JPR

Japan Prime Realty Investment Corporation

Eighth Fiscal Period Business Report

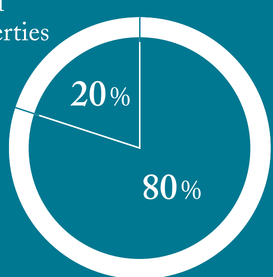
July 1, 2005–December 31, 2005

JPR

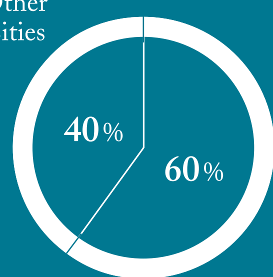
Profile

Established on September 14, 2001, Japan Prime Realty Investment Corporation ("JPR" or "the Company") is a closed-end corporate type fund that focuses on a geographically diverse investment portfolio of office and retail properties. Through its investment activities, JPR has received high credit ratings from rating agencies, reflecting the Company's high-quality portfolio, earnings stability and sound financial standing. As of December 31, 2005, JPR had an investment portfolio totaling 202.6 billion yen on an acquisition basis, 441 tenants and 42 properties, and is recognized as one of the top ranked diversified REITs in Japan.

< TARGET PORTFOLIO >



Asset Class



Location

< SOUND FINANCIALS >

(As of December 31, 2005)

SP	Moody's	R&I
A-	A3	A+

Contents

Highlights

EXTERNAL GROWTH

- Placing the utmost importance on profitability, JPR implemented measures to acquire new properties amid an increasingly competitive real estate market.
- In the pursuit of stable external growth, JPR adopted a number of innovative acquisition techniques to secure agreements for properties under construction and development as well as the preferential option to purchase prime quality real estate.
  - Acquisition of a development property
  - Acquisition of preferred securities
- Striving to consistently enhance the quality of its investment portfolio, JPR also sold certain properties.

INTERNAL GROWTH

- Enjoying favorable conditions in the leasing market and buoyed by its leasing activities and efforts, JPR continued to attract new tenants and experienced increases in rental rates.

RESULTS

- Despite the decline in gain on sale of real estate, results were more than supported by the strong increase in real estate rental revenues. For the six-month period ended December 31, 2005, operating revenues were ¥8,587 million while net income was ¥3,398 million. Spurred by improved results, JPR paid a cash distribution of ¥6,411 per unit.

To Our Investors

Consistent with its focus on stability and growth, Japan Prime Realty Investment Corporation ("JPR" or "the Company") continues to experience improved results in every facet of its business operations. In the eighth fiscal period ended December 31, 2005, the Company enjoyed an upswing in asset scale, occupancy and operating revenues and an increase in earnings across the board. Placing the utmost importance on the distribution of profits to its unitholders, JPR was particularly pleased to announce a cash distribution of ¥6,411 per unit. In addition to exceeding cash distribution for the previous fiscal period, this distribution level significantly surpassed our yardstick of ¥6,000.

Despite its short history, Japan's real estate investment trust (J-REIT) market is characterized by considerable activity, high growth and a consistent influx of new entrants. As one of the pioneers in the market, JPR is distinguished by its experience and expertise complemented by its close collaboration with sponsor companies. From its innovative property acquisition techniques, proprietary Brand Equity concept and environmental initiatives through its asset management company, Tokyo Realty Investment Management, Inc. ("TRIM"), JPR will continue to set the de facto standard while contributing to mutual prosperity in concert with unitholders, tenants, employees and the communities it serves.

Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation

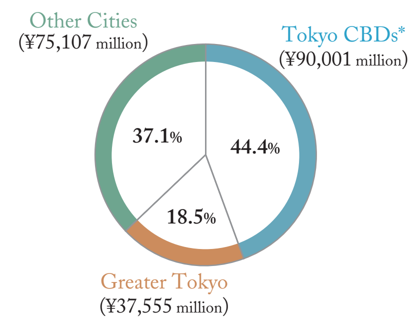
	All amounts in millions of yen unless otherwise stated	All amounts in millions of yen unless otherwise stated	All amounts in millions of U.S. dollars unless otherwise stated (*)
	8th period ended December 31, 2005	7th period ended June 30, 2005	**8th period ended December 31, 2005**
Operating revenues	**8,587**	8,503	**72.7**
Operating expenses	**4,603**	4,549	**39.0**
Operating profits	**3,985**	3,955	**33.7**
Net income	**3,398**	3,376	**28.8**
Total assets	**225,882**	216,574	**1,913.1**
Interest-bearing liabilities	**90,966**	83,666	**770.4**
Unitholders' capital	**115,432**	115,432	**977.7**
Cash distributions	**3,398**	3,376	**28.8**
Total unitholders' equity per unit (yen/U.S. dollars)	**224,206**	224,165	**1,898.9**
Cash distribution per unit (yen/U.S. dollars)	**6,411**	6,370	**54.3**
Funds from operations (FFO) per unit (yen/U.S. dollars)	**8,896**	8,214	**75.3**
Return on total assets (annualized)	**3.0%**	3.3%	—
Return on total unitholders' equity (annualized)	**5.7%**	6.5%	—
Interest-bearing liabilities to total assets	**40.3%**	38.6%	—

(*) The rate of ¥118.07=US$1.00, the foreign exchange rate on December 31, 2005, has been used for translation.

Portfolio Breakdown

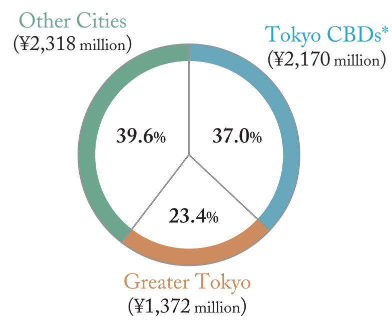
Value Breakdown by Location

¥202,663 million



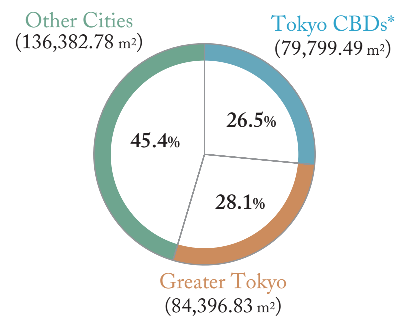
NOI** Breakdown by Location

¥5,860 million



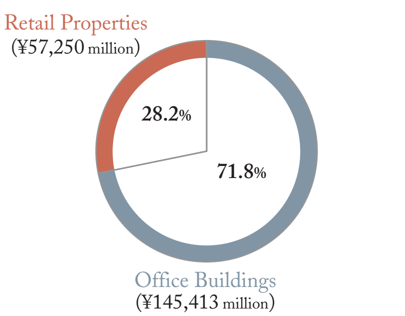
Total Leased Floor Space by Location

300,579.10 m²



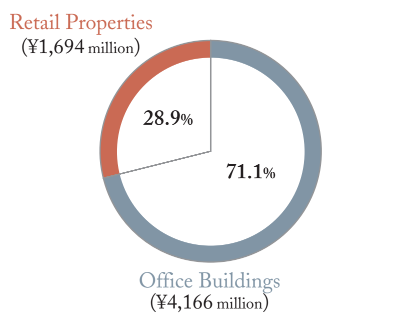
Value Breakdown by Asset Class

¥202,663 million



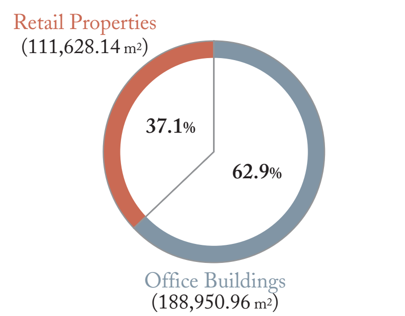
NOI** Breakdown by Asset Class

¥5,860 million



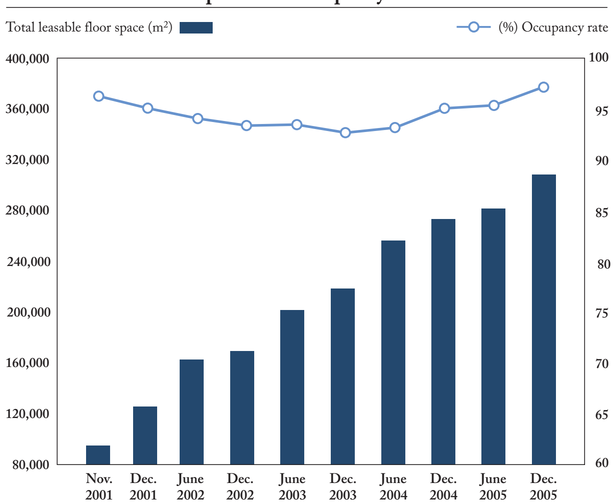
Total Leased Floor Space by Asset Class

300,579.10 m²

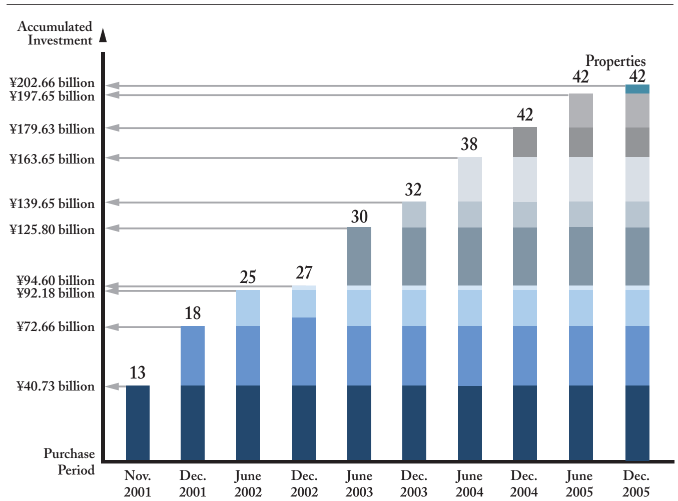


*CBDs = Tokyo Central Business Districts
**NOI = Net operating income

Total Leasable Floor Space and Occupancy Rate



Portfolio Growth



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

OPERATING ENVIRONMENT

Japan's overall economy throughout the six-month period ended December 31, 2005 exhibited continued signs of a moderate recovery. Buoyed by favorable operating conditions, a substantial turnaround in corporate earnings contributed to an increase in demand for office buildings. As positive conditions in the corporate sector took hold, and businesses increasingly focused on expansion, imbalance in supply and demand gradually pushed up rent rates and fueled the office building leasing market.

Positive conditions in the corporate sector prompted an upswing in consumer spending. Following a prolonged period of corporate restructuring, employment conditions gradually improved and signaled an increase in disposable incomes and a reversal of the deflationary spiral. Driven by positive market sentiment and a rise in overall consumer confidence, demand for retail space increased to accommodate further expansion through new store openings.

In the context of monetary and fiscal policies, movements in interest rates contributed to mixed conditions for the J-REIT market vis-a-vis competing financial instruments. Impacted by the relative costs of debt and equity as well as the lag between policy initiatives and market activity, the J-REIT market is sensitive to a host of economic and market indicators. During the six-month period ended December 31, 2005, the Bank of Japan and public authorities continued to adopt monetary easing policies in quantitative terms to support activity in securities markets. The ensuing decline in interest rates made for favorable J-REIT market conditions. Even with the recent easing of monetary and fiscal policies, this is not expected to produce an increase in the official discount rate for some time. Given historic low rates of interest and the leverage effects when compared with equity yields, overall interest rate levels are expected to remain favorable for a while.

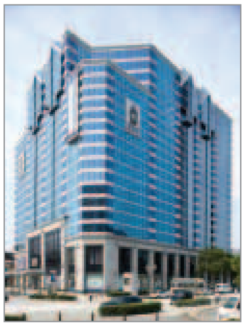
Under these circumstances, the real estate market, JPR's principal operating domain, was characterized by increasingly vigorous trading activity. Significant growth in the number of market participants and the inflow of money was balanced by property selling activity in the corporate sector and the exit of private funds and development projects. In light of the real estate trading market showing signs of overheating, profitability experienced an overall decline with less yield difference.

Against the backdrop of a highly competitive market, a decline in overall property cap rates and increasing difficulty in the acquisition of prime real estate, JPR will continue to implement a selective approach in expanding its property portfolio, adopt innovative acquisition techniques and reinforce ties with sponsor companies. Closely monitoring economic, financial and market indicators, the Company is adjusting its diversified investment portfolio strategy and pursuing the selective acquisition of development proposals. With the aim of maintaining a stable cash distribution per unit, JPR works to balance asset scale expansion with efforts to reduce property and individual tenant risks. JPR is committed to enhancing asset management mobility and flexibility with the aim of stabilizing fund profitability. Since its public listing, JPR has endeavored to achieve an established asset scale target of ¥300 billion. In light of recent and forecast market conditions, the Company will continue to make every effort to meet this target within the earliest and most prudent time frame possible, while also focusing on the key objective of a stable cash distribution per unit above ¥6,000.

Acquisitions

Housing Design Center Kobe

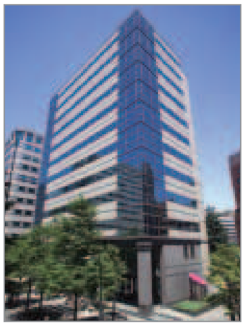
Located in West Kobe's Harborland district, a vibrant economic and cultural center, the Housing and Design Center Kobe is a landmark building of the highest quality. Situated in front of JR Kobe Station and three minutes on foot from Kosoku Kobe Station, the building consists of shops, office space and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



Site Area (m^2):	3,994.47
Total Floor Space (m^2):	33,877.71
Structure/Floors:	SRC/S B2/11F
Completed:	June 1994

Tachikawa Business Center Building

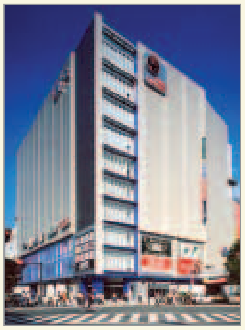
The Tachikawa Business Center Building was purchased in accordance with JPR's fundamental investment policies to acquire new office buildings in Greater Tokyo. The building is five minutes on foot from Tachikawa Station, serviced by the JR Chuo Line, Ome Line and Nambu Line. Consisting of office space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



Site Area (m^2):	2,047.22
Total Floor Space (m^2):	14,706.36
Structure/Floors:	S/SRC B1/12F
Completed:	December 1994

Kawasaki Dice Building (Acquisition through Preferred Securities)

JPR acquired preferred securities from Kawasaki Dice Special Purpose Company, supported by cash flows from the Kawasaki Dice Building. Ideally located within close proximity to JR Kawasaki Station and Keikyu Kawasaki Station, the Kawasaki Dice Building houses a collection of retail outlets, restaurants, and a cinema complex. Although JPR has invested in high-grade prominently located retail properties, the Kawasaki Dice Building is considered a rare investment choice for the Company.



Site Area (m^2):	3,895.42
Total Floor Space (m^2):	26,779.84
Structure/Floors:	S/SRC/RC B2/11F
Completion:	December 2005

Divestments

In accordance with its fundamental investment policy, JPR sold the Park East Sapporo and the SK Hiroshima Building during the period under review. The properties were sold after examining the impact on dividends, future property prices and earnings potential, portfolio composition and diversification, and other factors. Sale prices of ¥1,040 million for the SK Hiroshima Building and ¥2,400 million for the Park East Sapporo represent gains of approximately ¥38 million and ¥177 million, respectively, after deducting sales expenses.

JPR has established a firm presence in the J-REIT market, recognized for its experience and expertise. Inherent in this position of strength, are the unique characteristics that define the Company providing the platform for stable profit and growth.

GROWTH POTENTIAL

An Investment Portfolio that Emphasizes Growth and Quality (External Growth)

Amid intense competition for the acquisition of prime properties, JPR pursues select opportunities both through sponsor collaboration and open-market negotiation.

Complementing these avenues, JPR is increasing its exposure in development proposals, the result of its forward-looking posture and a comprehensive analysis of risks and returns. Distinguishing itself from competitors, JPR also adopts innovative acquisition techniques such as the acquisition of preferred securities.

During the fiscal period under review, JPR acquired preferred securities from Kawasaki Dice Special Purpose Company. Through this investment, JPR maintains preferential options to purchase the Kawasaki Dice Building in the event of sale. In this manner, the Company is pursuing growth-type retail properties and enhancing its ability to avoid exposure to excessive market competition.

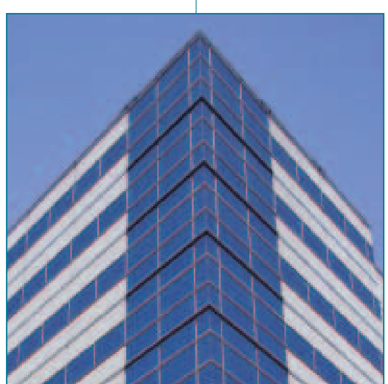
Through renovation and upgrade, JPR also increases occupancy, operating revenues and property values and under specific circumstances undertakes property sale. JPR was again a frontrunner among J-REITs in the sale of investment properties and selectively adopts this technique in an effort to increase portfolio quality.

Sponsor Collaboration

In addition to its close ties with sponsor companies including Tokyo Tatemono Co., Ltd., Meiji Yasuda Life Insurance Company, Yasuda Real Estate Co., Ltd. and Sompo Japan Insurance Inc., JPR is distinguished as the only J-REIT linked to a major general contractor, namely Taisei Corporation. This provides the opportunity to quickly secure properties that have the potential of reaping significant investor benefits. Amid a real estate market showing signs of overheating and characterized by declining yields and reduced disparity among properties, sponsor collaboration contributes to property acquisition at appropriate prices, terms and conditions. As of December 31, 2005, 24 properties representing 57.1% of the total portfolio were acquired through sponsor collaboration. On an acquisition price basis, this equated to ¥117,800 million, or 58.1% of the total. As recent examples, the previously mentioned preferred securities were acquired through Tokyo Tatemono Co., Ltd. Through its links with Taisei Corporation, JPR has also executed agreements for the acquisition of two properties currently under construction. As each sponsor company is a shareholder of TRIM, JPR maintains strict criteria toward transactions with interested parties for the purpose of avoiding conflicts of interest (please refer to page 23 for detailed information).

Internal Growth Strategies that Contribute to Profit Growth

Enhancing tenant satisfaction and maximizing economies of scale are two internal factors over which JPR retains significant control. Accordingly, JPR undertakes the upgrade of properties through proactive renovation, repairs and maintenance in an effort to generate rent rate increases and improved occupancy. Through its property management company strategy, JPR also strives to curtail costs and enhance efficiency.



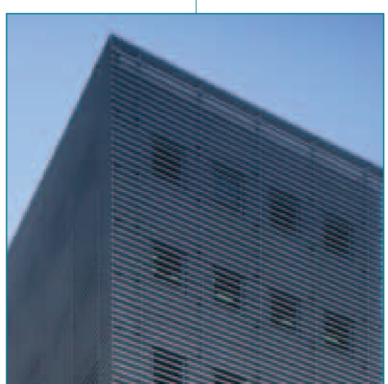
STABILITY

Portfolio Diversification amid Expanding Asset Scale

JPR maintains a flexible balance between its established investment guidelines and fluctuating market conditions. In this context, the Company adheres to an investment portfolio diversification policy based on a number of criteria including asset class and geographic location. In principle, JPR acquires office buildings and retail properties based on a ratio of 80:20, respectively. With regard to their geographic location, the Company acquires 60% of its properties in Tokyo and 40% in other major cities. With this as a key defining feature, portfolio diversification enables JPR to minimize a variety of risks. In its assessment of probable maximum loss associated with earthquake damage, for example, the Company maintains acceptable standards across its portfolio as well as a wide geographic spread in order to minimize risk and ensure stable profitability.

A Commitment to Tenant Satisfaction

Despite enjoying continuous high levels of portfolio occupancy, steady asset scale and revenue growth, JPR remains committed to tenant satisfaction, safety, resource conservation and environmental protection. In this context, the Company is unique within the industry in its pursuit of excellence and the implementation of a wide variety of initiatives. Chief among these initiatives is JPR's Brand Equity concept. In an effort to create a distinct and recognizable market presence, an increasing number of buildings within the portfolio are adopting "JPR" as a part of their name. In addition to this naming concept, JPR has implemented its proprietary A/3S concept, which emphasizes "Amenities" based on a three "S" platform of Service, Safety, and Saving energy. Another aspect of JPR's Brand Equity concept is the introduction of a brand standard into all areas of the Company's business activities, divided along management (service, rapid response and other factors) and building (safety and energy-saving) lines. As a responsible corporate citizen, JPR is addressing issues of safety, including concerns relating to asbestos. Following a survey of its entire portfolio, asbestos-compound spraying materials were identified in the MS Shibaura Building, the Fukuoka Building, the Across Shinkawa Building Annex and the Kawaguchi Center Building. With tenant safety a key concern, JPR has confirmed that in each of the aforementioned buildings spraying materials are adequately sealed and in compliance with all relevant regulatory requirements. Continuing on with this safety theme, JPR is installing or upgrading security and surveillance systems on a progressive basis at all properties. Conscious of the environment and the need to conserve scarce resources, the Company has undertaken an upgrade of electric and toilet facilities in an effort to save energy. From the perspective of enhancing tenant satisfaction, JPR has selectively implemented rooftop gardens, designated areas for smokers and installed greenery in entrance halls and common areas. Entrance halls decorated to match seasonal events are a highlight of JPR's amenity and service initiatives. Through these and other initiatives, JPR is committed to securing tenant satisfaction, increasing occupancy and ensuring stable revenues.



A Robust Financial Position and Structure

In an effort to sustain stable financial operations, JPR focuses on maintaining profits to offset risks associated with a rise in interest rates. To this end, JPR adopts a fundamental policy for funds procurement that determines the optimum balance of long-term fixed-rate financing and fixed-rate corporate bonds with short-term floating-rate financing. At the same time, JPR strives to maintain a high ratio of long-term fixed-rate financing to total financing.

Complementing this fundamental policy, JPR also emphasizes a low interest-bearing debt ratio, strict LTV control and diverse and flexible fund procurement methods. From a short-term perspective, JPR has supplemented its existing line of credit with the establishment of a commitment line of credit for the purpose of addressing refinance risk. From a long-term perspective, JPR has established a registered limit for the flexible issue of corporate bonds. Through these means, the Company strives to further sustain stable financial operations.

In Summary

As an early entrant in the J-REIT market, JPR boasts a wealth of experience. In an increasingly competitive market, the Company endeavors to leverage this experience, its defining characteristics and inherent, diverse strengths to secure and maintain a leading role. From the perspectives of both growth potential and stability, JPR enjoys a number of unique features that sets it apart from its competitors. We are confident that the Company is well positioned for growth and will continue to deliver significant returns to unitholders.

Acquisitions

JPR Jingumae 432

The JPR Jingumae 432 is located in an expansive and vibrant commercial area known for a large number of leading fashion and luxury brand stores. With the opening of Omotesando Hills, a large-scale commercial redevelopment, the area is also earmarked for further growth. Conveniently located approximately three minutes on foot from Meiji-Jingumae Station on the Tokyo Metro Chiyoda Line, access will further improve with the planned opening of Tokyo Metro No. 13 Line in 2007.

Site Area (m^2):	218.21
Total Floor Space (m^2):	1,066.81
Structure/Floors:	S/SRC B1/7F
Completed:	March 2006
Location:	Shibuya-ku, Tokyo
Acquisition Date:	March 2006
Acquisition Price:	¥4,460 million

Cupo-la Main Building

The Cupo-la Main Building is being constructed as part of the 1-1 Kawaguchi Redevelopment Project, a large-scale project encompassing commercial and public facilities, as well as high-rise urban-type residential complexes. The city of Kawaguchi is approximately 25 minutes by train to the Tokyo city center. JPR plans to acquire a retail facility portion of the development.

Site Area (m^2):	15,008.28
Total Floor Space (m^2):	48,321.96
Structure/Floors:	S/RC/SRC B2/10F
Completion:	March 2006
Location:	Kawaguchi-shi, Saitama
Acquisition Date:	March 2006
Acquisition Price:	¥2,100 million

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

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

Site Area (m^2):	9,377.28
Total Floor Space (m^2):	37,596.19
Structure/Floors:	S/SRC/RC B2/15F
Completed:	January 2007 (planned)
Location:	Toshima-ku, Tokyo
Acquisition Date:	March 2007 (planned)
Acquisition Price:	¥5,467 million

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

Locations of Portfolio Properties

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

A Tokyo CBDs

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

B Greater Tokyo

■ B-1 Arca East
■ B-2 JPR Chiba Bldg.
■ B-3 JPR Yokohama Nihon Odori Bldg.
■ B-5 Shinyokohama 2nd Center Bldg.
■ B-6 Kawaguchi Center Bldg.
■ B-7 JPR Ueno East Bldg.
■ B-8 Tachikawa Business Center Bldg.
● B-1 Tanashi ASTA (Retail)
● B-2 Tsurumi fuga 1 (Retail)

C Other Cities—Hokkaido, Tohoku and Hokuriku

■ C-10 NORTH 33 Bldg.
■ C-12 Sompo Japan Sendai Bldg.
■ C-1 Niigata Ekinan Center Bldg.
● C-2 Strasse Ichibancho (Retail)

C Other Cities—Osaka

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

C Other Cities—Chubu, Kinki and Shikoku

■ C-16 JPR Nagoya Sakae Bldg.
■ C-19 UFJ Central Leasing Head Office Bldg.
■ C-13 Sompo Japan Wakayama Bldg.
■ C-6 JPR Takamatsu Bldg.
● C-4 Housing Design Center Kobe (Retail)

C Other Cities—Kyushu and Okinawa

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

Location Category	Asset Class	No.	Name	Location	Completed	Acquired
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo-ku, Tokyo	1993. 2	2001.12
	Office	A-2	Kanematsu Bldg. Annex	Chuo-ku, Tokyo	1993. 2	2001.12
	Office	A-3	JPR Ningyo-cho Bldg.	Chuo-ku, Tokyo	1989.12	2001.11
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda-ku, Tokyo	1984.10	2001.11–2004.11
	Office	A-5	JPR Crest Takebashi Bldg.	Chiyoda-ku, Tokyo	1999. 9	2002. 6
	Office	A-6	MS Shibaura Bldg.	Minato-ku, Tokyo	1988. 2	2003. 3
	Office	A-7	Gotanda First Bldg.	Shinagawa-ku, Tokyo	1989. 7	2003. 7
	Office	A-8	Fukuoka Bldg.	Chuo-ku, Tokyo	1990. 5	2003.10–2005. 4
	Office	A-9	JPR Ichigaya Bldg.	Chiyoda-ku, Tokyo	1989. 3	2004. 5
	Office	A-10	Oval Court Ohsaki Mark West	Shinagawa-ku, Tokyo	2001. 6	2004. 6
	Office	A-11	Shinjuku Square Tower	Shinjuku-ku, Tokyo	1994.10	2004. 7
	Office	A-12	BYGS Shinjuku Bldg.	Shinjuku-ku, Tokyo	1985. 4	2004.11–2005. 4
	Office	A-13	Across Shinkawa Bldg. Annex	Chuo-ku, Tokyo	1994. 6	2004.11
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	1992. 2	2003. 6
	Retail	A-2	JPR Daikanyama	Shibuya-ku, Tokyo	2002. 7	2004.10
	Total					
Greater Tokyo	Office	B-1	Arca East	Sumida-ku, Tokyo	1997. 3	2001.11
	Office	B-2	JPR Chiba Bldg.	Chiba, Chiba	1991. 1	2001.12
	Office	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama, Kanagawa	1989.10	2001.11
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama, Kanagawa	1991. 8	2002. 9
	Office	B-6	Kawaguchi Center Bldg.	Kawaguchi, Saitama	1994. 2	2004. 2
	Office	B-7	JPR Ueno East Bldg.	Taito-ku, Tokyo	1992.10	2004. 3
	Office	B-8	Tachikawa Business Center Bldg.	Tachikawa, Tokyo	1994.12	2005. 9
	Retail	B-1	Tanashi ASTA	Nishitokyo, Tokyo	1995. 2	2001.11
	Retail	B-2	Tsurumi fuga 1	Yokohama, Kanagawa	1985. 9	2001.11
	Total					
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata, Niigata	1996. 3	2001.11
	Office	C-2	Meiji Yasuda Life Osaka Umeda Bldg.	Osaka, Osaka	2000. 6	2001.12
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka, Osaka	1970. 2	2001.11
	Office	C-6	JPR Takamatsu Bldg.	Takamatsu, Kagawa	1982. 9	2001.12
	Office	C-7	JPR Hakata Bldg.	Fukuoka, Fukuoka	1985. 6	2001.11
	Office	C-9	JPR Naha Bldg.	Naha, Okinawa	1991.10	2001.11
	Office	C-10	NORTH 33 Bldg.	Sapporo, Hokkaido	1992. 2	2002. 6
	Office	C-11	Park East Sapporo(3)	Sapporo, Hokkaido	1985.11	2002. 6
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai, Miyagi	1997.12	2002. 6
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama, Wakayama	1996. 7	2002. 6
	Office	C-14	Tenjin 121 Bldg.	Fukuoka, Fukuoka	2000. 7	2002. 6
	Office	C-15	SK Hiroshima Bldg.(3)	Hiroshima, Hiroshima	1989.12	2002.10
	Office	C-16	JPR Nagoya Sakae Bldg.	Nagoya, Aichi	2003. 1 (building) 1986.12 (parking)	2003. 9
	Office	C-17	Dojima F Bldg.	Osaka, Osaka	1993.10	2004. 1
	Office	C-18	Semba Fukuoka Bldg.	Fukuoka, Fukuoka	1993. 2	2004. 6
	Office	C-19	UFJ Central Leasing Head Office Bldg.	Nagoya, Aichi	1991. 3	2005. 3
	Retail	C-1	JPR Umeda Loft Bldg.	Osaka, Osaka	1990. 4	2003.5–7
	Retail	C-2	Strasse Ichibancho	Sendai, Miyagi	2002.10	2005. 2
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka, Osaka	2003. 2	2005. 5
	Retail	C-4	Housing Design Center Kobe	Kobe, Hyogo	1994. 6	2005. 9
	Total					
	Total					

Notes: (1) Acquisition price does not include miscellaneous expenses of acquisition (real estate agent's 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.

Acquisition Price (1) (Millions of yen)	% of Total (2)	Appraisal Value (Millions of yen)	Ownership (3) (%)	Site Area (m^2)	Total Leasable Floor Space (m^2) (JPR's portion)	Occupancy Rate (2)	# of Tenants	Rental Revenue (Thousands of yen)	% of Total (2)
16,276	8.0%	13,500	79.4%	1,751.13	7,994.02	100.0%	10	434,317	5.2%
2,874	1.4%	2,810	79.4%	679.06	2,291.13	100.0%	1	105,738	1.3%
2,100	1.0%	2,040	100.0%	550.06	2,788.98	100.0%	4	100,377	1.2%
2,420	1.2%	2,570	77.3%	657.80	3,319.33	100.0%	11	112,329	1.3%
4,000	2.0%	3,440	100.0%	636.90	3,265.34	100.0%	9	132,824	1.6%
11,200	5.5%	12,900	36.0%	8,992.18	14,429.09	100.0%	8	521,002	6.2%
2,920	1.4%	3,080	61.8%	1,551.19	4,243.58	100.0%	2	133,918	1.6%
2,920	1.5%	2,900	21.8%	1,302.17	1,937.40	100.0%	2	102,489	1.3%
5,100	2.5%	5,300	100.0%	1,058.04	4,186.09	100.0%	9	188,019	2.2%
3,500	1.7%	4,140	27.1%	4,006.00	4,088.44	100.0%	4	171,879	2.1%
10,000	4.9%	9,350	29.3%	8,409.52	10,982.03	89.6%	21	249,532	3.0%
11,821	5.8%	11,900	75.0%	3,522.46	11,363.35	90.6%	22	417,076	5.0%
710	0.4%	739	100.0%	858.48	1,253.39	100.0%	4	47,867	0.6%
12,000	5.9%	15,100	100.0%	1,010.47	8,076.85	100.0%	1	345,576	4.1%
2,160	1.1%	1,750	100.0%	277.12	653.99	100.0%	4	41,924	0.5%
90,001	**44.4%**	**91,519**		**35,262.58**	**80,873.01**	**97.3%**	**112**	**3,104,875**	**37.1%**
5,880	2.9%	5,990	41.1%	3,755.01	7,022.76	93.1%	5	203,046	2.4%
2,350	1.2%	2,050	100.0%	1,382.35	5,562.97	90.5%	28	143,237	1.7%
2,927	1.4%	2,450	100.0%	1,100.59	6,066.53	97.5%	11	139,077	1.7%
920	0.5%	1,230	50.0%	841.71	2,641.19	96.0%	14	68,124	0.8%
8,100	4.0%	9,650	86.5%	4,524.61	15,478.43	99.5%	38	498,415	6.0%
3,250	1.6%	3,660	100.0%	1,242.97	6,512.45	100.0%	9	192,387	2.3%
888	0.4%	922	16.9%	2,047.22	1,747.13	100.0%	4	28,166	0.3%
10,200	5.0%	13,000	42.1%	12,326.30	31,121.71	100.0%	1	596,400	7.1%
3,040	1.5%	3,630	64.4%	1,962.18	9,578.60	100.0%	1	145,200	1.7%
37,555	**18.5%**	**42,582**		**29,182.94**	**85,731.77**	**98.4%**	**111**	**2,014,054**	**24.0%**
2,140	1.1%	2,130	52.7%	2,706.99	5,205.82	100.0%	12	134,255	1.6%
8,300	4.1%	9,160	33.3%	5,999.33	9,600.62	94.2%	24	360,781	4.3%
4,150	2.0%	4,060	64.3%	1,432.64	7,210.25	98.8%	10	251,534	3.0%
2,130	1.1%	1,400	100.0%	1,407.78	5,037.06	85.6%	29	102,082	1.2%
2,900	1.4%	2,760	100.0%	1,214.63	6,581.15	87.7%	26	157,214	1.9%
1,560	0.8%	1,480	100.0%	959.87	3,947.69	84.6%	14	99,297	1.2%
3,700	1.8%	2,910	100.0%	1,382.12	6,642.98	96.9%	23	174,580	2.1%
—	—	—	—	—	—	—	—	102,106	1.2%
3,150	1.6%	3,420	100.0%	1,895.67	7,118.61	94.2%	13	194,448	2.3%
1,670	0.8%	1,680	100.0%	1,128.45	4,891.36	91.6%	16	112,813	1.3%
2,810	1.4%	2,650	52.2%	1,164.39	3,292.02	88.1%	12	112,292	1.3%
—	—	—	—	—	—	—	—	28,872	0.3%
4,550	2.2%	5,480	100.0%	992.31	5,461.90	100.0%	20	230,029	2.7%
2,140	1.1%	2,180	100.0%	668.11	3,941.40	84.9%	9	121,420	1.5%
1,920	0.9%	2,050	100.0%	680.63	3,349.57	87.5%	5	82,627	1.0%
4,137	2.0%	4,230	100.0%	1,610.38	7,123.07	100.0%	1	193,754	2.3%
13,000	6.4%	13,910	100.0%	3,518.68	18,586.97	100.0%	1	402,413	4.8%
4,200	2.1%	3,850	100.0%	648.81	2,861.91	100.0%	1	128,388	1.5%
5,430	2.7%	5,650	100.0%	609.31	5,303.98	100.0%	1	(4)	(4)
7,220	3.6%	7,500	100.0%	3,994.47	35,444.13	100.0%	1	(4)	(4)
75,107	**37.1%**	**76,500**		**32,014.57**	**141,600.49**	**96.3%**	**218**	**3,253,781**	**38.9%**
202,663	**100.0%**	**210,601**		**96,460.09**	**308,205.26**	**97.2%**	**441**	**8,372,711**	**100.0%**

(3) The Park East Sapporo and the SK Hiroshima Building were sold during the 8th fiscal period.
(4) The Benetton Shinsaibashi Building and the Housing Design Center Kobe are leased to single tenants. JPR was unable to obtain the tenants' approval to disclose rental information.

Tokyo CBDs

Chuo-ku, Tokyo

Kanematsu Bldg.

A-1

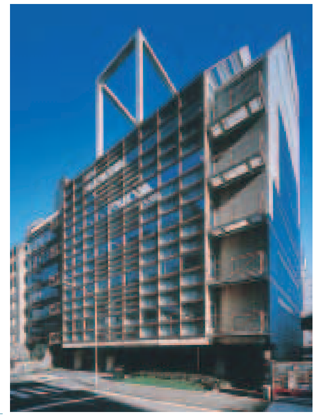
- Acquisition Price (millions of yen): 16,276
- % of Total: 8.0%
- Site Area (m²): 1,751.13
- Total Floor Space (m²): 14,995.09
- Structure/Floors: S/RC/SRC B2/13F
- Completed: February 1993

Chuo-ku, Tokyo

Kanematsu Bldg. Annex

A-2

- Acquisition Price (millions of yen): 2,874
- % of Total: 1.4%
- Site Area (m²): 679.06
- Total Floor Space (m²): 4,351.46
- Structure/Floors: SRC B1/8F
- Completed: February 1993



Chuo-ku, Tokyo

JPR Ningyo-cho Bldg.

A-3

- Acquisition Price (millions of yen): 2,100
- % of Total: 1.0%
- Site Area (m²): 550.06
- Total Floor Space (m²): 4,117.70
- Structure/Floors: SRC/RC B1/8F
- Completed: December 1989

Chiyoda-ku, Tokyo

Shin-Kojimachi Bldg.

A-4

- Acquisition Price (millions of yen): 2,420
- % of Total: 1.2%
- Site Area (m²): 657.80
- Total Floor Space (m²): 5,152.98
- Structure/Floors: SRC B1/9F
- Completed: October 1984

Chiyoda-ku, Tokyo

JPR Crest Takebashi Bldg.

A-5

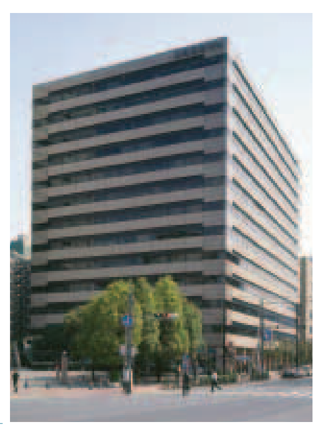
- Acquisition Price (millions of yen): 4,000
- % of Total: 2.0%
- Site Area (m²): 636.90
- Total Floor Space (m²): 4,790.68
- Structure/Floors: SRC B1/9F
- Completed: September 1999

Minato-ku, Tokyo

MS Shibaura Bldg.

A-6

- Acquisition Price (millions of yen): 11,200
- % of Total: 5.5%
- Site Area (m²): 8,992.18
- Total Floor Space (m²): 31,020.21
- Structure/Floors: SRC/RC/S B2/13F
- Completed: February 1988



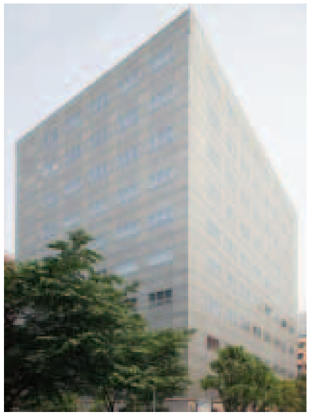
Note 1: Acquisition price does not include miscellaneous expenses (real estate agent's fee and consumption tax).
Note 2: Percentages and ratios are rounded to the first decimal point.
Note 3: Abbreviations under "Structure/Floors" indicate S: Steel-frame, RC: Reinforced concrete, and SRC: Steel-frame reinforced concrete.

Shinagawa-ku, Tokyo

Gotanda First Bldg.

A-7

- Acquisition Price (millions of yen): 2,920
- % of Total: 1.4%
- Site Area (m²): 1,551.19
- Total Floor Space (m²): 10,553.34
- Structure/Floors: SRC/RC B2/11F
- Completed: July 1989

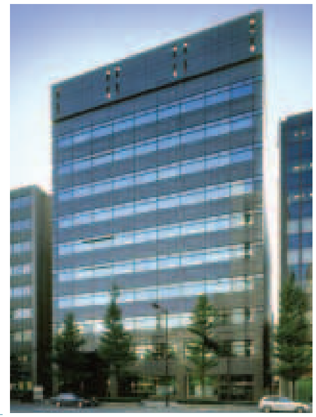


Chuo-ku, Tokyo

Fukuoka Bldg.

A-8

- Acquisition Price (millions of yen): 2,920
- % of Total: 1.5%
- Site Area (m²): 1,302.17
- Total Floor Space (m²): 11,627.74
- Structure/Floors: SRC B2/10F
- Completed: May 1990



Chiyoda-ku, Tokyo

JPR Ichigaya Bldg.

A-9

- Acquisition Price (millions of yen): 5,100
- % of Total: 2.5%
- Site Area (m²): 1,058.04
- Total Floor Space (m²): 5,888.82
- Structure/Floors: SRC B1/9F
- Completed: March 1989

Shinagawa-ku, Tokyo

Oval Court Ohsaki Mark West

A-10

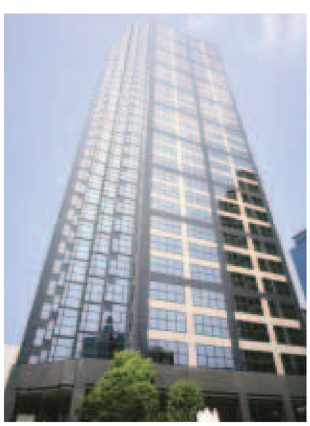
- Acquisition Price (millions of yen): 3,500
- % of Total: 1.7%
- Site Area (m²): 4,006.00
- Total Floor Space (m²): 28,575.80
- Structure/Floors: S/SRC B2/17F
- Completed: June 2001

Shinjuku-ku, Tokyo

Shinjuku Square Tower

A-11

- Acquisition Price (millions of yen): 10,000
- % of Total: 4.9%
- Site Area (m²): 8,409.52
- Total Floor Space (m²): 78,796.00
- Structure/Floors: S/RC/SRC B4/30F
- Completed: October 1994



Shinjuku-ku, Tokyo

BYGS Shinjuku Bldg.

A-12

- Acquisition Price (millions of yen): 11,821
- % of Total: 5.8%
- Site Area (m²): 3,522.46
- Total Floor Space (m²): 25,733.10
- Structure/Floors: SRC B2/14F
- Completed: April 1985

Chuo-ku, Tokyo

Across Shinkawa Bldg. Annex

A-13

Acquisition Price (millions of yen)	710
% of Total	0.4%
Site Area (m²)	858.48
Total Floor Space (m²)	5,535.90
Structure/Floors	S/SRC B2/10F
Completed	June 1994

Shibuya-ku, Tokyo

JPR Shibuya Tower Records Bldg.

A-1 (Retail)

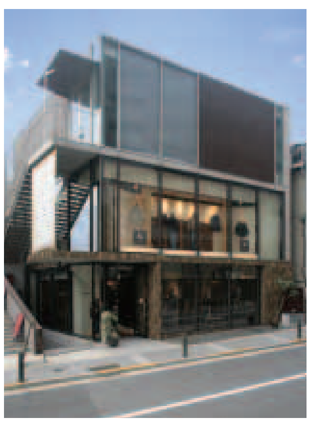
Acquisition Price (millions of yen)	12,000
% of Total	5.9%
Site Area (m²)	1,010.47
Total Floor Space (m²)	8,449.56
Structure/Floors	SRC/S B3/8F
Completed	February 1992

Shibuya-ku, Tokyo

JPR Daikanyama

A-2 (Retail)

Acquisition Price (millions of yen)	2,160
% of Total	1.1%
Site Area (m²)	277.12
Total Floor Space (m²)	668.09
Structure/Floors	RC B2/2F
Completed	July 2002



Greater Tokyo

Sumida-ku, Tokyo

Arca East

B-1

Acquisition Price (millions of yen)	5,880
% of Total	2.9%
Site Area (m²)	3,755.01
Total Floor Space (m²)	34,281.86
Structure/Floors	S/SRC B3/19F
Completed	March 1997

Chiba, Chiba

JPR Chiba Bldg.

B-2

Acquisition Price (millions of yen)	2,350
% of Total	1.2%
Site Area (m²)	1,382.35
Total Floor Space (m²)	9,072.57
Structure/Floors	S/SRC B1/13F
Completed	January 1991

Yokohama, Kanagawa

JPR Yokohama Nihon Odori Bldg.

B-3

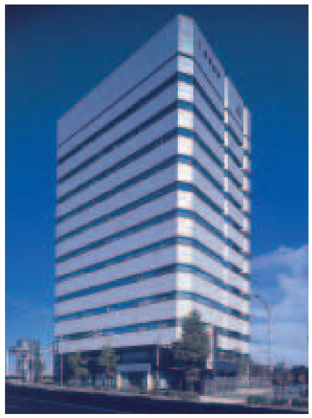
Acquisition Price (millions of yen)	2,927
% of Total	1.4%
Site Area (m²)	1,100.59
Total Floor Space (m²)	9,146.52
Structure/Floors	SRC B1/11F
Completed	October 1989

Yokohama, Kanagawa

Shinyokohama 2nd Center Bldg.

B-5

- Acquisition Price (millions of yen)
  920
- % of Total
  0.5%
- Site Area (m²)
  841.71
- Total Floor Space (m²)
  7,781.93
- Structure/Floors
  S/SRC B2/12F
- Completed
  August 1991

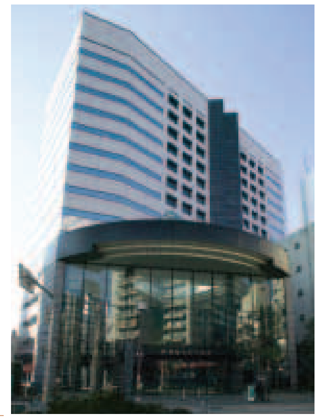


Kawaguchi, Saitama

Kawaguchi Center Bldg.

B-6

- Acquisition Price (millions of yen)
  8,100
- % of Total
  4.0%
- Site Area (m²)
  4,524.61
- Total Floor Space (m²)
  28,420.85
- Structure/Floors
  S/SRC B2/15F
- Completed
  February 1994

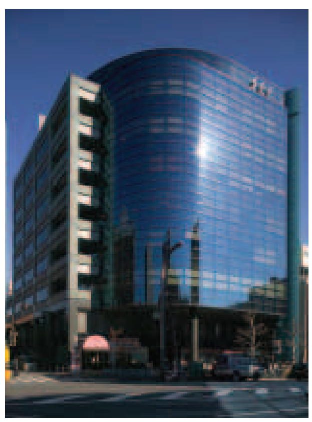


Taito-ku, Tokyo

JPR Ueno East Bldg.

B-7

- Acquisition Price (millions of yen)
  3,250
- % of Total
  1.6%
- Site Area (m²)
  1,242.97
- Total Floor Space (m²)
  8,490.44
- Structure/Floors
  S/SRC B1/8F
- Completed
  October 1992

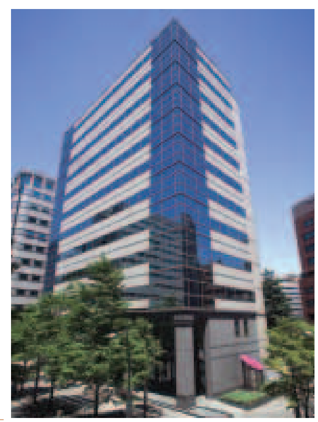


Tachikawa, Tokyo

Tachikawa Business Center Bldg.

B-8

- Acquisition Price (millions of yen)
  888
- % of Total
  0.4%
- Site Area (m²)
  2,047.22
- Total Floor Space (m²)
  14,706.36
- Structure/Floors
  S/SRC B1/12F
- Completed
  December 1994



Nishitokyo, Tokyo

Tanashi ASTA

B-1 (Retail)

- Acquisition Price (millions of yen)
  10,200
- % of Total
  5.0%
- Site Area (m²)
  12,326.30
- Total Floor Space (m²)
  80,675.27
- Structure/Floors
  SRC B2/17F
- Completed
  February 1995

Yokohama, Kanagawa

Tsurumi fuga 1

B-2 (Retail)

- Acquisition Price (millions of yen)
  3,040
- % of Total
  1.5%
- Site Area (m²)
  1,962.18
- Total Floor Space (m²)
  13,543.32
- Structure/Floors
  SRC B2/7F
- Completed
  September 1985

Other Cities — Hokkaido, Tohoku and Hokuriku

Sapporo, Hokkaido

NORTH 33 Bldg.

C - 10

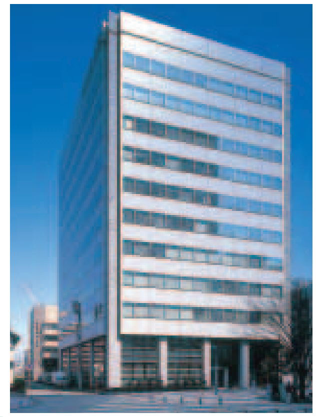
- Acquisition Price (millions of yen): 3,700
- % of Total: 1.8%
- Site Area (m^2): 1,382.12
- Total Floor Space (m^2): 10,568.23
- Structure/Floors: SRC B1/12F
- Completed: February 1992

Sendai, Miyagi

Sompo Japan Sendai Bldg.

C - 12

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



Niigata, Niigata

Niigata Ekinan Center Bldg.

C - 1

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

Sendai, Miyagi

Strasse Ichibancho

C - 2 (Retail)

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

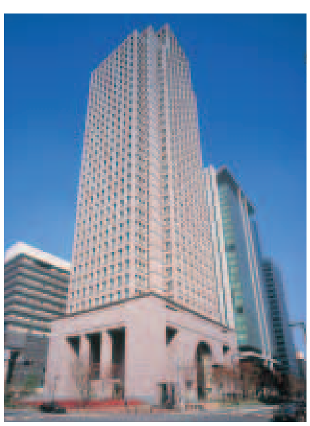
Other Cities — Osaka

Osaka, Osaka

Meiji Yasuda Life Osaka Umeda Bldg.

C - 2

- Acquisition Price (millions of yen): 8,300
- % of Total: 4.1%
- Site Area (m^2): 5,999.33
- Total Floor Space (m^2): 52,982.94
- Structure/Floors: S/SRC B2/31F
- Completed: June 2000

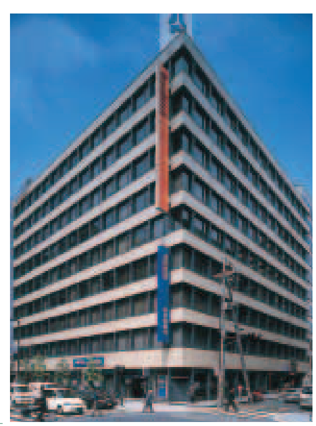


Osaka, Osaka

Tokyo Tatemono Honmachi Bldg.

C - 4

- Acquisition Price (millions of yen): 4,150
- % of Total: 2.0%
- Site Area (m^2): 1,432.64
- Total Floor Space (m^2): 14,619.52
- Structure/Floors: SRC B3/9F
- Completed: February 1970



Dojima F Bldg.

Osaka, Osaka

C - 17

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

JPR Umeda Loft Bldg.

Osaka, Osaka

C - 1 (Retail)

- Acquisition Price (millions of yen): 13,000
- % of Total: 6.4%
- Site Area (m^2): 3,518.68
- Total Floor Space (m^2): 17,897.56
- Structure/Floors: SRC B1/8F
- Completed: April 1990

Benetton Shinsaibashi Bldg.

Osaka, Osaka

C - 3 (Retail)

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

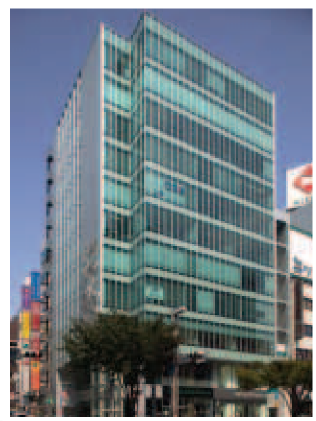
Other Cities — Chubu, Kinki and Shikoku

JPR Nagoya Sakae Bldg.

Nagoya, Aichi

C - 16

- Acquisition Price (millions of yen): 4,550
- % of Total: 2.2%
- Site Area (m^2): 992.31
- Total Floor Space (m^2): 7,340.18
- Structure/Floors
  - Building: S B1/11F
  - Parking: S 1F
- Completed
  - Building: January 2003
  - Parking: December 1986

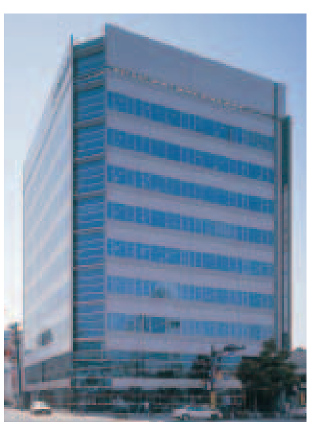


Sompo Japan Wakayama Bldg.

Wakayama, Wakayama

C - 13

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



UFJ Central Leasing Head Office Bldg.

Nagoya, Aichi

C - 19

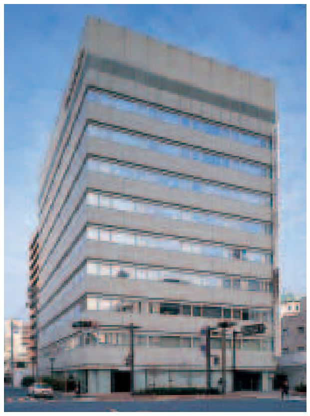
- Acquisition Price (millions of yen): 4,137
- % of Total: 2.0%
- Site Area (m^2): 1,610.38
- Total Floor Space (m^2): 10,201.44
- Structure/Floors: SRC B1/9F
- Completed: March 1991

Takamatsu, Kagawa

JPR Takamatsu Bldg.

C-6

- Acquisition Price (millions of yen): 2,130
- % of Total: 1.1%
- Site Area (m²): 1,407.78
- Total Floor Space (m²): 7,409.08
- Structure/Floors: SRC B1/10F
- Completed: September 1982



Kobe, Hyogo

Housing Design Center Kobe

C-4 (Retail)

- Acquisition Price (millions of yen): 7,220
- % of Total: 3.6%
- Site Area (m²): 3,994.47
- Total Floor Space (m²): 33,877.71
- Structure/Floors: SRC/S B2/11F
- Completed: June 1994

Other Cities — Kyushu and Okinawa

Fukuoka, Fukuoka

JPR Hakata Bldg.

C-7

- Acquisition Price (millions of yen): 2,900
- % of Total: 1.4%
- Site Area (m²): 1,214.63
- Total Floor Space (m²): 9,828.73
- Structure/Floors
  - Building: S/RC B1/12F
  - Parking: S 1F
- Completed
  - Building: June 1985
  - Parking: November 2003

Naha, Okinawa

JPR Naha Bldg.

C-9

- Acquisition Price (millions of yen): 1,560
- % of Total: 0.8%
- Site Area (m²): 959.87
- Total Floor Space (m²): 5,780.71
- Structure/Floors: SRC/S 12F
- Completed: October 1991

Fukuoka, Fukuoka

Tenjin 121 Bldg.

C-14

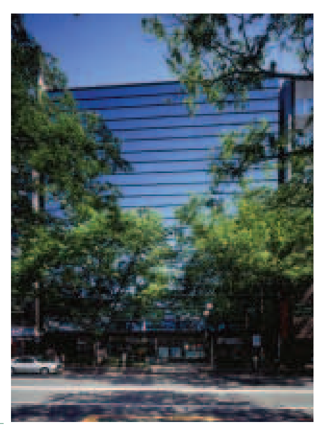
- Acquisition Price (millions of yen): 2,810
- % of Total: 1.4%
- Site Area (m²): 1,164.39
- Total Floor Space (m²): 8,690.95
- Structure/Floors: S/SRC 13F
- Completed: July 2000

Fukuoka, Fukuoka

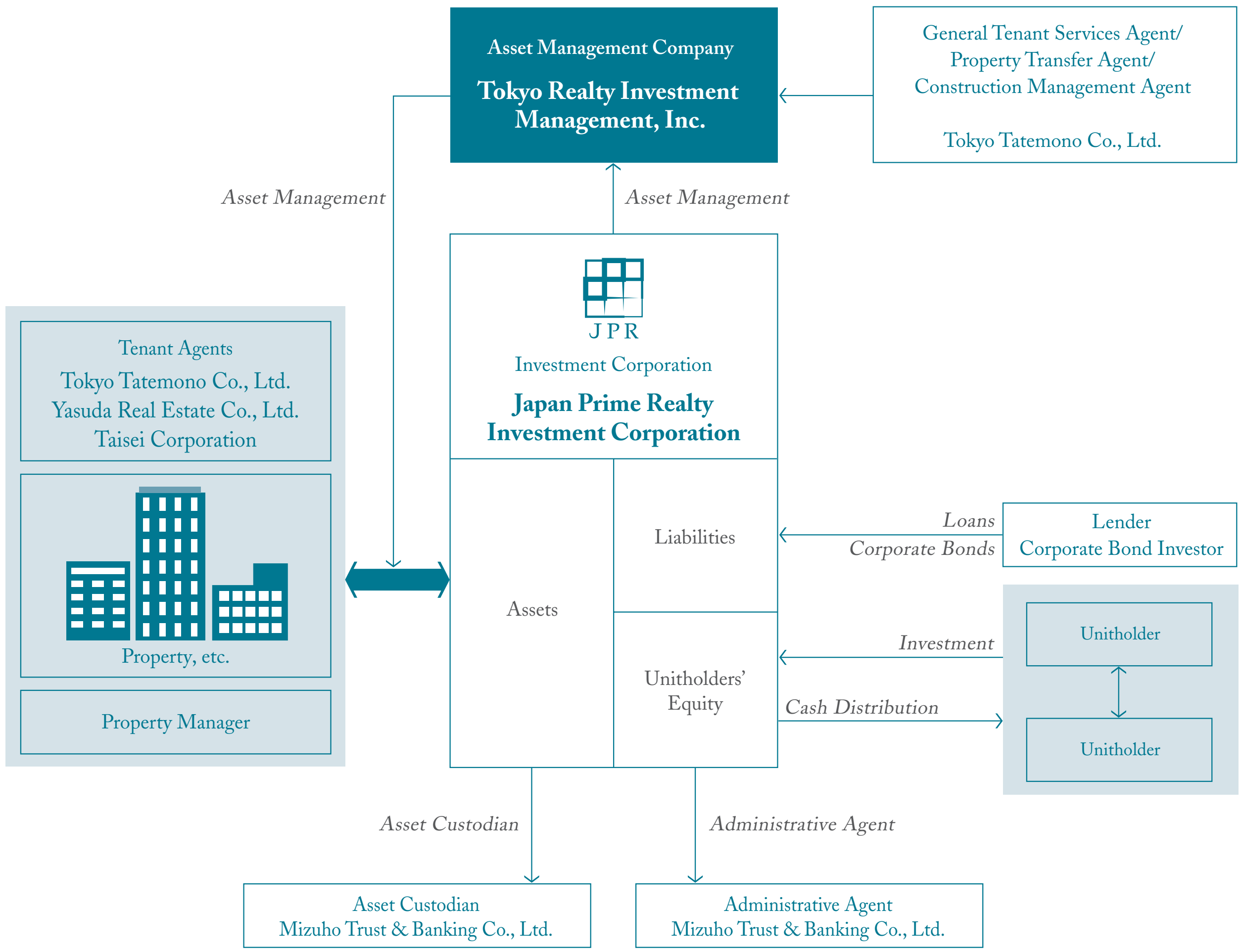
Semba Fukuoka Bldg.

C-18

- Acquisition Price (millions of yen): 1,920
- % of Total: 0.9%
- Site Area (m²): 680.63
- Total Floor Space (m²): 3,874.81
- Structure/Floors: SRC 8F
- Completed: February 1993



REIT STRUCTURE AND EXTERNAL SERVICE PROVIDERS



Tokyo Tatemono Co., Ltd. performs agency services for the signing of real estate leasing contracts ("general tenant agency services") under a commission from JPR in order to provide uniform tenant recruitment. Tokyo Tatemono also has been commissioned by TRIM to undertake "property transfer services," which include both the purchase and sale of properties. Tokyo Tatemono also provides advice on rental operations management and construction planning management work ("leasing management/construction management services" or "LM /CM services") to TRIM.

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

Tokyo Realty Investment Management, Inc.

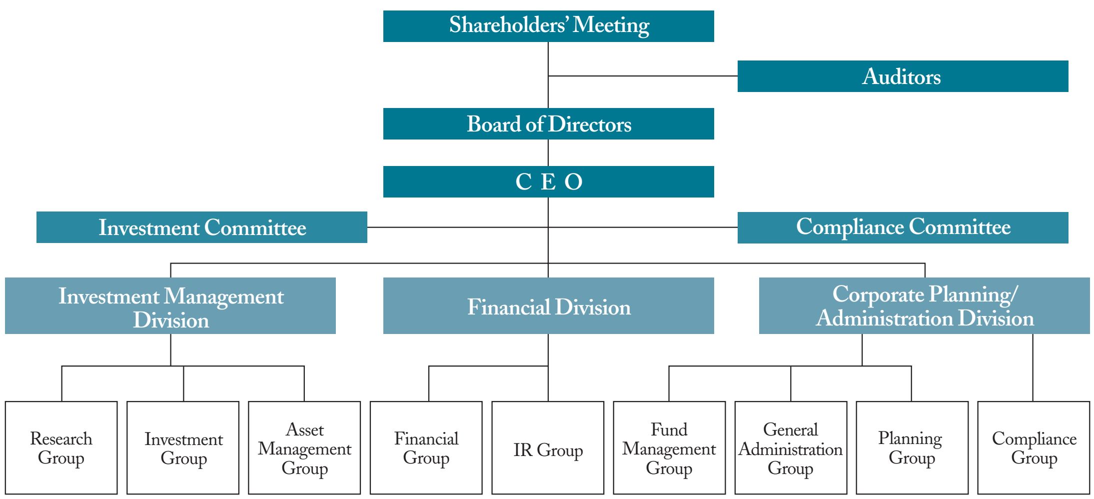
Tokyo Realty Investment Management, Inc., ("TRIM") concluded the asset management contract with JPR on September 27, 2001. Based on the contract, TRIM provides asset management services as a REIT Management Company under the Law Concerning Investment Trust and Investment Corporations ("the Investment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

TRIM is assigned to provide (1) services regarding asset management for JPR (including all decision-making in connection with the acquisition/disposition or leasing of properties and acting as an agent or broker of such transactions based on relevant evaluation and judgment), (2) services regarding funding by JPR, (3) reporting to JPR, and (4) any other services related to or affiliated with the above.

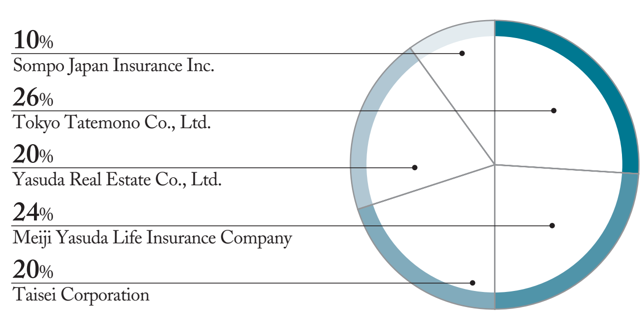
TRIM's Decision-Making Process of Investment Management

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

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



Shareholders in TRIM (As of December 31, 2005)



Measures to Prevent Conflicts of Interest

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

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

* Interested Parties

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

TRIM has established the Compliance Committee, which together with external attorneys assess the relevance and validity of interested-party transactions. TRIM also has the Compliance Subcommittee to monitor each of the committees outlined on page 22 and determine whether their decision-making activities strictly adhere to laws and regulations. Such measures include:

a) Acquisitions of property and assets from interested parties
   i. Real estate and beneficiary interest may be acquired with the prior approval of JPR’s Board of Directors.
   ii. Other specific assets are acquired at market value if applicable. If not applicable, specific assets are considered under i. above.

b) Sales of property or assets to interested parties
   i. Regarding real estate and beneficiary interest, the sale price of each property (not including taxes and sales commissions) shall be greater than the appraised value. In addition, prior approval from JPR’s Board of Directors is required.
   ii. Other specific assets are sold at market value if applicable. If not applicable, specific assets are considered under i. above.

c) Property leasing to interested parties
   Properties shall be leased to interested parties under terms and conditions consistent with the market. Prior approval of JPR’s Board of Directors is required.

d) Property management commissions to interested parties
   Commissions are based on in-house property management standards. Prior approval of JPR’s Board of Directors is required.

e) Trading intermediation fees paid to interested parties
   Trading intermediation fees are limited to up to 3% of the trading price plus ¥60,000, excluding consumption tax and other costs, with the prior approval of JPR’s Board of Directors.

f) Commissioning of construction work to interested parties
   Commissions of construction work worth ¥10 million or more require a comparison against third-party estimates and proposals. Prior approval of JPR’s Board of Directors is required.

g) Borrowings from interested parties
   Terms of borrowings must be at market levels. Prior approval of JPR’s Board of Directors is required.

Compensation Paid to TRIM

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

Compensation to TRIM is calculated on the following basis:

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

NOTE 1: Total revenue is defined as rental revenues, non-rental revenues and non-operating revenues. Rental revenues comprise rental revenues, common charges, parking revenues and other rental revenues. Non-rental revenues comprise incidental income, cancellation charges and other miscellaneous revenues. Non-operating revenues comprise interest income, income on settlement of management association accounts and other non-operating revenues. Total revenue does not include gain on sale of real estate.

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

The compensation rate for incentive-based compensation 1 decreases as total revenue increases in line with asset size growth, as a means to leverage scale merits.

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

JPR did not adopt property acquisition-based compensation in order to avoid a structure that rewards the relentless pursuit of asset growth, and similarly, property disposition-based compensation was not implemented in favor of emphasizing profits from disposition through incentive-based compensation 2, which the Company believes is better aligned with unitholders’ interests.

OVERVIEW

In an effort to secure sustainable growth and stable profits from a medium- to long-term perspective, JPR adopts a diversified investment portfolio strategy, emphasizing diversification based on asset class and geographic location. From an asset class diversification perspective, JPR maintained an investment portfolio with office buildings comprising 71.8% and retail properties 28.2% (calculated on an acquisition price basis) as of December 31, 2005. From a geographic diversification perspective, investment properties in Tokyo accounted for 62.9%, with the remaining 37.1% located in other major cities. While the Company's established investment guideline sets an 80:20 ratio for office/retail allocation and a 60:40 ratio for Tokyo/Other cities, the actual ratios for the 8th fiscal period-end were within acceptable investment parameters. In addition to minimizing investment risk, this current investment tendency toward retail properties and other cities reflects the yield differential between retail properties and office buildings (NOI yields of 6.3% and 5.6%, respectively), and the significant upside of areas outside Tokyo where NOI yields remain higher than the portfolio average.

Since July 1, 2005, JPR acquired the Housing Design Center Kobe (for an investment of ¥7,220 million) and the Tachikawa Business Center Building (for an investment of ¥888 million). During the period under review, the Company also invested in preferred securities issued by Kawasaki Dice Special Purpose Company (for an investment of ¥1,553 million). As part of this acquisition, JPR has also acquired preferential options to purchase the Kawasaki Dice Building in the event of future property sale. Consistent with efforts to diversify asset holdings and to better secure a portfolio distinguished by stable cash flows and stability, JPR undertook the sale of the SK Hiroshima Building (sales price ¥1,040 million) and the Park East Sapporo (sales price ¥2,400 million). As a result, JPR held 42 properties as of December 31, 2005, worth ¥202,663 million on an acquisition price basis. Total leasable floor space was 308,205.26 square meters and the number of tenants totaled 441.

FISCAL PERIOD

JPR's fiscal periods cover the six months starting from January 1 to June 30 and July 1 to December 31 each year. The Company's first fiscal period, however, commenced on September 14, 2001, the date of incorporation, and continued through to June 30, 2002. The fiscal period under review is JPR's 8th fiscal period, the six-month period ended December 31, 2005 (184 days).

FACTORS AFFECTING RESULTS OF OPERATIONS

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

		Thousands of yen	U.S. dollars
	8th Period (July 1, 2005–Dec. 31, 2005)	7th Period (Jan. 1, 2005–June 30, 2005)	**8th Period (July 1, 2005–Dec. 31, 2005)**
OPERATING REVENUES:	**¥8,587,373**	¥8,503,222	**$72,731,207**
Real estate rental revenues	**8,372,711**	7,801,176	**70,913,110**
Gain on sale of real estate	**214,662**	702,046	**1,818,097**
OPERATING EXPENSES	**4,602,617**	4,548,529	**38,982,106**
Loss on sale of real estate	**—**	235,239	**—**
OPERATING PROFITS	**3,984,756**	3,954,693	**33,749,101**
NON-OPERATING REVENUES	**13,805**	91,224	**116,926**
NON-OPERATING EXPENSES	**599,292**	668,857	**5,075,735**
INCOME BEFORE INCOME TAXES	**3,399,269**	3,377,060	**28,790,292**
NET INCOME	**¥3,398,098**	¥3,376,071	**$28,780,368**

Revenues

JPR derives the vast majority of its operating revenues from real estate rental revenues. For the 8th fiscal period, the Company benefited from the full-period contribution from properties acquired during the 7th fiscal period as well as income from properties acquired during the 8th fiscal period. In addition to the aforementioned, JPR's efforts to implement new leasing activities, attract new tenants and raise tenant satisfaction continued to bear fruit. The leasing market also enjoyed favorable conditions buoyed by a robust corporate sector and business expansion activities. As a result, the overall property portfolio occupancy rate stood at 97.2% as of December 31, 2005, an increase of 1.8 percentage points from the end of the previous fiscal period.

Accounting for these factors, real estate rental revenues rose ¥572 million to ¥8,373 million. This included rental revenues of ¥7,793 million, which climbed ¥452 million, and non-rental revenues of ¥580 million, an increase of ¥119 million on the back of mainly seasonal factors. In the course of its asset management activities, JPR undertakes the sale of investment properties when considered appropriate. The Company sold the SK Hiroshima Building and the Park East Sapporo and recorded a gain on sale of real estate totaling ¥215 million in the fiscal period under review. This gain declined ¥487 million compared with the previous fiscal period, and overall operating revenues improved ¥84 million to ¥8,587 million.

Expenses

JPR has five primary categories of operating expenses: real estate rental expenses; asset management fees; loss on sale of real estate; administrative service and custodian fees, and; other operating expenses.

Real estate rental expenses are by far the largest expense and comprise a number of items including property management fees, utilities expenses, property and other taxes, casualty insurance, repairs and maintenance, depreciation and other rental expenses. In general terms, property management fees, casualty insurance, depreciation and other rental expenses trend in line with asset scale. As a result, property management fees rose ¥7 million to ¥166 million, casualty insurance edged up ¥2 million to ¥39 million, depreciation climbed ¥87 million to ¥1,532 million and other rental expenses increased ¥35 million to ¥896 million reflecting an asset scale that rose ¥5,011 million to ¥202,663 million as of the end of the fiscal period under review.

Turning to the remaining key components of real estate rental expenses, utilities expenses jumped ¥99 million to ¥546 million mainly due to seasonal factors. Property and other taxes for the six-month period ended December 31, 2005, declined ¥24 million compared with the previous fiscal period to ¥683 million. Property-related taxes in Japan are imposed annually on registered owners of property as of January 1. When a property is acquired, the purchaser typically reimburses the seller for the pro rata portion that relates to the period from the acquisition date to the end of the calendar year. As is customary in real estate property transactions in Japan, the pro rata portion is capitalized as part of the acquisition price and not recognized as an expense until the following year after acquisition. During the fiscal period under review, JPR undertook renovations at selected properties in an effort to enhance tenant satisfaction as well as improvements to common-use areas and the installation of office automation floors for leased offices with the aim of attracting new tenants. As a result, repairs and maintenance for the period climbed ¥69 million to ¥183 million.

Accounting for these factors, real estate rental expenses totaled ¥4,044 million, an increase of ¥276 million for the six-month period ended December 31, 2005.

In the context of the remaining operating expenses categories, JPR employs a fixed administrative fee component of ¥12.5 million per month, as well as two levels of incentives in lieu of acquisition and sales compensation in the calculation of asset management fees. Incentives are paid for each fiscal period, calculated as a percentage of operating revenue and earnings. (For details of incentive-based compensation, please refer to “Compensation Paid to TRIM” on page 23.)

In the fiscal period under review, the Company did not incur a loss on the previously mentioned sale of real estate.

Administrative service and custodian fees are paid to JPR’s Administrative Agent and Asset Custodian, Mizuho Trust & Banking Co., Ltd., for certain general administrative and custodial services. In each case, fees are calculated as a percentage of total assets and decrease as total assets expand. Accordingly, fees are dependent on the size of the property portfolio. In the fiscal period under review, administrative service and custodian fees were ¥73 million, a decline of ¥13 million from the 7th fiscal period. This is due to the public offering undertaken in the previous period.

Other operating expenses primarily include legal fees, professional fees, and communication and promotional expenses. In line with the increase in business activity and asset scale, other operating expenses grew by ¥18 million to ¥139 million.

Accounting for operating revenues and expenses, operating profits for the six-month period ended December 31, 2005 totaled ¥3,985 million, an increase of ¥30 million. Net operating income climbed ¥383 million, to ¥5,860 million.

Despite increased business activity and asset scale growth, both non-operating revenues and expenses declined. Non-operating revenues fell ¥77 million compared with the previous period, reflecting the absence of settlement of management association accounts, which is generally reported during the fiscal period ended June 30 each year. The principal decline in non-operating expenses was due to the absence of new unit issuance-related costs, which fell ¥65 million from the 7th fiscal period.

For the six-month period ended December 31, 2005, net income rose ¥22 million to ¥3,398 million.

Itemization of Management Expenses

		Thousands of yen
	8th Fiscal Period July 1, 2005 – Dec. 31, 2005	7th Fiscal Period Jan. 1, 2005 – June 30, 2005
Asset management fees	**¥345,844**	¥337,265
Fixed compensation	**75,000**	75,000
Incentive-based compensation 1	**165,728**	157,848
Incentive-based compensation 2	**105,116**	104,417
Administrative service and custodian fees	**73,471**	86,666
Directors' compensation	**5,700**	5,700
Trustees' compensation	**52,288**	52,691
Other expenses	**81,070**	62,401
Total	**¥558,374**	¥544,723

CASH DISTRIBUTIONS

In the 8th fiscal period, cash distribution per unit was ¥6,411, compared with ¥6,370 in the 7th fiscal period. The increase is attributed to the Company's improved position across the board and in particular, asset scale, occupancy rate and operating revenues. The number of investment units issued and outstanding as of December 31, 2005 remained unchanged from the end of the previous fiscal period at 530,000 units.

		Thousands of yen except per unit data
	Cash distributions for the period ended Dec. 31, 2005	Cash distributions for the period ended June 30, 2005
Net income	**¥3,398,098**	¥3,376,071
Total cash distributions	**3,397,830**	3,376,100
Cash distribution per unit	**6,411**	6,370

CAPITALIZATION

Paid-In Capital

As identified, the number of investment units issued and outstanding remained constant. Following cash distribution from net income of ¥3,397 million, unitholders' capital was unchanged, totaling ¥115,431 million as of December 31, 2005.

Unit Information

JPR was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section on June 14, 2002, under the securities code 8955 and with the issue of 289,600 investment units. Since the initial public offering, JPR increased capital through an additional public offering in July 2003, and subsequently in February and March 2005. The current number of investment units issued and outstanding is 530,000 units. The high and low closing prices for the periods indicated are provided in the table that follows.

		Yen
	High	**Low**
1st fiscal period	202,000	199,000
2nd fiscal period	240,000	200,000
3rd fiscal period	283,000	217,000
4th fiscal period	270,000	234,000
5th fiscal period	305,000	257,000
6th fiscal period	311,000	274,000
7th fiscal period	330,000	278,000
8th fiscal period	345,000	300,000

Equity and Debt Financing

As part of a strategy that places the utmost importance on financial stability and flexibility, JPR makes use of financial markets through prudent debt financing from major financial institutions and the issue of corporate bonds. During the 8th fiscal period, JPR looked to procure short-term funds for greater flexibility in the acquisition of investment properties, and long-term, fixed-rate funds to hedge the risk of an increase in future interest rates, better diversify its debt repayment profile and promote improved stability. Complementing these efforts, and cognizant of the risks associated with refinance, JPR has also established a commitment line of credit totaling ¥20,000 million, and a registered limit for the flexible issue of unsecured corporate bonds totaling ¥100,000 million for use over a two-year period. These facilities further complement the existing line of credit totaling ¥28,000 million of which ¥26,500 million remained unused as of December 31, 2005.

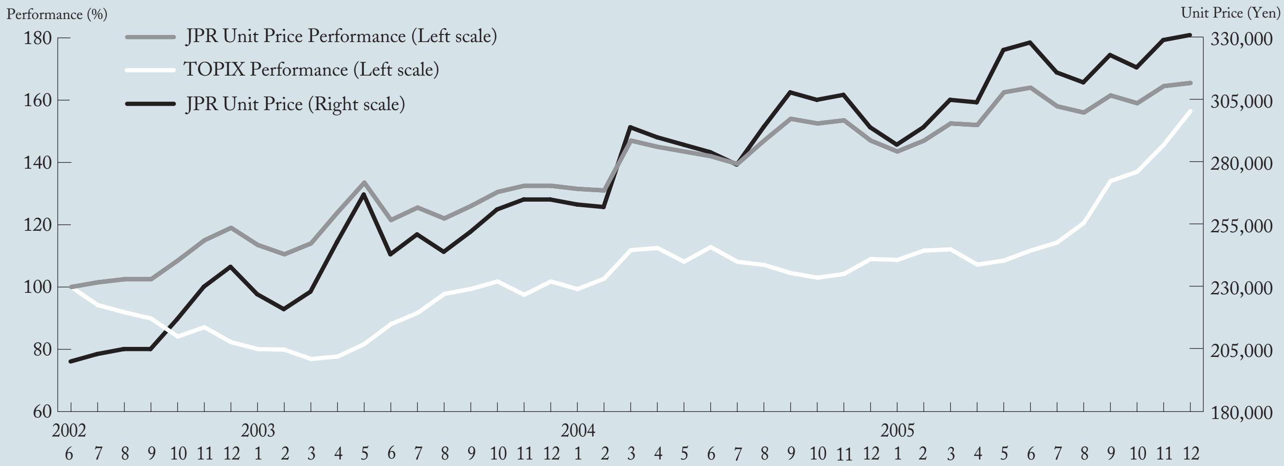
As a result of these endeavors, the balance of total outstanding borrowings as of December 31, 2005 stood at ¥48,966 million, an increase of ¥7,300 million over the previous period, and the balance of unsecured corporate bonds remained unchanged at ¥42,000 million. With the aim of reducing exposure to the risk of potential increases in interest rates, which averaged 1.3% during the fiscal period under review, 75.3% of total outstanding borrowings were long-term borrowings with a maturity of more than one year and an average maturity of 4.7 years. The interest-bearing debt ratio was 44.1% and the interest-bearing debt to total assets ratio was 40.3%. To complement the increase in asset scale, JPR maintains prudent financial strategies that ensure flexibility balanced with quality risk management and stability.

Integral to funds procurement is a company's ability to secure a credit rating, the level of which determines the funding cost. On the issue of corporate bonds, JPR was assigned credit ratings as follows.

Credit Ratings (As of December 31, 2005)

SP	Moody's	R&I
A-	A3	A+

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



Borrowings-1

Category	Lender	Drawdown Date	Balance as of Dec. 31, 2005 (Thousands of yen)	Balance as of June 30, 2005 (Thousands of yen)	Average Interest Rate	Repayment Date	Repayment Method	Remarks
Short-Term Borrowings	Mizuho Corporate Bank, Ltd.	May 27, 2005	¥ —	¥3,200,000	0.330%	May 27, 2006	Principal lump sum repayment on maturity	Unsecured/ Unguaranteed/ Non-subordinated
	Shinsei Bank, Ltd.	May 27, 2005	—	2,000,000	0.330%	May 27, 2006		
		Sept. 27, 2005	1,500,000	—	0.340%	July 5, 2006		
	Mitsubishi UFJ Trust and Banking Corp.	Sept. 27, 2005	5,000,000	—	0.330%	Sept. 27, 2006		
	The Hachijuni Bank, Ltd.	Sept. 27, 2005	1,000,000	—	0.340%	Sept. 27, 2006		
	Total		¥7,500,000	¥5,200,000				

Borrowings-2

Category	Lender	Drawdown Date	Balance as of Dec. 31, 2005 (Thousands of yen)	Balance as of June 30, 2005 (Thousands of yen)	Average Interest Rate	Repayment Date	Repayment Method	Remarks
Current Portion of Long-Term Borrowings	The Chuo Mitsui Trust and Banking Company, Limited	Dec. 27, 2001	¥ 6,500,000	¥ —	1.234%	Dec. 27, 2006	Principal lump sum repayment on maturity	Secured/ Unguaranteed/ Non-subordinated
	Sumitomo Life Insurance Company	Dec. 27, 2001	6,500,000	—	1.234%	Dec. 27, 2006		
	Aozora Bank, Ltd.	June 19, 2002	1,000,000	—	1.295%	Dec. 27, 2006		
	Resona Bank, Limited	June 19, 2002	1,000,000	—	1.295%	Dec. 27, 2006		
	Total		¥15,000,000	¥ —				

Borrowings-3

Category	Lender	Drawdown Date	Balance as of Dec. 31, 2005 (Thousands of yen)	Balance as of June 30, 2005 (Thousands of yen)	Average Interest Rate	Repayment Date	Repayment Method	Remarks
Long-Term Borrowings	Sompo Japan Insurance Inc.	Mar. 25, 2004	¥ 1,000,000	¥ 1,000,000	0.873%	Mar. 23, 2007	Principal lump sum repayment on maturity	Unsecured/ Unguaranteed/ Non-subordinated
	Nippon Life Insurance Company	Mar. 31, 2005	2,000,000	2,000,000	0.493%	Apr 13, 2007		
	The Bank of Fukuoka, Ltd.	Apr. 11, 2005	2,000,000	2,000,000	0.478%	Apr 11, 2007		
	The Chugoku Bank, Ltd.	Apr. 11, 2005	1,500,000	1,500,000	0.478%	Apr 11, 2007		
	The Iyo Bank, Ltd.	Apr. 11, 2005	1,000,000	1,000,000	0.478%	Apr 11, 2007		
	Zenkyoren (The National Mutual Insurance Federation of Agricultural Cooperatives)	Nov. 24, 2005	5,000,000	—	1.453%	Nov. 27, 2012		
	The Chuo Mitsui Trust and Banking Company, Limited	Dec. 27, 2001	—	6,500,000	1.234%	Dec. 27, 2006		Secured/ Unguaranteed/ Non-subordinated
	Sumitomo Life Insurance Company	Dec. 27, 2001	—	6,500,000	1.234%	Dec. 27, 2006		
	Meiji Yasuda Life Insurance Company	Dec. 27, 2001	4,783,000	4,783,000	1.700%	Dec. 26, 2008		
		June 21, 2002	4,783,000	4,783,000	2.050%	June 21, 2011		
		Mar. 28, 2003	4,400,000	4,400,000	1.750%	Mar. 28, 2013		
	Resona Bank, Ltd.	June 19, 2002	—	1,000,000	1.295%	Dec. 27, 2006		
	Aozora Bank, Ltd.	June 19, 2002	—	1,000,000	1.295%	Dec. 27, 2006		
	Total		¥26,466,000	¥36,466,000				
	Total Borrowings Balance		¥48,966,000	¥41,666,000				

Corporate Bonds

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

MAJOR TENANTS

The table below shows JPR's leading tenants by leased floor space as of December 31, 2005.

The Company is acutely aware of the impact of lease contract maturity and cancellation. From a risk management perspective, JPR is also conscious of maintaining an optimal balance between stability and growth. Stability is characterized by a single tenant long-term lease agreement and fixed rentals, while growth is characterized by multiple tenants, short-term lease agreements and variable rentals, particularly for retail properties. For the fiscal period under review, occupancy rates remained high and rose across the board.

#	Tenant	Industry	Property	Leased Floor Space (m^2)	%
1	The Seiyu, Ltd.	Retail	Tanashi ASTA Tsurumi fuga 1	40,700.31	13.5
2	ABC Development Corporation	Housing	Housing Design Center Kobe	35,444.13	11.8
3	The Loft Co., Ltd.	Retail	JPR Umeda Loft Bldg.	18,586.97	6.2
4	Shinjuku Square Tower Management Co., Ltd.	Real Estate	Shinjuku Square Tower	10,982.03	3.7
5	TOWER RECORDS JAPAN INC.	Retail	JPR Shibuya Tower Records Bldg.	8,076.85	2.7
6	UFJ Central Leasing	Financial Services	UFJ Central Leasing Head Office Bldg.	7,123.07	2.4
7	Sompo Japan Insurance Inc.	Casualty Insurance	Kawaguchi Center Bldg. Sompo Japan Sendai Bldg. Sompo Japan Wakayama Bldg.	6,432.52	2.1
8	Iwatani International Corporation	Wholesale	Tokyo Tatemono Honmachi Bldg.	5,959.86	2.0
9	Benetton Japan	Retail	Benetton Shinsaibashi Bldg.	5,303,98	1.8
10	Tohmatsu & Co.	Accounting Firm	MS Shibaura Bldg.	3,922.74	1.3
10	Mitsubishi Electric Information Systems Corporation	IT	MS Shibaura Bldg.	3,922.74	1.3

PROPERTY MANAGEMENT

In the context of property management, JPR has a strong track record in successfully attracting new tenants. JPR is endeavoring to differentiate itself from other competing properties by adopting a proprietary Brand Equity concept, employing innovative measures and implementing renovations to ensure tenant satisfaction. Reflecting these ongoing efforts, the occupancy rate at the end of the period was 97.2%, an increase of 1.8 percentage points.

Planned Capital Expenditures

JPR has the following capital expenditure plan for the maintenance of its properties as of December 31, 2005.

Property Name	Location	Purpose	Schedule	Planned Project Cost (Millions of yen)		
				Total	Paid in Fiscal Year under Review	Total Payments
JPR Chiba Bldg.	Chiba City, Chiba Pref.	Renewal of heating and cooling water generator	Apr. 2006 – May 2006	67	—	—
JPR Umeda Loft Bldg.	Osaka City, Osaka Pref.	Repairs of 6th–8th floor toilets	Feb. 2006 – June 2006	41	—	—
JPR Nagoya Sakae Bldg.	Nagoya City, Aichi Pref.	Improvements to interior of car park	Mar. 2006 – May 2006	18	—	—
JPR Takamatsu Bldg.	Takamatsu City, Kagawa Pref.	Replacement of fan coils	Apr. 2006 – May 2006	18	—	—
JPR Chiba Bldg.	Chiba City, Chiba Pref.	Repairs to common areas	Apr. 2006 – June 2006	12	—	—
NORTH 33 Bldg.	Sapporo City, Hokkaido Pref.	Repairs to common area	Feb. 2006 – Apr. 2006	12	—	—
JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Renewal of smoke ventilator monitors	Mar. 2006 – May 2006	10	—	—

Capital Expenditures During the Fiscal Period Under Review

JPR made the following capital expenditures related to its properties. Most capital expenditures were comprised of repair work to maintain and improve tenant satisfaction, maintenance on common areas to attract new tenants and construction including the installation of energy-saving facilities.

Property Name	Location	Purpose	Schedule	Capital Expenditure (Millions of yen)
Kanematsu Bldg.	Chuo-ku, Tokyo	Renewal of exterior repair seals	Apr. 2005 – July 2005	72
JPR Hakata Bldg.	Fukuoka City, Fukuoka Pref.	Replacement of 12th floor air-conditioning units and lighting	Oct. 2005 – Dec. 2005	61
JPR Shibuya Tower Records Bldg.	Shibuya-ku, Tokyo	Replacement of cooling tower and heat source water pump	Oct. 2005 – Dec. 2005	29
Kanematsu Building Annex	Chuo-ku, Tokyo	Renewal of exterior repair seals	Apr. 2005 – July 2005	28
JPR Umeda Loft Bldg.	Osaka City, Osaka Pref.	Repairs of 2nd–3rd floor toilets	Aug. 2005 – Nov. 2005	22
Park East, Sapporo	Sapporo City, Hokkaido Pref.	Renewal of exterior repair seals	Sep. 2005 – Nov. 2005	16
Kawaguchi Center Bldg.	Kawaguchi City, Saitama Pref.	Upgrade of smoking area	July 2005 – Nov. 2005	16
Kawaguchi Center Bldg.	Kawaguchi City, Saitama Pref.	Upgrade of revolving doors	Nov. 2005 – Dec. 2005	13
Other capital expenditures		Repairs of common areas, installation of office equipment floors, maintenance of parking, air conditioners, and disaster prevention facilities		218
Total				478

Note: Improvement costs include construction management compensation (¥5 million) paid to property management companies in addition to amounts for improvement work.

SUBSEQUENT EVENTS AND OUTLOOK

As part of its continuous efforts to pursue opportunities that facilitate the increase of its asset scale, in the subsequent six-month period ending June 30, 2006, JPR contracted to acquire the JPR Jingumae 432, a retail property, for an investment of ¥4,460 million. In addition, JPR is expected to complete acquisition of the Cupo-la Main Building at the end of March 2006 following construction completion.

Looking ahead, JPR will continue to leverage its defining features and pursue optimal balance between stability and growth. In this context, the Company contracted to acquire the Rise Arena Building (Higashi-Ikebukuro 4-chome Redevelopment Project) for an investment of ¥5,467 million during the fiscal period under review. Scheduled for completion in January 2007, this is another example of JPR's balanced focus on development properties.

Despite a cap rate of 3.6%, the JPR Jingumae 432 is another measure of the Company's forward-looking approach. The property is located in a bustling retail, commercial and residential area that continues to enjoy high rates of growth. In addition to significant upgrades to infrastructure including the widening of roads and a new rail link, the property is ideally located to benefit from an anticipated traffic flow increase.

JPR will also continue to pursue the substantial upside provided by properties in other major cities. To this end, and in its efforts to reinforce tie-ups with the sponsor companies, JPR is strategically positioning its portfolio in line with Tokyo Tatemono's branch offices in Sapporo, Tokyo, Nagoya, Osaka and Fukuoka. As the government considers the possibility of reviewing the structure of the nation's prefectural system, JPR is poised to capitalize on any changes.

Based on an occupancy rate forecast of 97.4%, which includes allowances for confirmed future occupancy and termination of lease agreements, JPR conservatively forecasts operating revenues in the 9th fiscal period of ¥8,516 million, operating profit of ¥3,858 million, net income of ¥3,286 million and a cash distribution per investment unit of ¥6,200.

BALANCE SHEETS
(As of December 31, 2005 and June 30, 2005)

	Thousands of yen		U.S. dollars
	End of 8th Period (as of Dec. 31, 2005)	End of 7th Period (as of June 30, 2005)	**End of 8th Period (as of Dec. 31, 2005)**
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	**¥ 23,910,941**	¥ 20,304,126	**$ 202,514,956**
Rental receivables	**126,226**	191,263	**1,069,076**
Consumption tax refundable	**—**	51,773	**—**
Other current assets	**146,277**	92,373	**1,238,904**
Total current assets	**24,183,444**	20,639,535	**204,822,936**
PROPERTY AND EQUIPMENT AT COST:			
Land	**121,920,950**	120,398,583	**1,032,615,817**
Buildings and structures	**85,178,042**	81,252,899	**721,419,856**
Machinery and equipment	**1,468,092**	1,385,247	**12,434,080**
Tools, furniture and fixtures	**58,064**	43,144	**491,773**
Construction in progress	**5,433**	3,110	**46,019**
Subtotal	**208,630,581**	203,082,983	**1,767,007,545**
Less accumulated depreciation	**(8,608,683)**	(7,307,245)	**(72,911,686)**
Net property and equipment	**200,021,898**	195,775,738	**1,694,095,859**
INVESTMENTS AND OTHER ASSETS:			
Investment securities	**1,558,460**	—	**13,199,458**
Intangible assets	**6,468**	3,335	**54,779**
Deposits	**10,100**	10,100	**85,543**
Long-term prepaid expenses	**293**	1,675	**2,478**
Deferred corporate bond issuance costs	**101,263**	143,377	**857,653**
Other	**250**	250	**2,117**
TOTAL ASSETS	**¥225,882,176**	¥216,574,010	**$1,913,120,823**

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

		Thousands of yen	U.S. dollars
	End of 8th Period (as of Dec. 31, 2005)	End of 7th Period (as of June 30, 2005)	**End of 8th Period (as of Dec. 31, 2005)**
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	**¥ 782,906**	¥ 900,822	**$ 6,630,865**
Other accounts payable	**435,460**	435,199	**3,688,150**
Short-term borrowings	**7,500,000**	5,200,000	**63,521,640**
Current portion of long-term borrowings	**15,000,000**	—	**127,043,279**
Accrued expenses	**165,059**	161,014	**1,397,976**
Accrued income taxes	**1,159**	1,598	**9,820**
Accrued consumption taxes	**223,858**	—	**1,895,974**
Rent received in advance	**921,591**	850,132	**7,805,465**
Total current liabilities	**25,030,033**	7,548,765	**211,993,169**
LONG-TERM LIABILITIES:			
Corporate bonds	**42,000,000**	42,000,000	**355,721,182**
Long-term borrowings	**26,466,000**	36,466,000	**224,155,162**
Deposits received from tenants	**13,556,501**	11,751,601	**114,817,489**
Total long-term liabilities	**82,022,501**	90,217,601	**694,693,833**
TOTAL LIABILITIES	**107,052,534**	97,766,366	**906,687,002**
UNITHOLDERS' EQUITY:			
Unitholders' capital	**115,431,504**	115,431,504	**977,653,117**
Retained earnings	**3,398,138**	3,376,140	**28,780,704**
TOTAL UNITHOLDERS' EQUITY	**118,829,642**	118,807,644	**1,006,433,821**
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	**¥225,882,176**	¥216,574,010	**$1,913,120,823**

STATEMENTS OF INCOME AND RETAINED EARNINGS

(For the six-month periods ended December 31, 2005 and June 30, 2005)

		Thousands of yen	U.S. dollars
	8th Period (July 1, 2005– Dec. 31, 2005)	7th Period (Jan. 1, 2005– June 30, 2005)	**8th Period (July 1, 2005– Dec. 31, 2005)**
OPERATING REVENUES:	**¥8,587,373**	¥8,503,222	**$72,731,207**
Real estate rental revenues	**8,372,711**	7,801,176	**70,913,110**
Gain on sale of real estate	**214,662**	702,046	**1,818,097**
OPERATING EXPENSES:	**4,602,617**	4,548,529	**38,982,106**
Real estate rental expenses	**4,044,243**	3,768,567	**34,252,927**
Asset management fees	**345,844**	337,265	**2,929,145**
Loss on sale of real estate	**—**	235,239	**—**
Administrative service and custodian fees	**73,471**	86,666	**622,272**
Other operating expenses	**139,059**	120,792	**1,177,762**
OPERATING PROFITS	**3,984,756**	3,954,693	**33,749,101**
NON-OPERATING REVENUES:	**13,805**	91,224	**116,926**
Interest income	**96**	148	**815**
Income on settlement of management association accounts	**—**	77,279	**—**
Other non-operating revenues	**13,709**	13,797	**116,111**
NON-OPERATING EXPENSES:	**599,292**	668,857	**5,075,735**
Interest expense	**264,210**	245,541	**2,237,745**
Loan arrangement fees	**5,958**	18,300	**50,460**
Interest expense on corporate bonds	**281,359**	278,620	**2,382,981**
Amortization of corporate bond issuance costs	**42,114**	42,114	**356,686**
New unit-issuance costs	**—**	65,469	**—**
Other non-operating expenses	**5,651**	18,813	**47,863**
INCOME BEFORE INCOME TAXES	**3,399,269**	3,377,060	**28,790,292**
INCOME TAXES:			
Current	**1,178**	1,628	**9,982**
Deferred	**(7)**	(639)	**(58)**
NET INCOME	**3,398,098**	3,376,071	**28,780,368**
RETAINED EARNINGS BROUGHT FORWARD	**40**	69	**336**
RETAINED EARNINGS AT END OF PERIOD	**¥3,398,138**	¥3,376,140	**$28,780,704**

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

STATEMENTS OF CHANGES IN UNITHOLDERS' EQUITY

(For the six-month periods ended December 31, 2005 and June 30, 2005)

			Unitholders' equity
	Units	Thousands of yen	U.S. dollars
BALANCE AS OF DECEMBER 31, 2004	430,000	¥ 91,982,403	
Cash distributions paid	—	(2,868,530)	
Public offering	100,000	26,317,700	
Net income	—	3,376,071	
BALANCE AS OF JUNE 30, 2005	530,000	¥118,807,644	$1,006,247,509
Cash distributions paid	—	**(3,376,100)**	**(28,594,056)**
Net income	—	**3,398,098**	**28,780,368**
BALANCE AS OF DECEMBER 31, 2005	**530,000**	**¥118,829,642**	**$1,006,433,821**

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

STATEMENTS OF CASH FLOWS

(For the six-month periods ended December 31, 2005 and June 30, 2005)

	Thousands of yen		U.S. dollars
	8th Period (July 1, 2005– Dec. 31, 2005)	7th Period (Jan. 1, 2005– June 30, 2005)	**8th Period (July 1, 2005– Dec. 31, 2005)**
CASH FLOWS FROM OPERATING ACTIVITIES:			
Income before income taxes	**¥ 3,399,269**	¥ 3,377,060	**$ 28,790,292**
Depreciation	**1,531,780**	1,444,283	**12,973,493**
Amortization of corporate bond issuance costs	**42,114**	42,114	**356,686**
Interest income	**(96)**	(148)	**(815)**
Interest expense	**545,569**	524,161	**4,620,726**
Decrease (increase) in rental receivables	**60,629**	(32,620)	**513,503**
Decrease (increase) in consumption tax refundable	**51,773**	(51,773)	**438,494**
(Decrease) increase in trade accounts payable	**(302,858)**	107,075	**(2,565,072)**
Increase (decrease) in other accounts payable	**2,605**	(13,669)	**22,066**
Increase (decrease) in accrued consumption taxes	**223,858**	(37,941)	**1,895,974**
Increase in rent received in advance	**71,459**	37,765	**605,225**
Decrease in property and equipment due to sale	**3,154,114**	6,503,193	**26,713,930**
Change in other current assets/liabilities	**(84,630)**	461,864	**(716,780)**
Subtotal	**8,695,586**	12,361,364	**73,647,722**
Interest received	**96**	148	**815**
Interest paid	**(541,524)**	(545,807)	**(4,586,469)**
Income taxes paid	**(1,617)**	(1,005)	**(13,699)**
Net cash provided by operating activities	**8,152,541**	11,814,700	**69,048,369**
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	**(8,747,112)**	(24,741,447)	**(74,084,121)**
Purchases of intangible assets	**(3,583)**	—	**(30,349)**
Purchases of investment securities	**(1,558,460)**	—	**(13,199,458)**
Payment of deposits received from tenants	**(621,998)**	(903,825)	**(5,268,040)**
Proceeds from deposits received from tenants	**2,459,644**	1,307,076	**20,832,082**
Net cash used in investing activities	**(8,471,509)**	(24,338,196)	**(71,749,886)**
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from short-term borrowings	**7,500,000**	5,200,000	**63,521,639**
Repayment of short-term borrowings	**(5,200,000)**	(21,100,000)	**(44,041,670)**
Proceeds from long-term borrowings	**5,000,000**	6,500,000	**42,347,760**
Proceeds from issuance of units	**—**	26,317,700	**—**
Distributions to unitholders	**(3,374,217)**	(2,868,808)	**(28,578,109)**
Net cash provided by financing activities	**3,925,783**	14,048,892	**33,249,620**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,606,815**	1,525,396	**30,548,103**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**20,304,126**	18,778,730	**171,966,853**
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**¥ 23,910,941**	¥ 20,304,126	**$ 202,514,956**

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

NOTES TO FINANCIAL STATEMENTS
(December 31, 2005 and June 30, 2005)

1. ORGANIZATION

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

The Company was originally formed by Tokyo Tatemono Co., Ltd., Taisei Corporation, and Tokyo Realty Investment Management, Inc. ("TRIM"), and commenced its operation on November 16, 2001 by acquiring 13 properties. TRIM, a licensed asset management company, provides professional asset management services of office and retail properties to the Company. TRIM is currently owned 26% by Tokyo Tatemono Co., Ltd., 24% by Meiji Yasuda Life Insurance Company, 20% by Yasuda Real Estate Co., Ltd., 20% by Taisei Corporation, and 10% by Sompo Japan Insurance Inc.

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

Since the initial public offering, the Company has increased capital through the issue of new investment units and secondary offerings in July and August 2003 and February and March 2005 (unitholders' capital as of December 31, 2005: ¥115,431 million).

As of December 31, 2005, the Company owned a portfolio of 42 properties containing an aggregate of approximately 308,205.26 square meters of leasable area, and leased its office space to 441 tenants. The occupancy rate is 97.2%.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTING FINANCIAL STATEMENTS

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

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

The Company's accounting period ends at the end of June and December. The Company's 8th accounting period began on July 1, 2005 and ended on December 31, 2005.

Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥118.07=US$1.00, the foreign exchange rate on December 31, 2005, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

INVESTMENT SECURITIES

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

PROPERTY AND EQUIPMENT

Property and equipment is stated at cost, less accumulated depreciation. The costs of land, buildings and building improvements include the purchase price of property, legal fees and acquisition costs. Depreciation of property and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as follows:

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

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

Effective July 1, 2005, the Company adopted the accounting standard for the impairment of fixed assets presented in the "Accounting Standard for Impairment of Fixed Assets" ("Comments on the Accounting Standard for Impairment of Fixed Assets" by the Business Accounting Council in Japan, issued on August 9, 2002), and the "Guidance for Accounting Standard for Impairment of Fixed Assets" (Accounting Standards Board of Japan, Financial Accounting Standards Implementation Guidance No. 6, issued on October 31, 2003).

There was no impact on profit or loss as a result of adoption.

INTANGIBLE ASSETS
Intangible assets are amortized utilizing the straight-line method.

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

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

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

Under this method, the difference between the offering price and the underwriting price represents the underwriting commission. As a result of the application of this method, the Company does not pay an underwriting commission to the underwriter. The difference between the offering price and the underwriting price for the public offering of new investment units conducted on February 2, 2005 was ¥879,985 thousand. In the event the underwriter had offered the new investment units to the public at the underwriting price (hereafter referred to as "the conventional method"), this amount would have been accounted as new unit-issuance costs.

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

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

TAXES ON PROPERTY AND EQUIPMENT
Property and equipment is subject to property taxes and city planning taxes on a calendar year basis. These taxes are generally charged to expenses during the period. The sellers of the properties were liable for property taxes for the calendar year including the period from the date of purchase by the Company through the end of the year since the taxes are imposed on the registered owner as of January 1, based on the assessment made by the local government. The Company paid the amount equivalent to the property taxes to the sellers applicable to the period since acquisition and included the amount equivalent to the taxes in the purchase price of each property and capitalized as cost of the property.

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

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

3. INVESTMENT SECURITIES

Details of other securities without market value as of December 31, 2005 are as follows:

	Thousands of yen		U.S. dollars
	As of December 31, 2005	As of June 30, 2005	**As of December 31, 2005**
Category	Balance Sheet Amount		
Preferred securities	**¥1,558,460**	¥ —	**$13,199,458**

Note: The value of preferred securities issued by the Special-Purpose Company is subject to fluctuation owing to changes in the value and profits of underlying assets.

4. REAL ESTATE

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

	Thousands of yen				U.S. dollars	
	As of December 31, 2005		As of June 30, 2005		As of December 31, 2005	
	Acquisition Costs	Book Value	Acquisition Costs	Book Value	Acquisition Costs	Book Value
Land	¥22,309,883	¥ 22,309,883	¥ 19,967,713	¥ 19,967,713	$188,954,706	$ 188,954,706
Buildings and structures	14,832,798		9,654,361		125,627,155	
Accumulated depreciation	566,772	14,266,026	338,748	9,315,613	4,800,302	120,826,853
Machinery and equipment	141,735		79,316		1,200,427	
Accumulated depreciation	24,632	117,103	14,637	64,679	208,625	991,802
Tools, furniture and fixtures	8,417		8,417		71,284	
Accumulated depreciation	850	7,567	222	8,195	7,197	64,087
Construction in progress	5,433	5,433	2,060	2,060	46,019	46,019
Entrusted land	99,611,067	99,611,067	100,430,870	100,430,870	843,661,111	843,661,111
Entrusted buildings and structures	70,345,244		71,598,538		595,792,701	
Accumulated depreciation	7,581,802	62,763,442	6,571,891	65,026,647	64,214,464	531,578,237
Entrusted machinery and equipment	1,326,357		1,305,931		11,233,653	
Accumulated depreciation	428,836	897,521	378,627	927,304	3,632,048	7,601,605
Entrusted tools, furniture and fixtures	49,647		34,727		420,489	
Accumulated depreciation	5,791	43,856	3,120	31,607	49,050	371,439
Entrusted construction in progress	—	—	1,050	1,050	—	—
Total		¥200,021,898		¥195,775,738		$1,694,095,859

5. SHORT-TERM BORROWINGS

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

	As of December 31, 2005		As of June 30, 2005		As of December 31, 2005
	Amount (Thousands of yen)	Weighted-average interest rate	Amount (Thousands of yen)	Weighted-average interest rate	Amount (U.S. dollars)
Unsecured loan from a bank due on July 5, 2006	¥1,500,000	0.334%	¥ —	—	$12,704,327
Unsecured loan from a bank due on September 27, 2006	¥1,000,000	0.334%	¥ —	—	$ 8,469,553
Unsecured loans from a trust bank due on September 27, 2006	5,000,000	0.324%	—	—	42,347,760
Unsecured loans from banks due on May 27, 2006	—	—	5,200,000	0.330%	—
Total	¥7,500,000		¥5,200,000		$63,521,640

Current Portion of Long-Term Borrowings

	As of December 31, 2005		As of June 30, 2005		As of December 31, 2005
	Amount (Thousands of yen)	Weighted-average interest rate	Amount (Thousands of yen)	Weighted-average interest rate	Amount (U.S. dollars)
Secured loans from a trust bank and an insurance company due on December 27, 2006	¥13,000,000	1.234%	¥ —	—	$110,104,175
Secured loans from banks due on December 27, 2006	2,000,000	1.295%	—	—	16,939,104
Total	¥15,000,000		¥ —		$127,043,279

The Company has executed a commitment line agreement with its principal bankers in an effort to minimize refinance risks and to secure financial stability.

Contract execution date:	December 1, 2005
Credit limit:	¥20,000,000,000
Outstanding debt as of the period-end:	¥ —
Unused portion of commitment line:	¥20,000,000,000

6. CORPORATE BONDS

Details of total corporate bonds outstanding are briefly as follows:

	As of December 31, 2005		As of June 30, 2005		As of December 31, 2005
	Amount (thousands of yen)	Interest rate (%)	Amount (thousands of yen)	Interest rate (%)	Amount (U.S. dollars)
Unsecured bonds due on February 12, 2008	¥10,000,000	0.84%	¥10,000,000	0.84%	$ 84,695,519
Unsecured bonds due on February 12, 2010	7,000,000	1.38%	7,000,000	1.38%	59,286,864
Unsecured bonds due on February 12, 2014	5,000,000	2.32%	5,000,000	2.32%	42,347,760
Unsecured bonds due on November 4, 2009	10,000,000	0.92%	10,000,000	0.92%	84,695,519
Unsecured bonds due on November 4, 2011	5,000,000	1.44%	5,000,000	1.44%	42,347,760
Unsecured bonds due on November 4, 2014	5,000,000	2.00%	5,000,000	2.00%	42,347,760
Total	¥42,000,000	—%	¥42,000,000	—%	$355,721,182

7. LONG-TERM BORROWINGS

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

	As of December 31, 2005		As of June 30, 2005		As of December 31, 2005
	Amount (thousands of yen)	Weighted-average interest rate	Amount (thousands of yen)	Weighted-average interest rate	Amount (U.S. dollars)
Unsecured loans from an insurance company due on March 23, 2007	¥ 1,000,000	0.873%	¥ 1,000,000	0.873%	$ 8,469,553
Unsecured loans from an insurance company due on April 13, 2007	2,000,000	0.493%	2,000,000	0.493%	16,939,104
Unsecured loans from banks due on April 11, 2007	4,500,000	0.478%	4,500,000	0.478%	38,112,984
Unsecured loans from an insurance federation due on Nov. 27, 2012	5,000,000	1.453%	—	—	42,347,759
Secured loans from a trust bank and an insurance company due on December 27, 2006	—	—	13,000,000	1.234%	—
Secured loans from banks due on December 27, 2006	—	—	2,000,000	1.295%	—
Secured loans from an insurance company due on December 26, 2008	4,783,000	1.700%	4,783,000	1.700%	40,509,867
Secured loans from an insurance company due on June 21, 2011	4,783,000	2.050%	4,783,000	2.050%	40,509,867
Secured loans from an insurance company due on March 28, 2013	4,400,000	1.750%	4,400,000	1.750%	37,266,028
Total	¥26,466,000		¥36,466,000		$224,155,162

8. SECURED ASSETS

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

Pledged assets:

	Thousands of yen		U.S. dollars
	As of December 31, 2005	As of June 30, 2005	As of December 31, 2005
Cash and cash equivalents	¥ 5,885,259	¥ 5,775,834	$ 49,845,503
Land	35,821,302	35,821,302	303,390,379
Buildings and structures	23,476,612	23,740,001	198,836,384
Machinery and equipment	215,672	229,806	1,826,648
Tools, furniture and fixtures	17,846	11,974	151,144
Construction in progress	—	—	—
Total	¥65,416,691	¥65,578,917	$554,050,058

Borrowings secured by the pledged assets:

	Thousands of yen		U.S. dollars
	As of December 31, 2005	As of June 30, 2005	**As of December 31, 2005**
Current portion of long-term borrowings	**¥15,000,000**	¥ —	**$127,043,279**
Long-term borrowings	**13,966,000**	28,966,000	**118,285,763**
Total	**¥28,966,000**	¥28,966,000	**$245,329,042**

9. UNITHOLDERS' EQUITY

Under the Investment Trust Law and the related regulations, the appropriations of retained earnings and the declaration of a cash distribution for the current accounting period are made by the resolution of the Board of Directors at a meeting held subsequent to the close of the accounting period. As such, the retained earnings of unitholders' equity at December 31, 2005 included cash distribution of ¥3,397,830 thousand ($28,778,097) subsequently made.

10. INCOME TAXES

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

	For the period from July 1, 2005 to December 31, 2005	For the period from January 1, 2005 to June 30, 2005
Statutory tax rate	**39.39%**	39.39%
Deductible dividends distribution	**(39.37%)**	(39.38%)
Others	**0.01%**	0.02%
Effective tax rate	**0.03%**	0.03%

The Company is subject to Japanese corporate income taxes on all of its taxable income. However, under the Special Taxation Measures Law of Japan, or the STML, an investment corporation is allowed to deduct dividends of accounting profits, or dividend distributions, paid to investors from its taxable income if certain tax requirements are satisfied. Such tax requirements include dividend distributions in excess of 90% of its taxable income for the accounting period as stipulated by Article 67-15 of the STML. Based on the distribution policy provided by the Articles of Incorporation, the Company made a dividend distribution of approximately 100% of retained earnings in the amount of ¥3,397,830 thousand ($28,778,097) at December 31, 2005 and treated it as tax deductible dividend. The Company will not distribute the dividends in excess of accounting profit under the Articles of Incorporation.

11. PER UNIT INFORMATION

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

	Yen		U.S. dollars
	For the period from July 1, 2005 to December 31, 2005	For the period from January 1, 2005 to June 30, 2005	**For the period from July 1, 2005 to December 31, 2005**
Net assets at period-end per unit	**¥224,206**	¥224,165	**$1,899**
Net income per unit	**6,411**	6,599	**54**

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

Net income per unit is computed by dividing net income by the weighted-average number of units outstanding during each period. The weighted-average number of units used in the calculation was 530,000 units for the six months ended December 31, 2005 and 511,547 units for the six months ended June 30, 2005. Diluted net income per unit has not been presented since no warrants and convertible bonds were issued during the period.

12. RELATED PARTY TRANSACTIONS

The Company entered into the following related party transactions:

	Thousands of yen		U.S. dollars
	For the period from July 1, 2005 to December 31, 2005	For the period from January 1, 2005 to June 30, 2005	**For the period from July 1, 2005 to December 31, 2005**
Property brokerage fees	**¥ —**	¥140,000	**$ —**
Property management fees	**32,088**	32,631	**271,771**
Leasing commissions	**2,569**	6,344	**21,762**
Outsourced property operation	**79,571**	77,090	**673,934**
Repairs and maintenance	**85,261**	48,863	**722,118**

13. BREAKDOWN OF OPERATING REVENUES AND EXPENSES

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

	Thousands of yen		U.S. dollars
	For the period from July 1, 2005 to December 31, 2005	For the period from January 1, 2005 to June 30, 2005	**For the period from July 1, 2005 to December 31, 2005**
Real Estate Rental Revenues	**¥8,372,711**	¥7,801,176	**$70,913,110**
Rental Revenues	**7,792,957**	7,340,901	**66,002,857**
Rental revenues	**6,182,585**	5,772,805	**52,363,726**
Common charges	**1,374,408**	1,344,062	**11,640,620**
Parking revenues	**203,751**	193,180	**1,725,681**
Other rental revenues	**32,213**	30,854	**272,830**
Non-Rental Revenues	**579,754**	460,275	**4,910,253**
Incidental income	**516,676**	404,332	**4,376,012**
Cancellation charges	**9,695**	25,167	**82,113**
Other miscellaneous revenues	**53,383**	30,776	**452,128**
Real Estate Rental Expenses	**4,044,243**	3,768,567	**34,252,927**
Property management fees	**166,360**	159,350	**1,408,995**
Utilities expenses	**545,836**	446,897	**4,622,984**
Property and other taxes	**682,687**	706,269	**5,782,054**
Casualty insurance	**38,987**	37,391	**330,205**
Repairs and maintenance	**182,611**	113,768	**1,546,636**
Depreciation	**1,531,774**	1,444,283	**12,973,438**
Other rental expenses	**895,988**	860,609	**7,588,615**
Profits	**4,328,468**	4,032,609	**36,660,183**

	Thousands of yen		U.S. dollars
	For the period from July 1, 2005 to December 31, 2005	For the period from January 1, 2005 to June 30, 2005	**For the period from July 1, 2005 to December 31, 2005**
Gain on sale of real estate			
Proceeds from sale of real estate	**¥3,440,000**	¥3,345,000	**$29,135,259**
Cost of real estate	**3,153,290**	2,577,089	**26,706,951**
Other related sales expense	**72,048**	65,865	**610,211**
Gain on sale of real estate	**¥ 214,662**	¥ 702,046	**$ 1,818,097**
Loss on sale of real estate			
Proceeds from sale of real estate	**¥ —**	¥3,765,000	**$ —**
Cost of real estate	**—**	3,926,104	**—**
Other related sales expense	**—**	74,135	**—**
Loss on sale of real estate	**¥ —**	¥ 235,239	**$ —**

14. LEASES

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

	Thousands of yen		U.S. dollars
	As of December 31, 2005	As of June 30, 2005	**As of December 31, 2005**
Due within one year	**¥ 4,802,732**	¥ 4,630,966	**$ 40,676,988**
Due after one year	**24,462,879**	26,239,874	**207,189,623**
Total	**¥29,265,611**	¥30,870,840	**$247,866,611**

15. SUBSEQUENT EVENTS

APPROPRIATION OF RETAINED EARNINGS

On February 17, 2006, the Board of Directors resolved to effect the payment of a cash distribution of ¥6,411 per share aggregating ¥3,397,830 thousand ($28,778,097) to unitholders at the record date of December 31, 2005.

Report of Independent Auditors

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

We have audited the accompanying balance sheets of Japan Prime Realty Investment Corporation as of December 31, 2005 and June 30, 2005, and the related statements of income and retained earnings, changes in unitholders' equity, and cash flows for the six-month periods ended December 31, 2005 and June 30, 2005, 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, 2005 and June 30, 2005, and the results of its operations and its cash flows for the six-month periods ended December 31, 2005 and June 30, 2005 in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying financial statements with respect to the six-month period ended December 31, 2005 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

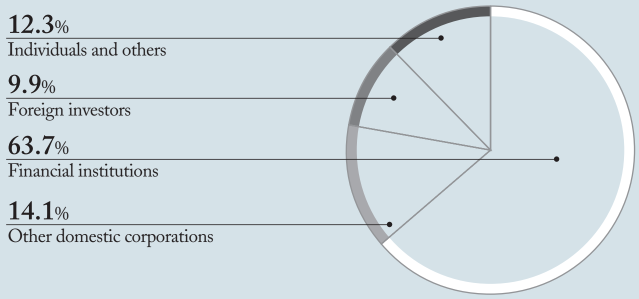
Ernst & Young ShinNihon

March 17, 2006

UNITHOLDER INFORMATION

Breakdown of Unitholders (As of December 31, 2005)

By Number of Units Held (Total Number of Units Outstanding: 530,000)



By Composition (Total Number of Unitholders: 19,709)

Major Unitholders (As of December 31, 2005)

	Units	(%)
Japan Trustee Services Bank, Ltd. (Trust Account)	47,240	8.9
Tokyo Tatemono Co., Ltd.	29,300	5.5
NikkoCiti Trust and Banking Corporation	25,496	4.8
Kawasaki Gakuen	25,000	4.7
Meiji Yasuda Life Insurance Company	24,000	4.5
The Master Trust Bank of Japan, Ltd. (Trust Account)	22,631	4.3
Trust & Custody Service Bank, Ltd.	20,315	3.8
AIG Star Life Insurance Co., Ltd.	13,190	2.5
The Hiroshima Bank, Ltd.	10,837	2.0
The Senshu Bank, Ltd.	8,936	1.7

A. INVESTMENT POLICIES

1) Basic policies

The Company'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 seek thereby to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 44 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, 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 (includes 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 loss 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 amount 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	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 less of Securities, etc.	The total after-investment value of asset-backed securities(4) shall, in principle, be limited to than 10% 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, and 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 air-conditioning charges. This ratio may be exceeded, however, if there is any potential for tenant changes or if warranted by general considerations of leasing conditions and other factors.
(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 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 sub-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% (based on acquisition price) of the total property portfolio. 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 activity with the aim of improving the occupancy rate
2. Carry out effective renovation 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 property, 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 the investment, 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 is as follows:

i) Geographical location

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

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 modification, 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) Joint ownership

- The Company will, in principle, seek a joint 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. 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

• When acquiring a property with an appraisal value of more than ¥1 billion, 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 = (Borrowings + corporate bonds) / 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 agency will be commissioned to Tokyo Tatemono Co., Ltd., Yasuda Real Estate Co., Ltd., Taisei Corporation and other agents (Commissioned General Tenant Agents).

3) Property Transfers 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 43 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 49.

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 distribution exceeding earnings, the Company is will not to conduct cash distribution exceeding earnings to investors. However, if the board of the Company decides that cash distribution 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.

Members of the Board (As of December 31, 2005)

Title
Name
Biography
*Number of Investment Units Held

Japan Prime Realty Investment Corporation

Executive Officer
Hirohito Kaneko *0

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

Supervising Officer
Sosuke Yasuda *0

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

Supervising Officer
Shigeru Sugimoto *0

Jan. 24, 2006	Representative Director (currently on service) of SAKURA Holdings Corporation (ex- Sakura Holdings Co., Ltd.)
Sept. 14, 2001	Supervising Officer, Japan Prime Realty Investment Corporation
June 1, 2001	Auditor, Morimoto Co., Ltd. (currently on service)
Oct. 2, 1999	Representative Director of Tokyo SPC Services (currently on service)
June 24, 1998	Senior Partner (currently on service) of Horwath Sakura & Co. (ex- Sakura Audit Corporation)
Dec. 1, 1996	Horwath International
Dec. 22, 1995	Representative Partner, Sakura Audit Corporation
July 1, 1988	Representative Director of Sakura & Co. (currently on service)
Nov. 1, 1985	Ohta Showa Audit Corporation
Apr. 1, 1982	Housing and Urban Development Public Corporation (currently Urban Renaissance Agency)

Title
Name
Biography
*Number of Investment Units Held

Tokyo Realty Investment Management, Inc.

President and CEO

Toshihiro Hagiwara

*0

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

Director and Chief Financial Officer

Takeshi Maki

*0

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

Director and Chief Investment Officer

Yukio Furuya

*0

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

Director and Chief Administrative Officer

Kazuo Kitami

*0

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

Corporate Data

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

Date of Establishment
September 14, 2001

Listing
Tokyo Stock Exchange (Securities Code: 8955)

Fiscal Period Ends
June 30 and December 31 of each year

General Meeting of Unitholders
More than once every two years

Cash Distribution Payment Eligibility
Unitholders of record as of June 30 and December 31 of each year

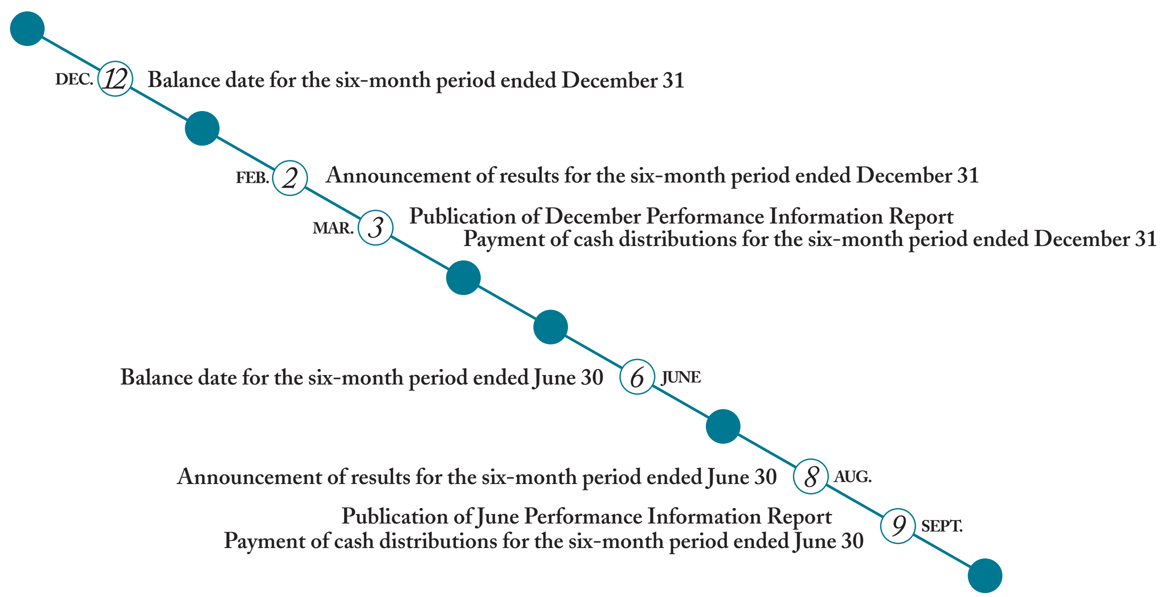
Transfer Agent
Mizuho Trust & Banking Co., Ltd.
2-1 Yaesu 1-chome, Chuo-ku, Tokyo

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

Mailing Address	Mizuho Trust & Banking Co., Ltd. 1-17-7 Saga, Koto-ku, Tokyo 135-8722 Stock Transfer Agency Division
Telephone	+81-3-5213-5213 (Representative)
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

ANNUAL SCHEDULE (PROVISIONAL)



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

This document contains a translation of selected information described in the Financial Report (Kessan Tanshin) dated February 17, 2006, prepared under the timely disclosure requirements of the Tokyo Stock Exchange, as well as the Financial Statements and Performance Information Report prepared pursuant to the Investment Trust Law of Japan, for the period from July 1, 2005 to December 31, 2005 of Japan Prime Realty Investment Corporation ("JPR").

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

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

Japan Prime Realty Investment Corporation

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