	92,966	99,683
	Total Unitholders' Equity	118,829	118,881	119,074	161,098	160,895
	(% Change)	(+0.0)	(+0.0)	(+0.2)	(+35.3)	(-0.1)
Unitholders' Capital	115,431	115,431	115,431	156,725	156,725	
Cash Distribution per Unit, etc.	Total Cash Distributions	3,397	3,449	3,642	4,372	4,169
	Dividend payment ratio	99.9	100.0	100.0	99.9	99.9
	Number of Units Outstanding	530,000	530,000	530,000	625,000	625,000
	Total Unitholders' Equity per Unit	224,206	224,304	224,668	257,757	257,432
	Cash Distribution per Unit	6,411	6,509	6,873	6,996	6,671
	Distribution amount	6,411	6,509	6,873	6,996	6,671
Exceeding profit distribution amount	—	—	—	—	—	
Financial Indices	Recurring Profits on Total Assets (Note 1)	1.5	1.5	1.5	1.7	1.5
	Annualized (Note 10)	3.0	3.0	3.0	3.4	3.0
	Return on Total Unitholders' Equity (Note 2-1)	2.9	2.9	3.1	3.1	2.6
	Annualized (Note 10)	5.7	5.9	6.1	6.3	5.1
	Total unitholders' equity at beginning of period (Note 2-2)	118,807	118,829	118,881	119,074	161,098
	Unitholders' Equity Ratio at End of Period (Note 3)	52.6	51.3	48.7	59.4	57.7
	(Year-on-year increase/decrease)	(-2.3)	(-1.3)	(-2.7)	(+10.7)	(-1.7)
	Interest-Bearing Debt to Total Assets at End of Period (Note 4)	40.3	42.1	44.7	34.3	35.7
	DSCR (Note 5)	9.6	9.7	8.8	8.8	8.4
	Net income before interest and amortization	5,261	5,585	5,891	6,230	6,789
	Interest paid (Notes 6)	545	574	668	705	809
NOI from Leasing (Note 7)	5,860	6,100	6,485	6,863	7,407	
Annualized NOI yield (Notes 9 and 10)	5.6	5.9	5.8	5.5	5.8	
NCF from Leasing (Note 8)	5,381	5,785	6,053	6,476	6,826	
Annualized NCF yield (Notes 9 and 10)	5.2	5.6	5.4	5.2	5.4	
Reference Information	Properties Owned (Note 11)	42	44	46	48	49
	Number of Tenants	441	462	479	491	517
	Total Leasable Floor Space	308,205.26	315,156.84	337,382.05	361,574.77	373,609.99
	Occupancy Rate	97.2	98.0	98.6	99.0	98.4

(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) / 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 purchase price of property (8th fiscal period: ¥205.76 billion, 9th fiscal period: ¥209.22 billion, 10th fiscal period: ¥222.48 billion, 11th fiscal period: ¥250.56 billion and 12th fiscal period: ¥251.90 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: 8th fiscal period: 184 days, 9th fiscal period: 181 days,

10th fiscal period: 184 days, 11th fiscal period: 181 days and 12th fiscal period: 184 days

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

(Note 12) 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.

(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) 12th 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 third additional public offering in February 2007 bringing the number of investment units issued and outstanding to 625,000 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 Office Building Leasing Market

In Japan, the corporate sector has enjoyed sustained buoyancy. Given this background, robust demand has continued for office space in Tokyo and core regional cities leading to vacancy rates remaining at low levels. There is an immense shortage of young large buildings in Tokyo CBDs and their vacancy rate has continued to stay below 2%. Young large properties have led increases in rents ahead of others, but the rise is showing a stagnating trend partly because demand has come to a ceiling for new leases and increased floor areas by some blue-chip companies that can afford to pay high rents. Nevertheless, properties other than those that are young and large tend to enjoy increases in rents for new and continuing lease contracts. On the other hand, rents as a whole have generally stopped falling in core regional cities and the rising of rents in some cities has become conspicuous.

The Retail Property Leasing Market

Although the Japanese economy is gradually expanding, the expansion has not spread to households and personal consumption remains flat. Under these circumstances, there have been diverse changes in the retail market in recent years including reviewing of nationwide expansion of stores and retreating from suburban stores, while the preference for urban stores strengthened and demand rose for stores in good locations of the central parts of major cities. With consumption lacking dynamism, there is a need to continue to pay careful attention to market trends.

The For-Sale Real Estate Market

The competition in the real estate for-sale market remains intense. The appetite for investment among private funds, J-REITs and others remains high in central Tokyo but the actual opportunities for investment are limited due to a lack of blue-chip properties and soaring prices. At the same time, there are some cases in which the sale of certain properties is being sought as difficulties have arisen in fund raising due to the stir in the financial market triggered by the subprime issues.

3) Portfolio Management Status

New Property Acquisitions by JPR

JPR has continued to acquire properties based on a rigorous standard for selecting excellent office buildings and retail properties that can generate stable cash flow and possess the potential for future rent increases. JPR's key strategy in expanding our portfolio has been to stabilize portfolio earnings and balance the diversification of the portfolio both by location and asset class. JPR has been emphasizing the acquisition of properties in Tokyo and 5 major cities (Osaka, Nagoya, Fukuoka, Sendai and Sapporo). During the 12th fiscal period, we acquired Yume-ooka Office Tower (6,510 million yen). As a result, the balance of assets under management now totals 49 properties, or 251.9 billion yen on an acquisition price basis as of the end of December 2007. The total leasable floor space is now 373,609.99m² and the number of tenants is 517.

In addition, JPR focused on acquiring projects in development, and concluded a purchase agreement on Konan Nichome Building (tentative name), which is scheduled to be completed in July 2008, at 1.87 billion yen. The planned acquisition date is December 2008.

Moreover, JPR acquired Meieki Nichome Kaihatsu SPC Preferred Securities at 340 million yen during the fiscal period. JPR has also concluded an agreement to additionally acquire the preferred securities in the next month following completion of the office building of Nagoya Prime Central Project (tentative name) (scheduled for May 2009) and one year after the completion of the property (completion scheduled for April 2010), which supports the preferred securities. Eventually, JPR will acquire 40% of the equity of the SPC (the equity ratio after implementation of additional capital contribution scheduled for April 2009). This arrangement allows JPR to obtain the right to acquire equity of the property equivalent to its ratio of the preferred securities, in the event of sales of the property backing the preferred securities.

Operational Management of Portfolio

As in the previous fiscal period, JPR has sought to firmly materialize internal growth of the overall portfolio by focusing measures on maintaining high occupancy rates and measures to expand rents. During this fiscal period, JPR strove to raise contracted rents with new tenants and to raise rents of existing tenants at the time of renewal.

- Occupancy Rate

JPR strove to improve service levels for both the physical property and services, and successfully maintained an overall occupancy rate of 98.4% for the portfolio that existed at the end of the 12th fiscal period – almost the same level of occupancy rate as the preceding fiscal period.

- Rent Renewals

JPR has continuously sought increased rents upon the renewal of rental contracts in Tokyo CBDs and Greater Tokyo with the objective of raising them to the levels of new rental contracts. Consequently, JPR successfully raised rents during renewals of rental contracts in 42 cases this fiscal period.

- Renovations

As a means to increase revenues, JPR is conducting renovations at Yume-ooka Office Tower that was acquired during the fiscal period, where the top floor used for a restaurant is being converted to office space. At JPR Hakata Building, construction to renovate air conditioning systems has been completed to significantly enhance the adaptability, convenience and comfort.

Fund Procurement

During this fiscal period, JPR further steadied financial stability by raising long-term capital in the expansion of our portfolio through unsecured corporate bonds at a fixed interest rate with an eye on avoiding future interest hike risks and by spreading out the repayment maturity dates of borrowings.

As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 38.18 billion yen, with unsecured corporate bonds of 61.5 billion yen. Of these, long-term interest-bearing debt with repayment periods of more than one year that hedged against risk of future interest rate hikes now comprises 90.0% of all interest-bearing debt and the average maturity (Note 1) is 5.0 years.

Additionally, with regards to JPR's overall interest-bearing debt, the average interest as of the end of the fiscal period (Note 2) is 1.6%, the interest-bearing debt ratio (Note 3) is 38.9% and the LTV (interest-bearing debt to total assets ratio) at the end of the period (Note 4) is 35.7%.

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

In addition, on January 16, 2008, Standard and Poor's (S&P) raised the issuer rating for JPR from A- to A for the long-term rating and from A-2 to A-1 for the short-term rating.

Details of Corporate Credit Ratings as of December 31, 2007

Ratings Agency	Corporate Credit Rating
Rating and Investment Information, Inc.	AA- (Stable)
Moody's Investor Services	A2 (Stable)
Standard & Poor's	Long-term: A- (Positive) Short-term: A-2

(Note 1) Average maturity of long-term interest-bearing debt is arrived at by calculating a weighted average of maturities from the end of the 12th 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.

(Note 2) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 12th fiscal period based on the balance of each debt.

(Note 3) Interest-bearing debt ratio (%): interest-bearing debt/(interest-bearing debt + unitholders' capital) x 100 (unitholders' capital: 156.72 billion yen)

(Note 4) Interest-bearing debt to total assets ratio at end of period (%): interest-bearing debt/total assets at end of period x 100 (total assets at the end of the 12th fiscal period: 278.84 billion yen)

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. in the 12th fiscal period and prior to the 11th 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 2, 2005	Additional public offering	95,000	525,000	25,001	114,115	(Note 7)
March 2, 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)

(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 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 and the like.

(Note 5) New investment units were issued through 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 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 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.

(4) Cash Distributions

Under the Special Taxation Measures Law of Japan, an investment corporation is allowed to deduct dividends of profits paid to investors from its taxable income. In order to have the maximum amount of dividend distribution deducted, JPR decided to distribute all the retained earnings for the 12th fiscal period except for fractional portions that make distributions per unit less than 1 yen. As a result, the cash distribution per unit for the 12th fiscal period was set at 6,671 yen.

(Thousands of yen unless otherwise indicated)

Date	8th Fiscal Period (as of December 31, 2005)	9th Fiscal Period (as of June 30, 2006)	10th Fiscal Period (as of December 31, 2006)	11th Fiscal Period (as of June 30, 2007)	12th Fiscal Period (as of December 31, 2007)
Retained Earnings at End of Period	3,398,137	3,449,967	3,642,765	4,372,752	4,169,727
Internal Reserves	307	197	75	252	352
Total Cash Distributions (cash distribution per unit)	3,397,830 (6,411 yen)	3,449,770 (6,509 yen)	3,642,690 (6,873 yen)	4,372,500 (6,996 yen)	4,169,375 (6,671 yen)
Total Cash Distributions from Net Income (cash distribution from net income per unit)	3,397,830 (6,411 yen)	3,449,770 (6,509 yen)	3,642,690 (6,873 yen)	4,372,500 (6,996 yen)	4,169,375 (6,671 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

The forecast for the future of the Japanese economy is that the corporate sector will maintain its buoyancy, which will continue to sustain a slow and steady recovery.

However, there is a need to take special note of uncertainties including the stir in the financial and capital market triggered by the subprime issues, the impact of crude oil prices on the Japanese and overseas economies, and fluctuations in interest rates and exchange rates.

The outlook of the U.S. economy is becoming increasingly opaque, and it is necessary to fully understand and analyze its impact on the Japanese economy, which is highly reliant on overseas demand.

The office leasing market is experiencing phenomenal demand nationwide and both new rents and continuing rents are continuously increasing particularly in Tokyo CBDs, although the increases in new rents enjoyed to date at Class A properties in the CBDs of major cities have started to hit a ceiling, as rents have exceeded the level companies can bear.

As for the for-sale real estate market, transaction prices have continued to stay at a high level centering on Tokyo CBDs. In particular, price hikes of scarce blue-chip properties are not likely to stop for some time, as acquisition demand is increasingly concentrated on such properties. On the other hand, there are some movements to exit investments through the sale of properties in which competitiveness is questionable. These facts have led JPR to believe that a bipolar trend will be strengthened in the Japanese real estate market.

As a result of these conditions, JPR will proceed with management that exercises caution regarding the following matters as we strive to maximize unitholder value while also taking note of economic and interest rate trends.

1. Acquisition of New Properties

JPR will implement the following policy while emphasizing our investment policy, increasing distributions per unit, etc.; striving to improve stability through location and asset class diversification; and improving investment efficiency through an expansion in the portfolio size.

*JPR will focus its investment on Tokyo and the five other major cities of Osaka, Nagoya, Fukuoka, Sendai and Sapporo and focus on acquiring properties with strong future potential and competitiveness from a perspective of medium to long-term management. In considering properties, JPR will strive to acquire properties under appropriate terms by emphasizing the geographic superiority and future potential of properties while negotiating price based on a detailed market studies and property appraisals.

*JPR will proactively gather information on development-type properties, exit projects of securitization etc, to ensure a planned acquisition of superior properties and endeavor to secure properties at an early stage through detailed research and risk analysis to heighten our competitiveness in the acquisition process.

*As for the information channels for available properties, JPR will strive to acquire blue-chip properties by endeavoring to expand its unique information channels while also collaborating with sponsor companies of JPR's asset manager, Tokyo Realty Investment Management, Inc. (TRIM), which are Tokyo Tatemono Co., Ltd., Taisei Co., Ltd. and Meiji Yasuda Life Insurance Company.

*JPR is committed to increasing the opportunities to acquire blue-chip properties by emphasizing transaction terms that can eliminate excessive price competition including negotiation transactions, tightly run bids, etc.

JPR will continue to strive to expand our portfolio by acquiring solid new properties via a proactive collection of information and carefully researched investment value including determining the future potential by accurately grasping market trends.

2. Management of Portfolio

JPR will promote internal growth by continuously negotiating for increases in rents with existing tenants while striving to provide high quality services in both operations and facilities including tenant services and renovations built around the “JPR Brand Strategy,” and a comfortable office environment.

• Brand strategy

In addition to measures it has taken to date, JPR is working to steadily spread and entrench high quality services both in operations and facilities based on our brand concept of “A/3S (Amenity/Service, Safety and Save Energy). Two of the measures recently initiated are the issuance of the JPR Brand Report to real estate management companies and building maintenance companies, and the holding of brand workshops.

Additionally, JPR will work to improve customer satisfaction and heighten the quality of its properties by feeding back the results of continual tenant satisfaction studies to our tenant services team. Meanwhile, JPR will endeavor to save energy in operations as well as in facilities through the introduction of energy-saving equipment.

• Renovations

JPR will implement maintenance and renovation work in a planned manner based on the property lifecycle and a medium- to long-term maintenance and repair plan established for each property.

Furthermore, JPR will proactively implement renovations of entrances, rest rooms and other areas seeking to create highly competitive buildings that can compete against new properties, as well as the renewal of air conditioning systems and other construction that helps enhance customer satisfaction.

• Measure to increase rents

Continuing on from the 12th fiscal period, measures to increase rents will be given material importance in the 13th fiscal period. JPR will work to secure a rent level set as an objective for contracted rents with new tenants and proactively take steps to raise rents with existing tenants upon the renewal of rental contracts centering on Tokyo CBDs and Greater Tokyo. Moreover, JPR will also implement measures to achieve increased rents in local cities.

• Cancellation by tenant at Strasse Ichibancho

JPR has received notification concerning cancellation of a lease contract from a tenant at Strasse Ichibancho, a retail property in Sendai City owned by JPR. Accordingly, JPR will quickly work to secure a tenant to fill the vacancy.

(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 unsecured and unguaranteed bank borrowings and issuance of corporate bonds. JPR will continue to focus on the diversification of fund procurement means and consistently strive to diversify the 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 to 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/>) as a vital means for implementing voluntary disclosure and, to date, JPR has promptly disclosed performance information and run movies 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 Investment Corporation

(1) Unitholders' Capital

	8th Fiscal Period as of December 31, 2005	9th Fiscal Period as of June 30, 2006	10th Fiscal Period as of December 31, 2006	11th Fiscal Period as of June 30, 2007	12th Fiscal Period as of December 31, 2007
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	530,000	530,000	530,000	625,000	625,000
Unitholders' capital (millions of yen)	115,431	115,431	115,431	156,725	156,725
Total number of unitholders	19,709	17,316	15,604	17,002	15,089

(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 12th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd.	Chuo Ward, Tokyo	48,734	7.80
Nikko Citi Trust and Banking Corporation	Shinagawa Ward, Tokyo	44,455	7.11
Trust & Custody Services Bank, Ltd.	Chuo Ward, Tokyo	32,973	5.28
Tokyo Tatemono Co., Ltd.	Chuo Ward, Tokyo	29,300	4.69
Northern Trust Company (AVFC) Account Shingapore Clients (Standing proxy: Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	London, UK (Chuo Ward, Tokyo)	27,246	4.36
Kawasaki Gakuen	Kurashiki City, Okayama	25,000	4.00
Meiji Yasuda Life Insurance Company	Chiyoda Ward, Tokyo	24,000	3.84
The Master Trust Bank of Japan, Ltd.	Minato Ward, Tokyo	21,655	3.46
UBS AG London Asia Equities (Standing Proxy: UBS Securities Japan Ltd.)	London, UK (Chiyoda Ward, Tokyo)	14,628	2.34
North Pacific Bank, Ltd.	Sapporo City, Hokkaido	14,312	2.29
	Total	282,303	45.17

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 12th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 12th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko (Note 4)	Representative Counsel, Hirohito Kaneko Law Office	2,300	—
Supervising Officers (Note 1)	Shigeru Sugimoto (Note 3)	Senior Partner, CPA, Accountant and Real Estate Appraiser, Horwath Sakura & Co. Representative Director, Sakura & Co.	4,000	—
	Sosuke Yasuda (Note 4)	Accountant, Sosuke Yasuda Tax Accountant Office CPA and Director, Gyosei Audit Corporation Outside Auditor, Mitsui Sumitomo Insurance Company, Limited Outside Auditor, Nomura Research Institute, Ltd.		—
	Masato Denawa (Note 4)	Partner Attorney, Spring Partners		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon	—	13,000	—

(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, fees regarding creation of comfort letters for additional offering of new investment units regarding Eight and Ninth Series of Unsecured Corporate Bonds.

(Note 3) Shigeru Sugimoto resigned as of due to termination of scheduled term.

(Note 4) Masato Denawa was selected at the General Meeting of Unitholders held on September 5, 2007 and Executive Officer Hirohito Kaneko and Supervising Officers Sosuke Yasuda was reassigned at the same meeting.

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 12th 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 of record, 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	11th Fiscal Period (as of June 30, 2007)		12th Fiscal Period (as of December 31, 2007)	
		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	16,588,551	6.1	16,562,518	5.9
	Greater Tokyo	21,817,044	8.0	28,384,976	10.2
	Other Cities	16,009,799	5.9	15,843,873	5.7
Real estate in trust	Tokyo CBDs	77,047,897	28.4	76,671,239	27.5
	Greater Tokyo	47,826,866	17.6	47,521,071	17.0
	Other Cities	61,255,988	22.6	61,018,608	21.9
Preferred securities	—	1,558,460	0.6	344,651	0.1
Deposits and other assets	—	29,294,219	10.8	32,495,148	11.7
	—	(—)	(—)	(—)	(—)
Total assets		271,398,827	100.0	278,842,087	100.0
	—	(240,546,148)	(88.6)	(246,002,287)	(88.2)

(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) For separation of areas, refer to PP 8-9

(Note 4) Various survey expenses (779,811 thousand yen for the 11th fiscal period and 479,755 thousand yen for the 12th fiscal period) are appropriated in deposits and other assets as construction in progress in this table.

(Note 5) JPR owned 8,490 units of 84,900 units of preferred securities issued by Kawasaki Dice TMK (with preferred securities of 10.0%), but with the liquidation completed as of October 31, 2007, the preferred securities has been repaid. In addition, JPR owns 6,120 units of 132,093 units of preferred securities issued by Meieki Nichome Kaihatsu SPC (with preferred securities of 4.63%). Furthermore, the value arrived at by multiplying the amounts of real estate and others on Meieki Nichome Kaihatsu SPC's balance sheet on its latest settlement period was 725,852 yen.

(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 12th 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
Kawasaki Dice Bldg.	15,498,019	13,089.96	12,981.11	99.2	4.0	Retail
Kanematsu Bldg.	15,430,346	7,994.02	7,793.18	97.5	4.5	Office
JPR Umeda Loft Bldg.	12,819,670	18,586.97	18,586.97	100.0	4.2	Retail
BYGS Shinjuku Bldg.	11,961,250	11,357.50	11,189.67	98.5	4.6	Office
JPR Shibuya Tower Records Bldg.	11,818,159	8,076.85	8,076.85	100.0	3.7	Retail
MS Shibaura Bldg.	11,181,358	14,429.09	14,429.09	100.0	5.5	Office
Shinjuku Square Tower	9,686,570	10,982.03	10,579.38	96.3	3.1	Office
Tanashi ASTA	8,735,275	31,121.71	31,121.71	100.0	6.3	Retail
Kawaguchi Center Bldg.	7,756,905	15,461.98	15,017.39	97.1	4.5	Office
Meiji Yasuda Life Osaka Umeda Bldg.	7,495,678	9,600.37	9,444.39	98.4	3.6	Office
Total	112,383,234	140,700.48	139,219.74	98.9	43.8	

(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 tenant of Kawasaki Dice Bldg. has 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.

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 39.70457%, 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

A. Real estate and other 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 Dec. 31, 2007) (thousands of yen)	Appraisal Value (as of Dec. 31, 2007) (thousands of yen)
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	15,430,346	16,900,000
		Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Beneficiary Interest	2,616,012	3,300,000
		JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	1,974,010	2,710,000
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	Chiyoda Ward, Tokyo	Beneficiary Interest	1,654,999 575,358 204,542	3,410,000
		JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	3,722,655	4,010,000
		MS Shibaura Bldg.	Minato Ward, Tokyo	Beneficiary Interest	11,181,358	19,600,000
		Gotanda First Bldg.	Shinagawa Ward, Tokyo	Beneficiary Interest	2,775,783	3,980,000
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	Chuo Ward, Tokyo	Beneficiary Interest Real Estate	1,799,396 1,156,054	3,110,000
		JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	5,235,213	5,550,000
		Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	Beneficiary Interest	3,414,426	4,500,000
		Shinjuku Square Tower	Shinjuku Ward, Tokyo	Beneficiary Interest	9,686,570	13,900,000
	BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Real Estate	11,961,250	12,300,000	
	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Real Estate	679,941	1,090,000	
	Retail	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Beneficiary Interest	11,818,159	15,500,000
JPR Daikanyama		Shibuya Ward, Tokyo	Real Estate	2,219,377	1,740,000	
JPR Jingumae 432		Shibuya Ward, Tokyo	Beneficiary Interest	4,582,405	4,650,000	
Shinjuku Sanhome East Bldg.		Shinjuku Ward, Tokyo	Real Estate	545,894	563,000	
Greater Tokyo	Office	Arca East	Sumida Ward, Tokyo	Beneficiary Interest	5,178,206	7,340,000
		JPR Chiba Bldg.	Chiba City, Chiba	Beneficiary Interest	2,427,543	1,930,000
		JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Beneficiary Interest	2,643,660	2,730,000
		Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	Real Estate	905,532	1,630,000
		Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Beneficiary Interest	7,756,905	10,800,000
		JPR Ueno East Bldg.	Taito Ward, Tokyo	Real Estate	3,226,270	5,410,000
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)	Tachikawa City, Tokyo	Beneficiary Interest Real Estate	848,286 2,302,299	3,940,000
		Rise Arena Bldg.	Toshima Ward, Tokyo	Real Estate	5,810,598	8,090,000
	Yume-ooka Office Tower	Yokohama City, Kanagawa	Real Estate	6,612,025	6,620,000	
	Retail	Tanashi ASTA	Nishitokyo City, Tokyo	Beneficiary Interest	8,735,275	13,300,000
		Cupo-la Main Bldg.	Kawaguchi City, Saitama	Real Estate	2,052,127	2,800,000
		JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Real Estate	7,476,121	7,080,000
		Musashirawa Shopping Square	Saitama City, Saitama	Beneficiary Interest	4,433,174	4,420,000
Kawasaki Dice Bldg.		Kawasaki City, Kanagawa	Beneficiary Interest	15,498,019	15,392,000	
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata City, Niigata	Beneficiary Interest	1,866,895	2,210,000
		Meiji Yasuda Life Osaka Umeda Bldg.	Osaka City, Osaka	Beneficiary Interest	7,495,678	11,200,000
		Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Beneficiary Interest	4,118,636	4,270,000
		JPR Hakata Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	3,258,622	3,190,000
		JPR Naha Bldg.	Naha City, Okinawa	Beneficiary Interest	1,457,420	1,710,000
		NORTH 33 Bldg.	Sapporo City, Hokkaido	Beneficiary Interest	3,513,655	2,960,000
		Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Beneficiary Interest	2,721,813	4,320,000
		Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Beneficiary Interest	1,469,787	1,970,000
		Tenjin 121 Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	2,549,557	3,180,000
		JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	Real Estate	4,535,382	6,190,000
		JPR Dojima Bldg.	Osaka City, Osaka	Beneficiary Interest	2,154,027	2,900,000
	JPR Hakata-chuo Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	1,881,851	2,360,000	
	Mistubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya City, Aichi	Real Estate	4,043,024	5,040,000	
	Retail	JPR Umeda Loft Bldg.	Osaka City, Osaka	Beneficiary Interest	12,819,670	16,300,000
		Strasse Ichibancho	Sendai City, Miyagi	Beneficiary Interest	4,042,992	3,820,000
Benetton Shinsaibashi Bldg.		Osaka City, Osaka	Beneficiary Interest	5,514,277	6,280,000	
Housing Design Center Kobe		Kobe City, Hyogo	Real Estate	7,265,466	8,070,000	
JPR Chayamachi Grande Bldg.	Osaka City, Osaka	Beneficiary Interest	6,153,721	5,730,000		
Total					246,002,287	299,995,000

(Note 1) 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."

(Note 2) Aside from properties indicated in the table above, JPR owns 6,120 units of 132,093 units of preferred securities issued by Meieki Nichome Kaihatsu SPC (with preferred securities of 4.63%). Furthermore, the value arrived at by multiplying the amounts of real estate and others on Meieki Nichome Kaihatsu SPC's balance sheet on its latest settlement period fiscal period was 725,825 thousand yen.

History of Rental Business for Each of JPR's Real Estate and Beneficiary Interest in Real Estate Investments

Location Category	Asset Class	Property Name	11th Fiscal Period (from Jan. 1, 2007 to June 30, 2007)				12th Fiscal Period (from July 1, 2007 to Dec. 31, 2007)			
			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.	10	100.0	452,845	4.8	9	97.5	470,728	4.5
		Kanematsu Bldg. Annex	1	100.0	102,443	1.1	1	100.0	108,950	1.0
		JPR Ningyo-cho Bldg.	4	100.0	100,783	1.1	4	100.0	104,980	1.0
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	11	100.0	74,306 27,176 11,755	0.8 0.3 0.1	11	100.0	75,543 32,159 12,260	0.7 0.3 0.1
		JPR Crest Takebashi Bldg.	9	100.0	136,267	1.4	9	100.0	143,592	1.4
		MS Shibaura Bldg.	8	100.0	540,942	5.7	8	100.0	581,455	5.6
		Gotanda First Bldg.	1	100.0	135,964	1.4	1	100.0	140,877	1.4
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	2	100.0	64,667 37,822	0.7 0.4	1	100.0	64,667 41,468	0.6 0.4
		JPR Ichigaya Bldg.	9	100.0	188,542	2.0	9	100.0	193,250	1.9
		Oval Court Ohsaki Mark West	4	100.0	176,193	1.9	4	100.0	188,276	1.8
		Shinjuku Square Tower	23	100.0	303,328	3.2	23	96.3	300,738	2.9
		BYGS Shinjuku Bldg.	25	98.4	482,271	5.1	25	98.5	484,198	4.6
		Across Shinkawa Bldg. Annex	4	100.0	47,920	0.5	4	100.0	51,070	0.5
		Retail	JPR Shibuya Tower Records Bldg.	1	100.0	345,576	3.6	1	100.0	345,576
JPR Daikanyama	4		100.0	47,056	0.5	3	76.6	43,505	0.4	
JPR Jingumae 432	4		86.6	92,198	1.0	5	100.0	88,879	0.9	
Shinjuku Sanchoe East Bldg.	1		100.0	9,524	0.1	1	100.0	15,959	0.2	
Greater Tokyo	Office	Arca East	6	100.0	282,376	3.0	6	100.0	296,103	2.8
		JPR Chiba Bldg.	28	94.0	143,687	1.5	29	91.1	145,454	1.4
		JPR Yokohama Nihon Odori Bldg.	12	100.0	138,514	1.5	10	97.2	144,358	1.4
		Shinyokohama 2nd Center Bldg.	14	100.0	74,828	0.8	13	100.0	75,338	0.7
		Kawaguchi Center Bldg.	40	98.3	471,240	5.0	39	97.1	466,918	4.5
		JPR Ueno East Bldg.	8	90.9	189,921	2.0	8	90.9	193,514	1.9
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)	20	100.0 100.0	57,417 61,444	0.6 0.6	20	100.0 96.1	59,106 91,501	0.6 0.9
		Rise Arena Bldg.	1	100.0	61,936	0.7	1	100.0	244,442	2.3
	Yume-ooka Office Tower	—	—	—	—	35	91.1	320,142	3.1	
	Retail	Tanashi ASTA	1	100.0	596,400	6.3	1	100.0	596,400	5.7
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
JPR Musashikosugi Bldg.		1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
Musashiurawa Shopping Square		3	100.0	73,551	0.8	3	100.0	129,061	1.2	
Kawasaki Dice Bldg.	20	99.2	206,819	2.2	20	99.2	486,880	4.7		
Other Cities	Office	Niigata Ekinan Center Bldg.	11	100.0	132,019	1.4	10	100.0	133,971	1.3
		Meiji Yasuda Life Osaka Umeda Bldg.	27	98.4	369,484	3.9	27	98.4	379,879	3.6
		Tokyo Tatemono Honmachi Bldg.	9	97.3	244,160	2.6	9	98.9	245,457	2.4
		JPR Hakata Bldg.	28	100.0	156,996	1.7	26	96.0	168,446	1.6
		JPR Naha Bldg.	18	93.8	103,843	1.1	19	100.0	112,869	1.1
		NORTH 33 Bldg.	24	89.5	159,118	1.7	26	98.9	161,985	1.6
		Sompo Japan Sendai Bldg.	17	99.9	205,456	2.2	17	99.9	207,452	2.0
		Sompo Japan Wakayama Bldg.	18	96.8	122,172	1.3	18	96.8	121,689	1.2
		Tenjin 121 Bldg.	14	100.0	119,347	1.3	13	100.0	120,023	1.2
		JPR Nagoya Sakae Bldg.	21	100.0	218,527	2.3	19	87.8	229,591	2.2
		JPR Dojima Bldg.	9	87.0	125,408	1.3	9	87.0	116,328	1.1
	JPR Hakata-chuo Bldg.	6	100.0	91,786	1.0	5	92.5	87,354	0.8	
	Mistubishi UFJ Lease & Finance Nagoya Head Office Bldg.	1	100.0	190,203	2.0	1	100.0	192,692	1.9	
	Retail	JPR Umeda Loft Bldg.	1	100.0	402,411	4.2	1	100.0	402,411	3.9
Strasse Ichibancho		1	100.0	128,388	1.4	1	100.0	128,388	1.2	
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)	
Chayamachi Grande Bldg.	8	100.0	138,438	1.5	8	100.0	141,744	1.4		
Total			491	99.0	9,496,106	100.0	517	98.4	10,415,033	100.0

(Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower 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 tenant of Kawasaki Dice Bldg. has 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 and thus the number of sub-lessees is deemed to be the number of tenants.

(Note 2) The tenant to whom the entire building 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.

B. Details of Investment Securities Acquired as Properties

Securities Name	Asset Type	Units	Book Value		Appraisal Value		Gains or Losses from Valuation	Remarks
			Unit Price (yen)	Value (thousands of yen)	Unit Price (yen)	Value (thousands of yen)		
Meieki Nichome Kaihatsu SPC	Preferred securities	6,120 units	56,315	344,651	56,315	344,651	—	(Note 1) (Note 2)

(Note 1) The appraisal value of the preferred securities are their acquisition costs.

(Note 2) JPR owns 6,120 units of 132,093 units of preferred securities issued by Meieki Nichome Kaihatsu SPC (with preferred securities of 4.63%).

Furthermore, the value arrived at by multiplying the amounts of real estate and others on Meieki Nichome Kaihatsu SPC's balance sheet on it's latest settlement period was 725,852 thousands of yen.

(4) Status of Other Properties

Beneficiary interests with real estate as major entrusted properties have been entered under Real Estate and other Acquired Properties in the previous pages.

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 12th Fiscal Period	Amount Already Paid
Yume-ooka Office Tower	Yokohama City, Kanagawa	Renewal work at 24th floor	Oct. 2007~ Feb. 2008	156	—	—
JPR Hakata Bldg.	Fukuoka City, Fukuoka	Replacement work of 11th - 12th floor common areas	Apr. 2008~ Jun. 2008	95	—	—
Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Renewal of mechanical parking lot	Aug. 2007~ Mar. 2008	95	—	—
JPR Chiba Bldg.	Chiba City, Chiba	Replacement of 6th-10th floor air-conditioning units	Jan. 2008 ~ Jun. 2008	74	—	—
North 33 Bldg.	Sapporo City, Hokkaido	Replacement of 1st-4th, 6th and 7th floor air-conditioning units	Nov. 2007 ~ Mar. 2008	55	—	—
JPR Yokohama Nihon Odori Bldg.	Kawasaki City, Kanagawa	Replacement of 11th floor air-conditioning units	Apr. 2008 ~ Jun. 2008	34	—	—
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of interior of 9th - 11th floor common areas	Dec. 2007 ~ Jun. 2008	29	—	—
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of interior of 6th - 8th floor common areas	Mar. 2008~ Jun. 2008	29	—	—
JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Replacement of 7th floor air-conditioning units	Apr. 2008~ Jun. 2008	28	—	—

(2) Capital Expenditures during the 12th Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 12th period. Among major capital expenditures, renewal of exterior repair seals for maintenance are renovations in an effort to maintain and 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. Besides, JPR conducted construction of 258 million yen (Note), which was appropriated as expenditures for repair and maintenance, aside from these constructions.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
JPR Hakata Bldg.	Fukuoka City, Fukuoka	Replacement of 1st - 4th floor air-conditioning units	Jul. 2007~ Dec. 2007	108
JPR Ueno East Bldg.	Taito Ward, Tokyo	Replacement of 2nd - 8th floor air-conditioning units	Jul. 2007~ Oct. 2007	87
North 33 Bldg.	Sapporo City, Hokkaido	Replacement of 5th and 8th - 12th floor air-conditioning units	Jun. 2007 ~ Oct. 2007	55
Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	Replacement of interior of 1st and 6th floor common areas	Jul. 2007 ~ Sep. 2007	55
JPR Chiba Bldg.	Chiba City, Chiba	Renewal of exterior repair seals and coating of polycarbonate plates	Sep. 2007 ~ Dec. 2007	41
JPR Chiba Bldg.	Chiba City, Chiba	Replacement of 1st, 11th - 13th floor air-conditioning units	Oct. 2007 ~ Dec. 2007	37
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of interior of 12th and 13th floor common areas	Oct. 2007~ Dec. 2007	22
Other Properties	Repairs of common area, installation of office automation floors, preparation of parking lots, air conditioners and disaster prevention facilities			171
Total				580

(Note) Expenditures for repair and maintenance included 6,000,000 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	8th Fiscal Period (July 1, 2005 ~ Dec. 31, 2005)	9th Fiscal Period (Jan. 1, 2006 ~ June 30, 2006)	10th Fiscal Period (July 1, 2006 ~ Dec. 31, 2006)	11th Fiscal Period (Jan. 1, 2007 ~ June 30, 2007)	12th Fiscal Period (July 1, 2007 ~ Dec. 31, 2007)
Balance of deposits at end of previous period	716	667	678	698	681
Deposits during the period	228	141	297	488	803
Amounts used from deposits during the period	277	130	277	505	747
Deposits carried forward to the next period	667	678	698	681	737

Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	11th Fiscal Period (Jan. 1, 2007 - June 30, 2007)	12th Fiscal Period (July 1, 2007 - Dec. 31, 2007)
(a) Asset Management Fees	391,824	400,929
Fixed compensation	75,000	75,000
Incentive-based compensation 1	181,520	196,963
Incentive-based compensation 2	135,304	128,965
(b) Administrative Service and Custodian Fees	81,919	69,035
(c) Directors' Fee	5,700	6,300
(d) Trust Fees	55,549	55,879
(e) Other Expenses	98,429	94,594
Total	633,423	626,739

(2) Status of Borrowings

As of December 31, 2007, JPR has the following borrowings.

Category	Lender	Drawdown Date	Balance as of June 30, 2007 (millions of yen)	Balance as of December 31, 2007 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Borrowings	Mizuho Corporate Bank, Ltd.	Apr. 11, 2007	2,500	—	0.907	July 5, 2007	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		July 5, 2007	—	—	0.873	Sep. 25, 2007			
		July 9, 2007	—	—	0.872	Sep. 25, 2007			
	Resona Bank, Limited	Apr. 11, 2007	1,000	—	0.907	July 5, 2007			
		July 5, 2007	—	—	0.873	Sep. 25, 2007			
		July 9, 2007	—	—	0.872	Sep. 25, 2007			
	Shinsei Bank, Ltd.	July 9, 2007	—	—	0.872	Sep. 25, 2007			
	Bank of Tokyo-Mitsubishi UFJ, Ltd.	July 9, 2007	—	—	0.872	Sep. 25, 2007			
Mitsubishi UFJ Trust and Banking Corporation	July 9, 2007	—	—	0.872	Sep. 25, 2007				
Total			3,500	—					
Current Portion of Long-Term Borrowings	Meiji Yasuda Life Insurance Company	Dec. 27 2001	4,783	—	1.700	Dec. 26, 2008	Principal lump sum repayment on maturity	(Note 3)	Secured/ Unguaranteed/ Non-subordinated
		Total		4,783	—				

Category	Lender	Drawdown Date	Balance as of June 30, 2007 (millions of yen)	Balance as of December 31, 2007 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Borrowings	Zenkyoren (The 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
	Mitsubishi UFJ Trust and Banking Corp.	Aug. 29, 2006	6,000	6,000	1.734	Aug. 29, 2011			
	Shinsei Bank, Ltd.	Sep. 26, 2006	3,000	3,000	1.356	Sep. 24, 2010			
	The Bank of Fukuoka, Ltd.	Sep. 26, 2006	1,000	1,000	1.356	Sep. 24, 2010			
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Chugoku Bank, Ltd.	Sep. 26, 2006	1,000	1,000	1.356	Sep. 24, 2010			
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Hachijuni Bank, Ltd.	Sep. 26, 2006	1,000	1,000	1.356	Sep. 24, 2010			
		Dec. 26, 2006	1,000	1,000	1.642	Apr. 11, 2012			
	Taiyo Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013			
	Daido Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013			
	Sumitomo Life Insurance Company	Dec. 27, 2006	2,000	2,000	1.858	Dec. 27, 2013			
	Sompo Japan Insurance Inc.	Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Iyo Bank, Ltd.	Apr. 11, 2007	1,000	1,000	1.676	Apr. 11, 2012			
Meiji Yasuda Life Insurance Company	Jun. 21, 2002	4,783	4,783	2.050	Jun. 21, 2011				
	Mar. 28, 2003	4,400	4,400	1.750	Mar. 28, 2013				
Total		38,183	38,183						Secured/Unguaranteed/Non-subordinated

(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) and repaying borrowings.

(Note 4) Long-term borrowing of 4,783 million yen from Meiji Yasuda Life Insurance Company undertaken on December 27, 2001 was repaid on July 27, 2007. In addition, short-term borrowings of 2.5 billion yen from Mizuho Corporate Bank, Ltd. and 1.0 billion yen from Resona Bank, Ltd. undertaken on July 5, 2007, short-term borrowings of 1.4 billion yen from Mizuho Corporate Bank, Ltd., 1.4 billion yen from Bank of Tokyo-Mitsubishi UFJ, Ltd., 1.4 billion yen from Mitsubishi UFJ Trust and Banking Corp., 1.4 billion yen from Shinsei Bank, Ltd. and 1.3 billion yen from Resona Bank, Ltd. undertaken on July 9, 2007 was repaid on July 27, 2007.

(3) Corporate Bonds

Details of corporate bonds outstanding as of December 31, 2007 are as follows.

Name	Issue Date	Balance as of June 30, 2007 (millions of yen)	Balance as of December 31, 2007 (millions of yen)	Coupon Rate (per annum)	Maturity Date	Redemption	Use	Remarks		
First Series of Corporate Bonds	Feb. 12, 2004	10,000	10,000	0.84	Feb. 12, 2008	Bullet payment	Purchase of properties and Repayment of borrowings	(Note 1)		
Second Series of Corporate Bonds	Feb. 12, 2004	7,000	7,000	1.38	Feb. 12, 2010					
Third Series of Corporate Bonds	Feb. 12, 2004	5,000	5,000	2.32	Feb. 12, 2014					
Fourth Series of Corporate Bonds	Nov. 4, 2004	10,000	10,000	0.92	Nov. 4, 2009			(Note 2)		
Fifth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	1.44	Nov. 4, 2011					
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					
Eighth Series of Corporate Bonds	July 23, 2007	—	9,000	1.85	July 23, 2012				Repayment of borrowings	(Note 3)
Ninth Series of Corporate Bonds	July 23, 2007	—	6,000	2.10	July 23, 2014					
Total		46,500	61,500							

(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.

Acquisition and Sale during the 12th Fiscal Period

(1) Acquisition 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 Expenses (D) (thousands of yen)	Sale Profit and Loss (C) - (D) (thousands of yen)
Real Estate	Yume-ooka Office Tower	July 10, 2007	6,510,000	—	—	—	—	—	—
Beneficiary Interest in Real Estate	Meieki Nichome Kaihatsu TMK	Nov. 9, 2007	340,000	—	—	—	—	—	—
Total		—	6,850,000						

(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.

A. Real Estate Transactions

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	Yume-ooka Office Tower	July 10, 2007	6,510,000	5,810,000

(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 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.

B. Securities Transactions

Acquisition or Sale	Security Name	No. of Units	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Survey Value of Specified Assets (Note 2) (thousands of yen)
Acquisition	Meieki Nichome Kaihatsu TMK (SPC) Preferred Securities	6,120	Nov. 9, 2007	340,000	411,000

(Note 1) Values of "acquisition price or sale price" are amounts excluding expenses required for acquisition or sale of the relevant securities.

(Note 2) Surveys on the values of specified assets, etc. indicated above were conducted by Ernst & Young ShinNihon 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 reports on locations, addresses and other items of the property owned by TMK needed for identifying relevant securities.

(Note 3) JPR owns 6,120 units of 132,093 units of the preferred securities issued by Meieki Nichome Kaihatsu SPC (with preferred securities of 4.63%). Furthermore, the value arrived at by multiplying the amounts of real estate and others on Meieki Nichome Kaihatsu SPC's balance sheet on its latest settlement was 725,825 thousand yen.

(4) Transactions with Interested Parties and Major Shareholders

A. Transaction Status

There were no transaction with interested parties or major shareholders.

B. Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transactions with Interested Parties		Ratio to Total Amount (B/A) (% of total)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	224,677	Tokyo Tatemono Co., Ltd.	160,713	71.5
		Yasuda Real Estate Co., Ltd.	11,621	5.2
		Meiji Yasuda Building Management, Co., Ltd.	21,382	9.5
		Yuraku Real Estate Co., Ltd.	3,361	1.5
Outsourcing Fees	477,158	Tokyo Tatemono Co., Ltd.	317,510	66.5
		Yasuda Real Estate Co., Ltd.	23,118	4.8
		Meiji Yasuda Building Management, Co., Ltd.	47,839	10.0
Tenant Brokerage Fees, etc.	10,096	Tokyo Tatemono Co., Ltd.	4,560	45.2

(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 as the Investment Trusts and Investment Corporations Law 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 17,643 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 12th fiscal period.

Tokyo Tatemono Co., Ltd.	296,062 thousand yen
Tokyo Tatemono Techno-build Co., Ltd.	27,800 thousand yen
Yasuda Real Estate Co., Ltd.	112,909 thousand yen
Meiji Yasuda Building Management Co., Ltd.	19,851 thousand yen
Taisei Corporation	45,000 thousand yen
Yuraku Real Estate Co., Ltd.	250 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, Statement of Income and Retained Earnings, Statement of Changes in Unitholders' Equity and Notes to Financial Statements as well as Distribution Information.

(2) Changes in Calculation Method of Depreciation

Please refer to the “Notes to Financial Statements, Significant Accounting Policies, 2. Depreciation Method for Property and Equipment, (Additional Information).”

(3) Changes in Valuation Method of Real Estate

No change has been made.

Other

(1) Notice

A. General Meeting of Unitholders

JPR's 6th General Meeting of Unitholders was held on September 5, 2007.

Major issues related to the items approved at the meeting are as follows.

Proposals	Details
Partial changes to the Articles of Incorporation	The following changes were made to the Articles of Incorporation. <ul style="list-style-type: none"> • Changes to words related to the revisions to the Investment Trusts and Investment Corporations Law and other regulations • Changes to types of assets that were necessary or deemed useful in terms of JPR's fundamental investment policies • Changes to and new establishment of regulations related to the issuance of short-term corporate bonds • New establishment of regulations related to the responsibilities of independent auditors and changes to maximum amount for independent auditor fees • Addition of fees concerning asset acquisitions to the asset manager fees • Other changes to article numbers and adjustments in the text
Partial changes to the Consignment Contracts of Asset Management	Changes made to the consignment contracts of asset management being concluded between the asset manager, Tokyo Realty Investment Management on September 27, 2001 to include asset acquisition fees
Appointment of one Executive Officer	Hirohito Kaneko was appointed as executive officer
Appointment of one Substitute Executive Officer	Toshihiro Hagiwara was appointed as substitute executive officer
Appointment of two Company Auditors	Sosuke Yasuda and Masato Denawa were appointed as company auditors

B. Board of Directors Meeting

Details of major issues related to the conclusion and change of major contracts approved by JPR's Board of Directors meeting during the fiscal period are as follows.

Date of the Meeting	Approved Issues	Details
September 26, 2007	Conclusion of agreement regarding change to the Trustee/Asset Custodian Agreement	The required items of the agreement were reviewed in line with organizing and clarifying subordinate operations that are not trustee operations between Mizuho Trust & Banking and the asset manager

Balance Sheets

(As of December 31, 2007 and June 30, 2007)

(Thousands of yen)

	End of 12th Fiscal Period (as of December 31, 2007)	End of 11th Fiscal Period (information only) (as of June 30, 2007)	% Change
ASSETS			
CURRENT ASSETS:			
Cash and bank deposits	¥ 16,307,505	¥ 13,189,044	
Entrusted cash and deposits	14,990,073	14,818,371	
Rental receivables	174,320	218,417	
Prepaid expenses	150,911	96,794	
Deferred tax assets	67	149	
Consumption tax refundable	—	120,563	
Other current assets	251,563	12,504	
Total Current Assets	31,874,441	28,455,845	12.0%
FIXED ASSETS:			
PROPERTY AND EQUIPMENT:			
Buildings	25,721,274	21,108,028	
Entrusted buildings	79,462,451	79,049,528	
Structures	6,376	5,260	
Entrusted structures	82,640	74,774	
Machinery and equipment	304,863	271,023	
Entrusted machinery and equipment	1,340,537	1,346,426	
Tools, furniture and fixtures	15,624	14,860	
Entrusted tools, furniture and fixtures	78,086	70,901	
Land	36,600,710	34,551,599	
Entrusted land	117,128,148	117,128,148	
Construction in progress	622,755	783,596	
Entrusted construction in progress	—	8,962	
Less : accumulated depreciation	(14,884,608)	(13,090,418)	
Net Property and Equipment	246,478,860	241,322,687	2.1%
Intangible Assets:			
Other intangible assets	10,368	9,044	
Total Intangible Assets	10,368	9,044	14.6%
INVESTMENTS AND OTHER ASSETS:			
Investment securities	344,651	1,558,460	
Deposits	10,100	10,100	
Other	900	250	
Total Investments and Other Assets	355,651	1,568,810	(77.3%)
Total Fixed Assets	246,844,880	242,900,542	1.6%
Deferred Assets:			
Corporate bond issuance costs	122,765	42,439	
Total Deferred Assets	122,765	42,439	189.3%
TOTAL ASSETS	¥278,842,087	¥271,398,827	2.7%

(Note) See accompanying Notes to Financial Statements

(Thousands of yen)

	End of 12th Fiscal Period (as of December 31, 2007)	End of 11th Fiscal Period (information only) (as of June 30, 2007)	% Change
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	¥ 1,143,623	¥ 998,128	
Short-term borrowings	—	3,500,000	
Current portion of long-term borrowings	—	4,783,000	
Current portion of corporate bonds	10,000,000	10,000,000	
Other accounts payable	536,924	566,524	
Accrued expenses	297,440	173,958	
Accrued income taxes	652	663	
Accrued consumption taxes	123,162	—	
Rent received in advance	1,140,748	1,044,124	
Total Current Liabilities	13,242,552	21,066,400	(37.1%)
LONG-TERM LIABILITIES:			
Corporate bonds	51,500,000	36,500,000	
Long-term borrowings	38,183,000	38,183,000	
Leasehold and security deposits received	3,975,087	3,613,756	
Entrusted leasehold and security deposits received	11,046,281	10,937,479	
Total Long-Term Liabilities	104,704,369	89,234,236	17.3%
TOTAL LIABILITIES	117,946,921	110,300,636	6.9%
UNITHOLDERS' EQUITY:			
Unitholders' capital 5,000,000 units authorized 625,000 units issued and outstanding	156,725,438	156,725,438	—
Retained earnings	4,169,727	4,372,752	(4.6%)
TOTAL UNITHOLDERS' EQUITY	160,895,166	161,098,190	(0.1%)
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	¥278,842,087	¥271,398,827	2.7%

(Note) See accompanying Notes to Financial Statements

Statements of Income and Retained Earnings

(For the six-month periods ended December 31, 2007 and June 30, 2007)

(Thousands of yen)

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)	% Change
OPERATING REVENUES:	¥10,449,831	¥10,056,610	3.9%
Real estate rental revenues	10,415,033	9,496,106	
Gain on sale of real estate	—	530,194	
Dividends received	34,797	30,309	
OPERATING EXPENSES:	5,443,585	4,948,423	10.0%
Real estate rental expenses	4,816,845	4,315,000	
Asset management fees	400,929	391,824	
Administrative service and custodian fees	69,035	81,919	
Directors' fees	6,300	5,700	
Trust fees	55,879	55,549	
Other operating expenses	94,594	98,429	
OPERATING INCOME	5,006,245	5,108,186	(2.0%)
NON- OPERATING REVENUES:	18,703	94,071	(80.1%)
Interest income	14,061	7,075	
Income on settlement of management association accounts	—	83,233	
Other non-operating revenues	4,642	3,762	
NON-OPERATING EXPENSES:	854,410	828,469	3.1%
Interest expense	334,466	361,542	
Loan arrangement fees	16,393	16,405	
Interest expense on corporate bonds	474,899	343,584	
Amortization of corporate bond issuance costs	8,010	18,116	
Unit-issuance costs	—	83,009	
Other non-operating expenses	20,641	5,811	
ORDINARY INCOME	4,170,538	4,373,788	(4.6%)
INCOME BEFORE INCOME TAXES	4,170,538	4,373,788	(4.6%)
Current income taxes	981	1,068	
Deferred income taxes	81	43	
NET INCOME	4,169,475	4,372,676	(4.6%)
RETAINED EARNINGS BROUGHT FORWARD	252	75	234.5%
RETAINED EARNINGS AT END OF PERIOD	¥ 4,169,727	¥ 4,372,752	(4.6%)

(Note) See accompanying Notes to Financial Statements

Statements of Changes in Unitholders' Equity

(For the six-month periods ended December 31, 2007 and June 30, 2007)

(Thousands of yen)

	Unitholders' capital	Retained earnings	Total
BALANCE AS OF DECEMBER 31, 2006	¥115,431,503	¥3,642,765	¥119,074,268
Changes during the period	41,293,935	729,986	42,023,921
Issuance of units	41,293,935	—	41,293,935
Cash distributions paid	—	(3,642,690)	(3,642,690)
Net Income	—	4,372,676	4,372,676
BALANCE AS OF JUNE 30, 2007	¥156,725,438	¥4,372,752	¥161,098,190
Changes during the period	—	(203,024)	(203,024)
Cash distributions paid	—	(4,372,500)	(4,372,500)
Net Income	—	4,169,475	4,169,475
BALANCE AS OF DECEMBER 31, 2007	¥156,725,438	¥4,169,727	¥160,895,166

(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 12th accounting period began on July 1, 2007 and ended on December 31, 2007.

Significant Accounting Policies

1. Assets Valuation Standards and Methods

Investment securities include other securities. Other securities without market value are stated on a cost basis using the moving-average method.

2. 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 range are as follows:

Buildings	3 - 65 years
Structures.....	10 - 35 years
Machinery and equipment.....	3 - 17 years
Tools, furniture and fixtures	4 - 15 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.

(Additional Information)

From the 12th Fiscal Period, JPR adopted the following accounting procedure for tangible fixed assets acquired before March 31, 2007 that had already been depreciated for 5% of the acquisition price. Beginning from the fiscal period following the completion of depreciation for 5% of the acquisition price, the remaining book value will be depreciated over five years, in equal amounts each fiscal period. The impact on operating income, ordinary income and income before income taxes following this change is minimal.

(2) Intangible Assets

Intangible assets are depreciated utilizing the straight-line method.

3. Accounting for Deferred Assets

Corporate Bond Issuance Costs

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

4. Standards for Recording Revenues and Expenses

Accounting treatment of Taxes on Properties and Equipment

In connection with property taxes, city planning taxes and depreciated asset taxes, JPR adopt 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 12th fiscal period, the amount equivalent to the property taxes included as an acquisition cost of real estate was not allocated.

5. Other Significant Items Fundamental to Preparing the Financial Statements

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

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 entrusted property 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 entrusted properties recorded in relevant accounts.

- a. Entrusted cash and deposits
- b. Entrusted buildings, entrusted structures, entrusted machinery and equipment, entrusted tools, furniture and fixtures, entrusted land and entrusted construction in progress
- c. Entrusted leasehold and security deposits received

(2) Accounting for Consumption Taxes

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

Notes to Balance Sheets

1. Assets Pledged as Collateral and Secured Liabilities

	(Thousands of yen)	
	End of 12th Fiscal Period	End of 11th Fiscal Period
	(as of December 31, 2007)	(information only) (as of June 30, 2007)
Assets pledged as collateral are as follows		
Entrusted deposits	¥ 2,263,462	¥ 2,821,035
Buildings	142,214	—
Entrusted buildings	7,278,456	10,089,294
Entrusted structures	4,055	7,306
Machinery and equipment	5,478	—
Entrusted machinery and equipment	16,676	79,742
Entrusted tools, furniture and fixtures	2,181	7,302
Land	398,201	—
Entrusted land	8,536,013	11,024,226
Entrusted construction in progress	—	1,979
Total	¥ 18,646,741	¥ 24,030,887
	End of 12th Fiscal Period	End of 11th Fiscal Period
	(as of December 31, 2007)	(information only) (as of June 30, 2007)
Secured liabilities are as follows		
Current portion of long-term borrowings	¥ —	¥ 4,783,000
Long-term borrowings	9,183,000	9,183,000
Leasehold and security deposits received	15,536	—
Total	¥ 9,198,536	¥ 13,966,000

2. Balance of Unused Commitment Line

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

(Thousands of yen)

	End of 12th Fiscal Period (as of December 31, 2007)	End of 11th Fiscal Period (information only) (as of June 30, 2007)
Contract execution date	December 1, 2006	December 1, 2006
Credit limit	¥20,000,000	¥20,000,000
Outstanding debt at end of period	—	—
Unused commitment line at end of period	¥20,000,000	¥20,000,000

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

(Thousands of yen)

	End of 12th Fiscal Period (as of December 31, 2007)	End of 11th Fiscal Period (information only) (as of June 30, 2007)
	¥50,000	¥50,000

Notes to Statements of Income and Retained Earnings

1. Breakdown of Real Estate Rental Revenues and Expenses

(Thousands of yen)

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
A. Real Estate Rental Revenues		
Rental revenues		
Rents	¥7,840,275	¥7,220,398
Common charges	1,560,105	1,465,845
Parking revenues	214,147	212,461
Advertising expenses	16,347	14,706
Antenna use fees	11,049	10,524
Other	20,979	18,608
Sub total	9,662,904	8,942,546
Other rental revenues		
Incidental income	704,675	513,473
Time-based parking revenues	7,442	8,192
Cancellation charges	5,353	2,494
Income equivalent to expenses for restoration to as is condition	22,983	15,556
Other miscellaneous income	11,674	13,842
Sub total	752,129	553,560
Total real estate rental revenues	¥10,415,033	¥9,496,106
B. Real Estate Rental Expenses		
Rental expenses		
Outsourcing expenses	¥ 477,158	¥ 462,224
Utilities expenses	740,835	542,112
Property and other taxes	764,570	784,013
Casualty insurance	35,005	32,766
Repairs and maintenance	251,562	189,115
Property management fees	207,033	200,930
Management association accounts	461,431	381,715
Depreciation	1,809,469	1,682,072
Other	69,778	40,049
Total real estate rental expenses	¥4,816,845	¥4,315,000
C. Profits (A-B)		
	¥5,598,188	¥5,181,106

2. Breakdown of Capital Gain on Sale of Real Estate

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
Capital gain on sale of real estate		
Proceeds from sale of real estate	¥ —	¥ 5,800,000
Cost of real estate sales	—	5,145,005
Other related sales expense	—	124,800
Capital gain on sale of real estate	—	530,194

Notes to Statements of Changes in Unitholders' Equity

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
The number of units outstanding	625,000 units	625,000 units

Tax Effect Accounting

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
(Thousands of yen)		
1. Breakdown of Main Causes for Deferred Tax Assets and Deferred Tax Liabilities (Deferred tax assets)		
Enterprise tax not deductible for income tax purposes	¥ 18	¥ 23
Lump-sum depreciated assets not deductible for tax purposes	48	116
Other	—	9
Total deferred tax assets	67	149
Net deferred tax assets	¥67	¥149

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

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
Effective statutory tax rate (Adjustment)	39.39%	39.39%
Deductible cash distributions	(39.38%)	(39.38%)
Other	0.02%	0.02%
Effective tax rate after applying tax effect accounting	0.03%	0.03%

Property and Equipment Leased to JPR

12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
No property and equipment leased to JPR	No property and equipment leased to JPR

Transactions with Interested Parties

12th Fiscal Period
(July 1, 2007 - December 31, 2007)

11th Fiscal Period (information only)
(January 1, 2007 - June 30, 2007)

No transactions with interested parties

No transactions with interested parties

Per Unit Information

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
Total unitholders' equity per unit	¥257,432	¥257,757
Net income per unit	¥6,671	¥7,223

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:

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (information only) (January 1, 2007 - June 30, 2007)
Net income	¥4,169,475	¥4,372,676
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥4,169,475	¥4,372,676
Average number of units	625,000 units	605,303 units

Distribution Information

	12th Fiscal Period	11th Fiscal Period (information only)
	(July 1, 2007 - December 31, 2007)	(January 1, 2007 - June 30, 2007)
1. Retained earnings at end of period	¥4,169,727,716	¥4,372,752,021
2. Cash distributions	4,169,375,000	4,372,500,000
(Distribution per unit)	(6,671)	(6,996)
3. Retained earnings carried forward	352,716	252,021

In accordance with the distribution policy stipulated in Article 28-2 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 4,169,375,000 yen for the 12th fiscal period (4,372,500,000 yen for the 11th fiscal period). This is the maximum value arrived at when the number of units outstanding (625,000 units) is multiplied by an integer, within the limit of retained earnings for the respective fiscal period. Furthermore, JPR does not make cash distributions in excess of the profit as stipulated in Article 28-4 of the Articles of Incorporation.

Report of Independent Auditors

Report of Independent Auditors

The Board of Directors and Unitholders
Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheet of Japan Prime Realty Investment Corporation as of December 31, 2007, and the related statements of income and retained earnings, and changes in unitholders' equity for the six-month period then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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, 2007, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Emit & Lynn Shi Mih

February 15, 2008

Statements of Cash Flows (Information Only)

(For the six-month periods ended December 31, 2007 and June 30, 2007)

(Thousands of yen)

	12th Fiscal Period (July 1, 2007 - December 31, 2007)	11th Fiscal Period (January 1, 2007 - June 30, 2007)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income taxes	¥ 4,170,538	¥ 4,373,788
Depreciation	1,810,540	1,682,549
Amortization of corporate bond issuance costs	8,010	18,116
Interest income	(14,061)	(7,075)
Interest expense	809,365	705,127
Decrease (increase) in rental receivables	44,096	(84,051)
Decrease (increase) in accrued consumption taxes refundable	120,563	(120,563)
(Increase) decrease in prepaid expenses	(54,116)	41,736
Increase in trade accounts payable	84,456	114,413
Increase in other accounts payable	3,738	30,686
Increase (decrease) in accrued consumption taxes	123,162	(145,485)
Increase in rental received in advance	96,623	30,087
Decrease in entrusted fixed properties due to sale	13,982	5,145,005
Decrease in investment securities	1,558,460	—
Change in other current assets/liabilities	(14,802)	(7,499)
Subtotal	8,760,557	11,776,835
Interest received	14,061	7,075
Interest paid	(685,883)	(715,765)
Income taxes paid	(230,951)	(1,573)
Net cash provided by operating activities	7,857,784	11,066,571
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(6,499,695)	(9,654,748)
Purchases of entrusted property and equipment	(418,800)	(20,410,726)
Purchases of intangible assets	(6,624)	—
Purchases of investment securities	(344,651)	—
Payments of leasehold and security deposits received	(139,812)	(16,648)
Proceeds from leasehold and security deposits received	445,027	585,426
Payments of entrusted leasehold and security deposits received	(108,423)	(497,112)
Proceeds from entrusted leasehold and security deposits received	241,415	1,131,208
Net cash used in investing activities	(6,831,563)	(28,862,600)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings	10,400,000	3,500,000
Repayments of short-term borrowings	(13,900,000)	(19,500,000)
Proceeds from long-term borrowings	—	7,000,000
Repayments of long-term borrowings	(4,783,000)	(7,500,000)
Proceeds from issuance of corporate bonds	15,000,000	—
Payments of corporate bond issuance cost	(88,335)	—
Proceeds from issuance of units	—	41,293,935
Distributions to unitholders	(4,364,722)	(3,641,218)
Net cash provided by financing activities	2,263,942	21,152,716
NET CHANGES IN CASH AND CASH EQUIVALENTS	3,290,162	3,356,686
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	28,007,415	24,650,729
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥31,297,578	¥28,007,415

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 entrusted cash
- (2) Deposits placed with bank and entrusted deposits 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)	
	12th Fiscal Period	11th Fiscal Period
	(July 1, 2007 - December 31, 2007)	(information only) (January 1, 2007 - June 30, 2007)
Breakdown of cash and cash equivalents	As of December 31, 2007	As of June 30, 2007
Cash and deposits	¥16,307,505	¥13,189,044
Entrusted cash and deposits	14,990,073	14,818,371
Cash and cash equivalents	¥31,297,578	¥28,007,415

JPR Investment Policies (Reference)

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 56 under "(3) Investment stance ii) Investment ratio targets."

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 I) and II)"

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 excludes the marketable securities [referred to as "marketable securities" hereinafter] defined in Article 2:5 of the Law Concerning Investment Trusts and Investment Corporations, No. 198 of 1951, including all subsequent amendments; referred to as the "Investment Trust Law" hereinafter)
 - 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 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) Bank deposits
- ii) Call loans
- iii) Japanese government bonds
- iv) Municipal bonds
- v) Commercial paper (refers to instruments defined in Article 2:1:8 of the Securities and Exchange Law)
- vi) Transferable certificates of deposit
- vii) Designated bonds as defined under the Asset Liquidation Law (refers to instruments defined in Article 2:1:3:2 of the Securities and Exchange Law; however, this is limited to instruments in which the assets obtained as the business for liquidation by the special purpose company are primarily real estate)

- viii) Beneficiary certificates in loan credit trusts (refers to instruments defined in Article 2:2:1 of the Securities and Exchange Law)
- ix) Cash credits, excluding securities and promissory notes, as defined in Article 3:12 of the Law Concerning Investment Trusts and Investment Corporations Cabinet Order (Law No. 480 of 2000, including all subsequent amendments; referred to as the "Investment Trust Law Cabinet Order" hereinafter) and financial derivative transactions, as defined in Article 3:14 of the same law
- x) Rights resulting from financial futures trading, as defined in Article 3:13 of the Investment Trust Law Cabinet Order
- xi) Rights resulting from financial derivatives trading, as defined in Article 3:14 of the Investment Trust Law Cabinet Order
- xii) Beneficiary interests in monetary trusts for the purpose of investments such as those described in i) to xi) above. Furthermore, the Company may invest in stock (restricted to the stock of the building management company and other companies in the course of the Company's investment activities in specified assets identified in I) and II) 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

- i) Investment horizon
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) Investment ratio targets

Type of Investment Asset	Target Ratios	
Real Estate Asset	By Asset Class	The target allocation ratio between office buildings and retail properties based on acquisition price shall generally be 8:2
	By Location	The target allocation ratio between Tokyo ⁽¹⁾ and other cities ⁽²⁾ based on acquisition price shall generally be 6:4
		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 ⁽³⁾
Asset-Backed Securities, etc.	The total after-investment value of asset-backed securities ⁽⁴⁾ shall, in principle, be limited to less than 10% of the net worth of the Company	

Notes:

- (1) "Tokyo" includes two categories: CBDs (Central Business Districts) comprising Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards; and Greater Tokyo comprising all other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures.
- (2) "Other Cities" includes all other areas in Japan.
- (3) "Rental revenues" includes common charges, parking revenues and storage revenues, but does not include additional usage fees such as after-hours airconditioning 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.
- (4) 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.

iii) 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.

The Company will not engage in development investments (projects in which the Company itself develops property from land and builds buildings). However, the Company may invest in buildings under construction by third parties prior to their completion if sufficient potential to secure tenants after construction is determined and the buildings are confirmed as non-development investments. In addition, the Company may invest in 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.

iv) 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 principle, such investments will be within the scope of the depreciation expense of the individual property, but final decisions will be made in light of the depreciation expense for the portfolio as a whole. However, 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.

v) Insurance policies

a) Criteria for selecting underwriting insurance companies:

The Company will select fair underwriting insurance companies through independent brokers. The underwriting insurance company will, in principle, have an insurance rating of A3 or A- or better from Moody's Investors Service Inc. (referred to as "Moody's" hereinafter) or Standard & Poor's.

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.

vi) 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.)

vii) 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 that contribute to stabilizing the total income of the portfolio and fulfill certain criteria as determined by the Investment Committee are reclassified as core properties, which have the following characteristics:

1. Improve occupancy rate
2. Raise property value (on an appraisal basis)
3. Increase and stabilize income

The Company will consider the sale of value-up properties, under the aforementioned criteria, on a medium-term basis over two to four successive business periods. In addition, properties that are reclassified as core properties are, in principle, not reclassified as value-up properties.

The Company will consider the sale of value-up properties as one method to realize asset value appreciation. 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

Giving general consideration to local characteristics or potential for post-acquisition property modifications, etc., the Company will evaluate specifications on a case-by-case basis.

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

The Company will make a general evaluation of the tenant's creditworthiness, suitability and substitution potential.

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
- 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

The acquisition price for investments including real estate and asset-backed securities will, in principle, be limited to 105% of the appraised value of the investments. 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 appraised-value upper limit of 105% can be exceeded in the following cases:

- Properties that, by long-term fixed leasing contracts, are forecast to contribute to stable cash flow and those that are expected to generate a certain profit for 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 can be expected to generate a certain profit for dividends

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.

B. FINANCIAL POLICIES

① Fund Management Policies

I) Leasehold and security deposits

- For beneficiary interests

All leasehold and security deposits by tenants will be accumulated within the trust account, but the Company may consider reducing 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

Leasehold and security deposits by tenants will be deposited in full to a commercial bank savings account or time deposit account. However, the Company may reduce reserves in order to more effectively utilize these funds if warranted by accumulated historical data, the establishment of commitment lines and other provisions for the maintenance of efficiency and 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 below:

- 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 in the absence of changes in current tax treatment of cash distributions in excess of profits)
- Partial repayment of borrowings (however, this will be given the highest priority when the repayment maturity date of the loan agreement arrives, regardless of the priorities listed above)

IV) Derivatives

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

② Issuance of Additional Investment Units

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

③ Borrowings and Issuance of Corporate Bonds

I) Basic policies

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

II) Loan to value (LTV)

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

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

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

Note: 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 tangible fixed assets for the difference between the period-end book value of the tangible fixed asset 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

General tenant agencies will be commissioned to Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd., Taisei Corporation and other agents (Commissioned General Tenant Agents).

③ Property Transfer Agents

Tokyo Tatemono will be commissioned to provide property transfer services 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.

④ Other Investment Policies

- I) 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.
- II) The Company will administer its assets in such a way that the ratio of real estate, real estate leasing rights, surface rights, real estate in trusts (refers only to trusts covering real estate, surface rights or land leaseholds), and TK equity (refers to contracts specifying only investment in real estate, real estate leasing rights or surface rights) to total assets is 75% or more, which is the ratio established by the Ministry of Finance.
- III) The Company may modify the above ratios at any time as warranted by factors such as funding trends, market trends, general economic conditions and real estate market trends.
- IV) Lending of assets in the portfolio
 - a) 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 55 in "A. Investment Policies (2) Types of investment assets" in order to more efficiently administer assets and achieve higher investment performance.
 - b) 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 61.
 - c) The Company shall not lend assets other than real estate, real estate leasing rights and surface rights.

D. DISTRIBUTION POLICIES

The Company's fiscal period is for six months, from January 1 to June 30, and from July 1 to December 31, each year. The Company makes cash distributions to unitholders listed on the unitholders list at the end of each fiscal period, or to eligible registered pledgees.

① Distributable Amount

Income available for distribution by the Company (the "distributable amount") equals the amount calculated by adding/deducting capital gains/losses and gains/losses on redemption to rent, common expenses, parking charges, additional service charges, facility charges, facility installation fees, late payment penalties, termination penalties or similar cash related to termination of lease agreements generated from real estate (including beneficiary interests and underlying properties of any other assets acquired by the Company) and other income, interest/dividend income and similar income generated from other rental business and deducting expenses (including depreciation and amortization), interest payments, asset management fees, and after covering the entire amount of net loss carried forward if it exists.

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 capital expenditure, interest payment, dividend payment or similar purposes, which are 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.

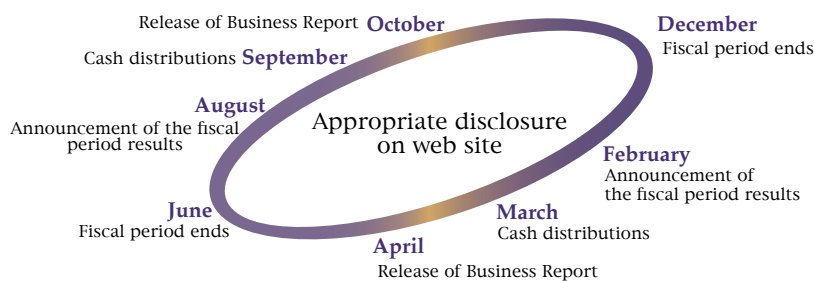
⑦ Issuance of Additional Investment Units

In the event the Company issues additional investment units during a fiscal period, the Company can pay cash distributions in connection with the aforementioned additional investment unit issue, calculated on a pro rata basis and subject to approval by the Company's Board of Directors.

Investor Information

Address of Japan Prime Realty Investment Corporation (JPR)
9-9 Yaesu 1-chome, Chuo-ku, Tokyo 103-8285, 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. 1-17-7 Saga, Koto-ku, Tokyo 135-8722
Agents
Mizuho Trust & Banking Co., Ltd. (All branches nationwide) Mizuho Investors Securities Co., Ltd. (Head office and all branches nationwide)
Web Site
http://www.jpr-reit.co.jp/jpr_e/index.html
Contact (Tokyo Realty Investment Management, Inc.)
Tel: +81-3-3231-1051 Fax: +81-3-3274-7775

Annual Schedule (Provisional)



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