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Tenth Fiscal Period Business Report
July 1, 2006 – December 31, 2006
Japan Prime Realty Investment Corporation



Corporate Profile

Established on September 14, 2001, Japan Prime Realty Investment Corporation (JPR or the Company) is a closed-end corporate fund that focuses on a geographically diverse investment portfolio of office and retail properties. Through its investment activities, JPR has been awarded high credit ratings from rating agencies, reflecting the Company's high-quality portfolio, earnings stability and sound financial standing. As of December 31, 2006, JPR had an investment portfolio totaling 222.48 billion yen on an acquisition basis, 479 tenants and 46 properties, and is recognized as one of the top diversified REITs in Japan.

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Investment Highlights

Profile Overview

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

Growth Strategy

- Selective investment focused on future potential
- Leverage sponsor pipeline
 - Focus on acquiring additional properties from Tokyo Tatemono
 - Focus on incorporating development projects of Taisei Corporation
- Seek growth through rent hikes

Management Views

- Targets
 - Portfolio exceeding 300 billion yen
 - Aim to raise cash distribution per unit, which has been stable at the 6,000 yen level, to the 7,000 yen level





Message to Our Unitholders

We are delighted to have this opportunity to provide an overview of the asset management and financial results of Japan Prime Realty Investment Corporation (JPR) for its 10th fiscal period (July 1, 2006 to December 31, 2006).

The JPR portfolio grew to 46 properties, or 222.48 billion yen on an acquisition price basis, as of the end of December 31, 2006 due to the acquisition of two properties: Chayamachi Grande Bldg. and JPR Musashikosugi Bldg. (totaling 13.26 billion yen). Our continuous stable financial standing has also been rewarded by the fund procurement for acquiring the abovementioned two properties using our available credit line as well as the issuance of corporate bonds, worth 4.5 billion yen with 20-year maturity, in December 2006.

As for our financial results, we posted operating revenues of 9,088 million yen and recurring profits of 3,643 million yen primarily due to the full-period operations of properties acquired during the previous period, partial contribution of properties acquired during the 10th fiscal period and enhanced occupancy of existing properties. These efforts and performance led to net income for the 10th fiscal period reaching 3,642 million yen.

As a result, the cash distribution per unit was set at 6,873 yen.

Our expectations are that the environment surrounding the real estate investment trust industry will continue to be severe, particularly with regards to the acquisition of properties. We will continue working with our asset manager, Tokyo Realty Investment Management, within these circumstances to realize stable growth over the medium to long term while maintaining a consistent focus on compliance.

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

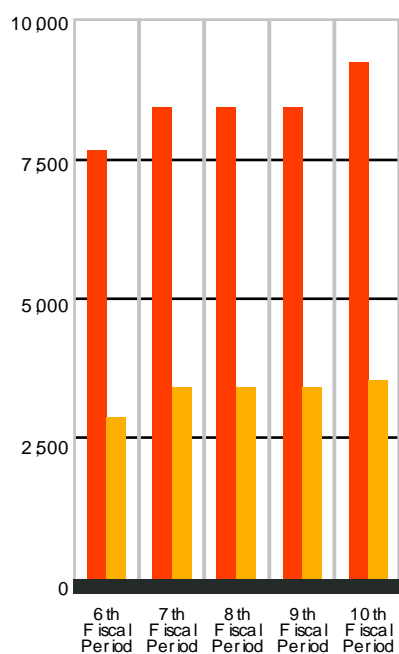
Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation

Account Highlights

(All amounts in millions of yen unless otherwise stated)

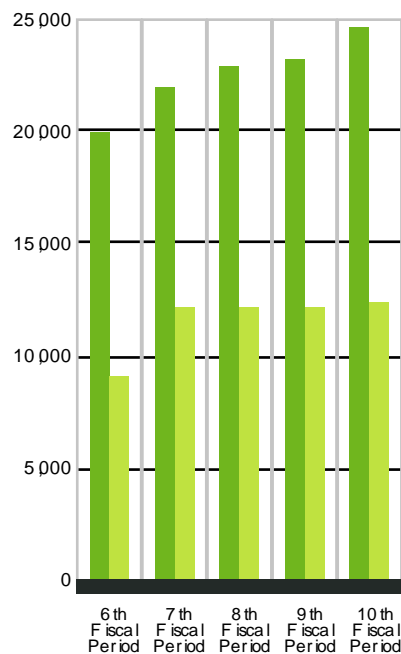
	6th Fiscal Period ended December 2004	7th Fiscal Period ended June 2005	8th Fiscal Period ended December 2005	9th Fiscal Period ended June 2006	10th Fiscal Period ended December 2006
Operating revenues	7,685	8,503	8,587	8,588	9,088
Recurring profits	2,869	3,377	3,399	3,450	3,643
Net income	2,868	3,376	3,398	3,449	3,642
Total cash distributions	2,868	3,376	3,397	3,449	3,642
Total assets	198,673	216,574	225,882	231,523	244,691
Total unitholders' equity	91,982	118,807	118,829	118,881	119,074
Equity ratio	46.3%	54.9%	52.6%	51.3%	48.7%
Unitholders' equity per unit (yen)	213,912	224,165	224,206	224,304	224,668
Cash distribution per unit (yen)	6,671	6,370	6,411	6,509	6,873

Operating Revenues and Net Income



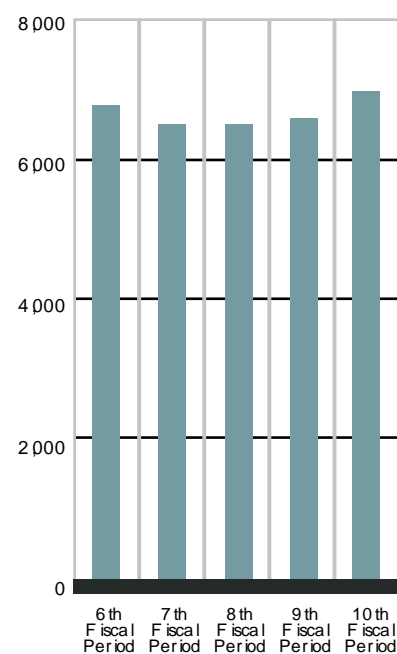
■ Operating revenues (million yen)
■ Net income (million yen)

Total Assets and Total Unitholders' Equity



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

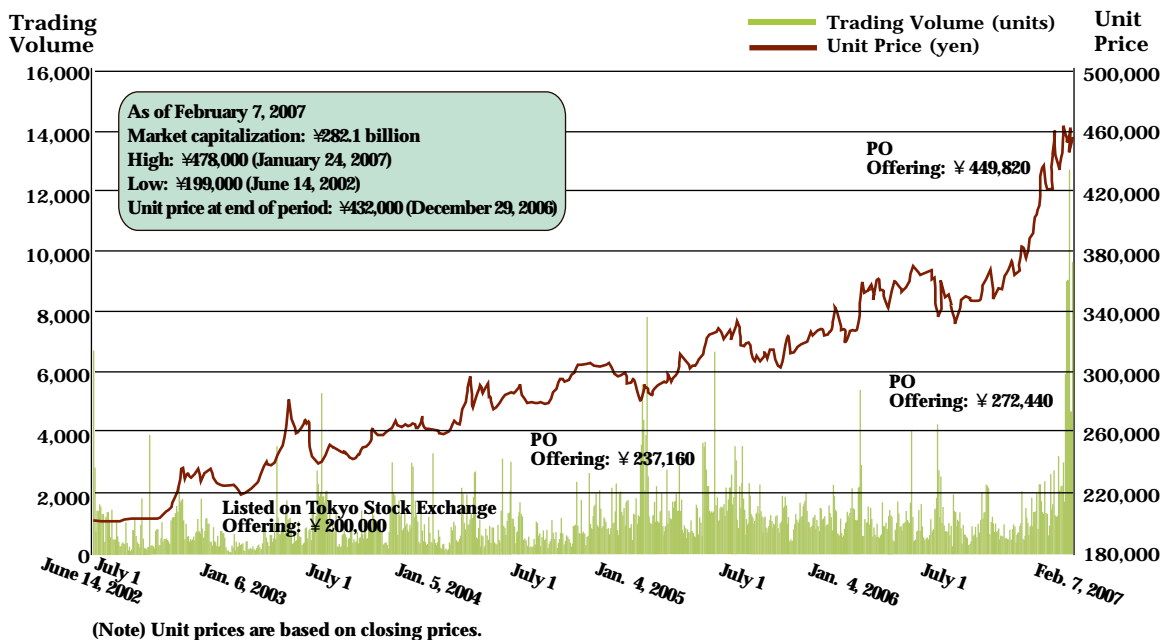
Cash Distribution per Unit



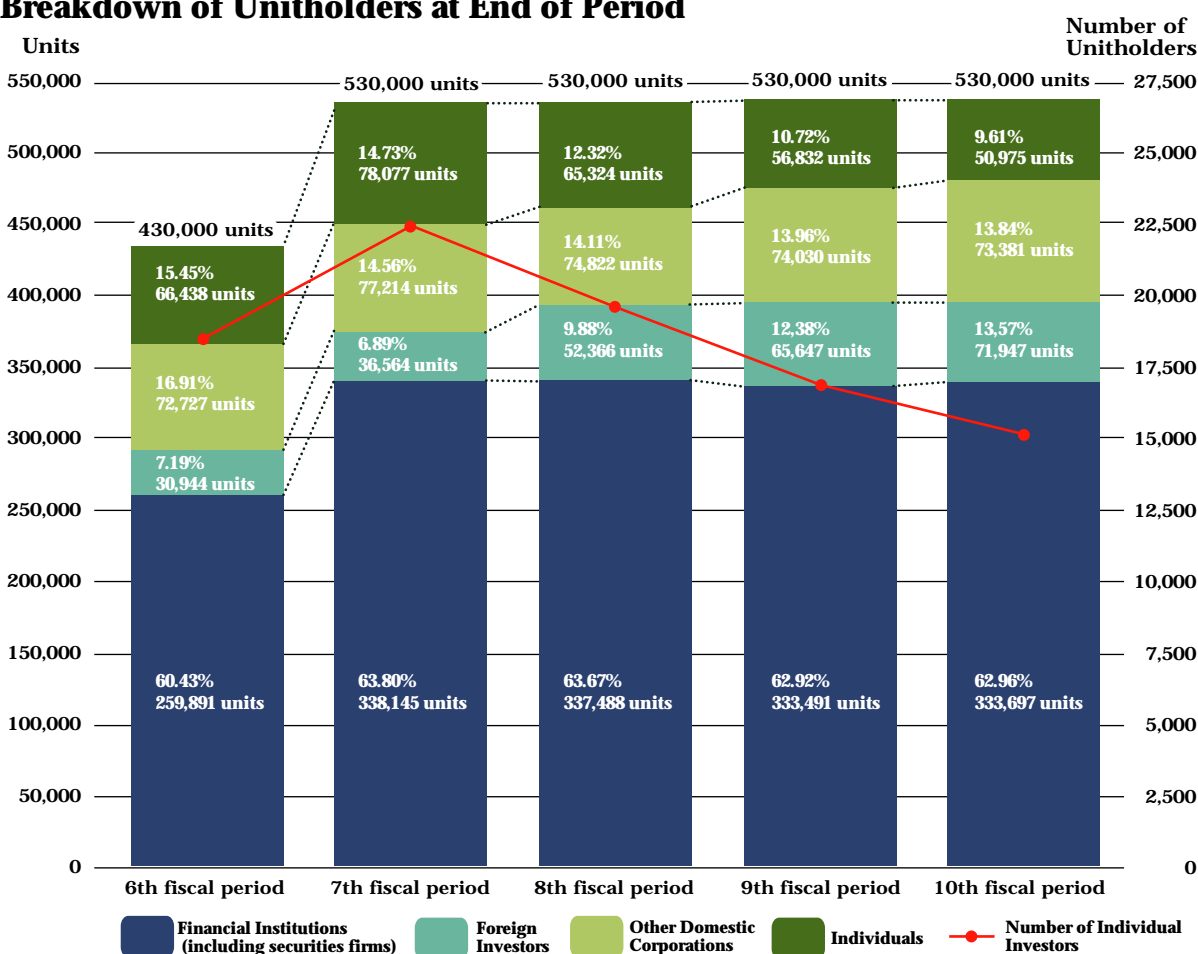
■ Cash distribution (yen)

Investment Unit Status

Historical Unit Price



Breakdown of Unitholders at End of Period



New Acquisitions during the 10th and 11th Fiscal Periods

Properties Acquired in the 10th Fiscal Period

Chayamachi Grande Bldg.

C 5



(Retail)

Location
Osaka City, Osaka

Acquisition Date
August 30, 2006

Acquisition Price
¥ 6,000million

Site Area
592.45m²

Total Floor Space
3,219.36m²

Structure Floors
S/SRC 9F

Completed
June 1994

JPR Musashikosugi Bldg.

B 4



(Retail)

Location
Kawasaki City, Kanagawa

Acquisition Date
September 28, 2006

Acquisition Price
¥ 7,260million

Site Area
4,761.62m²

Total Floor Space
18,394.32m²

Structure Floors
SRC/RS/S B1/6F

Completed
March 1983

Properties Acquired in the 11th Fiscal Period

Tachikawa Business Center Bldg.
(additional ownership)

B 8



(Office)

Location
Tachikawa City, Tokyo

Acquisition Date
February 2007

Acquisition Price
¥ 2,300million

Site Area
608.90m²

Total Floor Space
3,065.63m²

Structure Floors
S/SRC B1/12F

Completed
December 1994



Shinjuku Sanhome East Bldg.

A —



(Retail)

Location
Shinjuku Ward, Tokyo

Acquisition Date
March 2007

Acquisition Price
¥ 540 million

Site Area
2,578.69m²

Total Floor Space
26,360.56m²

Structure Floors
S/RC/SRC B3/14F

Completed
January 2007

Rise Arena Bldg.

B —



(Office)

Location
Toshima Ward, Tokyo

Acquisition Date
March 2007

Acquisition Price
¥ 5,831 million

Site Area
9,377.28m²

Total Floor Space
37,444.50m²

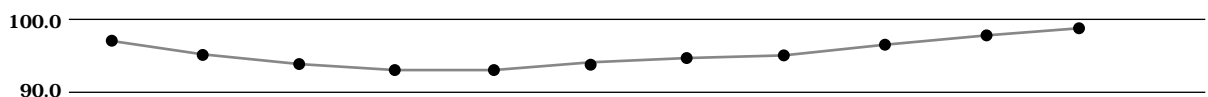
Structure Floors
S/SRC/RC B2/15F

Completed
January 2007

Portfolio Topics

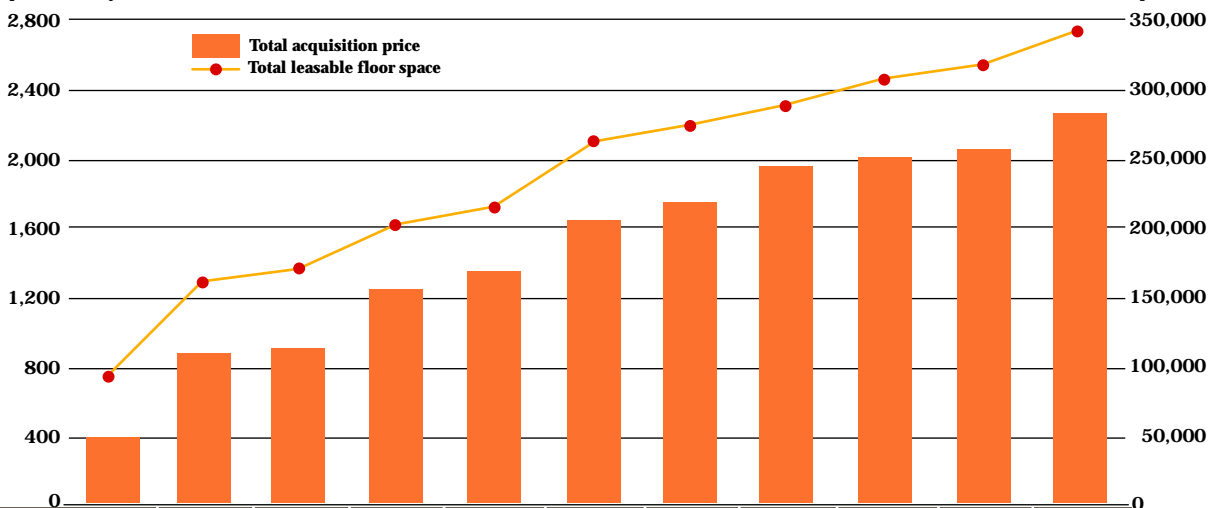
Portfolio Growth

Occupancy rate (%)



Total acquisition price (billion yen)

Total leasable floor space (m²)



	End of Nov. 2001	End of Jun. 2002	End of Dec. 2002	End of Jun. 2003	End of Dec. 2003	End of Jun. 2004	End of Dec. 2004	End of Jun. 2005	End of Dec. 2005	End of Jun. 2006	End of Dec. 2006
Total acquisition price (billion yen)	40.73	92.18	94.59	125.79	139.64	163.65	179.62	197.65	202.66	209.22	222.48
Total leasable floor space (m ²)	94,935.49	162,739.50	168,987.78	201,808.72	218,734.67	256,329.13	273,330.52	281,408.97	308,205.26	315,156.84	337,382.05
Occupancy rate (%)	96.3	94.1	93.4	93.5	92.7	93.2	95.1	95.4	97.2	98.0	98.6
Properties	13	25	27	30	32	38	42	42	42	44	46
Total number of tenants	133	281	311	324	357	437	496	459	441	462	479

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

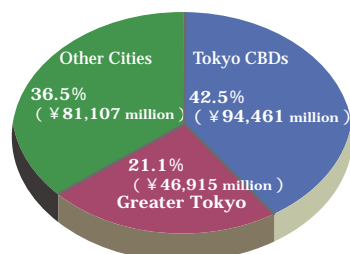
(Note 2) Each sectional owner of Shinjuku Square Tower leases its portions to Shinjuku Square Tower Management Co., Ltd. collectively, and the firm subleases them to sub-lessees.

Accordingly, the leasable floor space of the building as it relates to JPR's ownership is calculated by multiplying the total contracted areas of offices, shops and warehouses the management company can sublease to sub-lessees by 39.70457%, the rent allocation ratio of JPR, to arrive at the rent allocated to JPR. The subleased areas used to calculate the occupancy rate are the subleased areas to sub-lessees multiplied by the rent allocation ratio. Each figure has been rounded to the second decimal point.
The number of sub-lessees of the Shinjuku Square Tower is also regarded as the number of tenants.

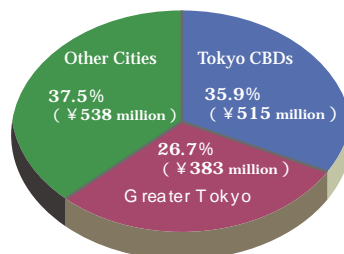
Portfolio Diversification by Region

■ Tokyo CBDs ■ Greater Tokyo ■ Other Cities

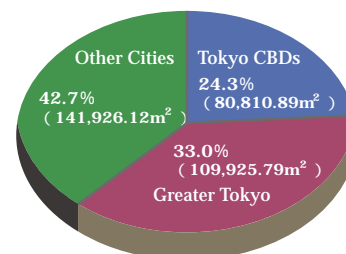
Value breakdown by acquisition price



Value breakdown by monthly rental revenue at period end



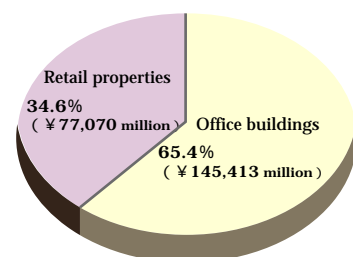
Value breakdown by leased floor space at period end



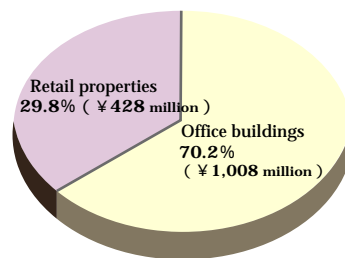
Portfolio Diversification by Asset Class

■ Office buildings ■ Retail properties

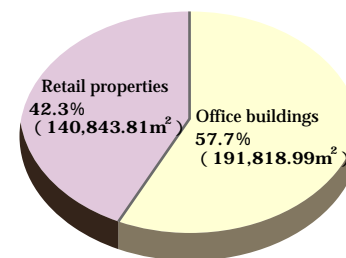
Value breakdown by acquisition price



Value breakdown by monthly rental revenue at period end



Value breakdown by leased floor space at period end

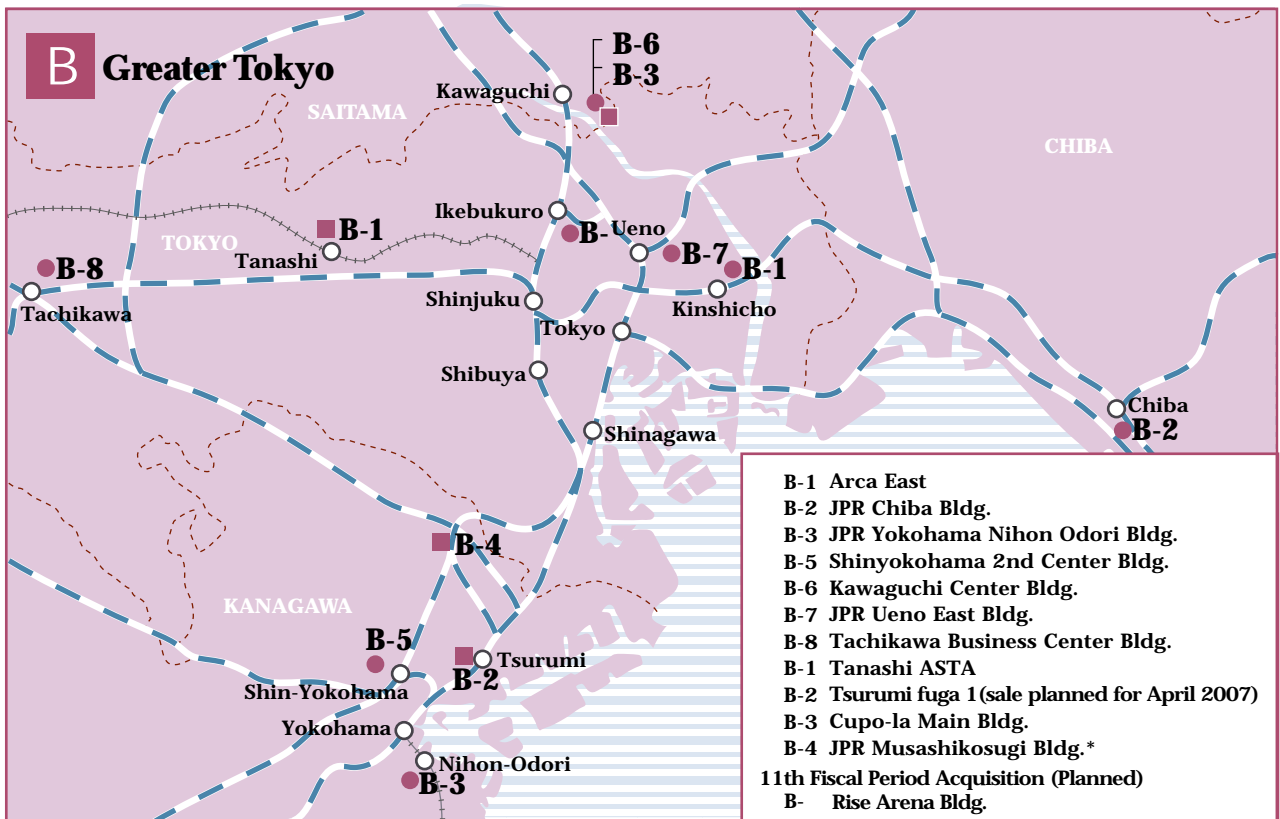
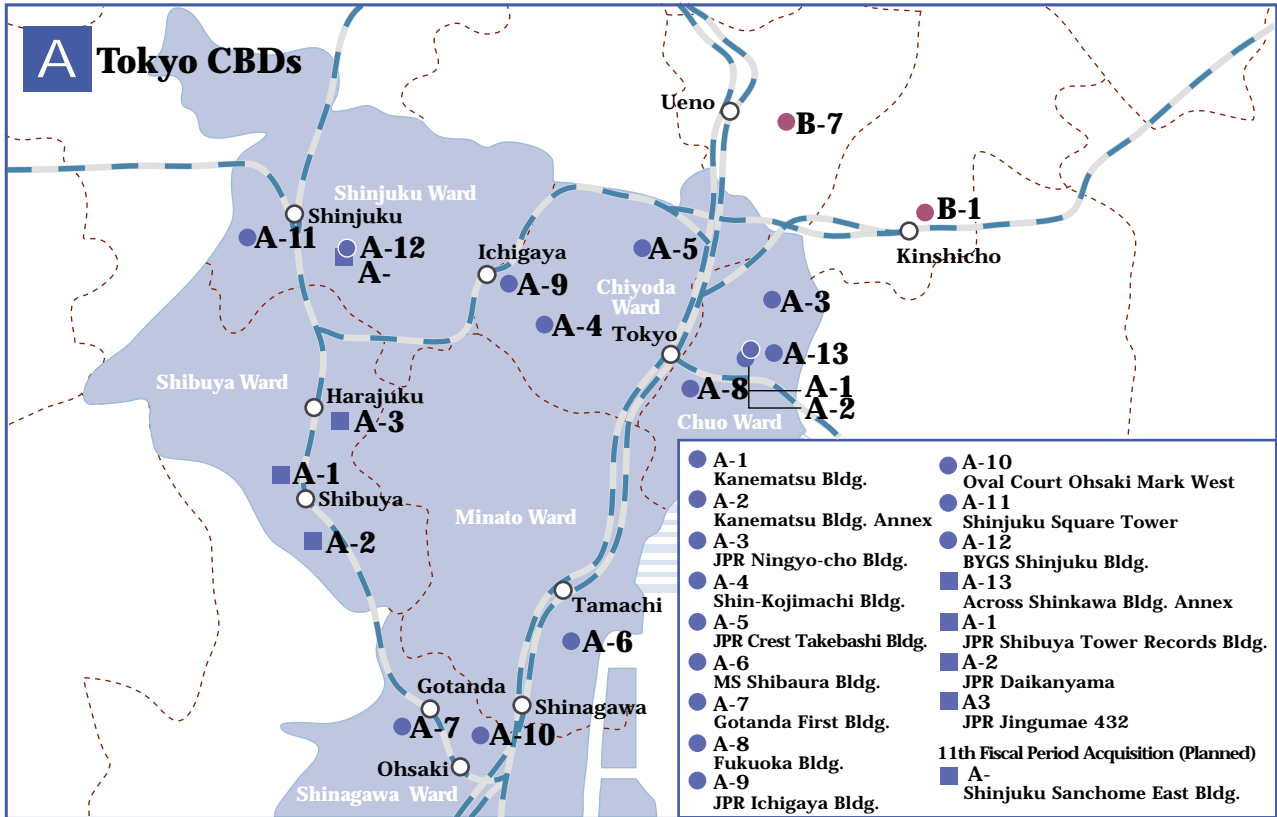


Major Tenants

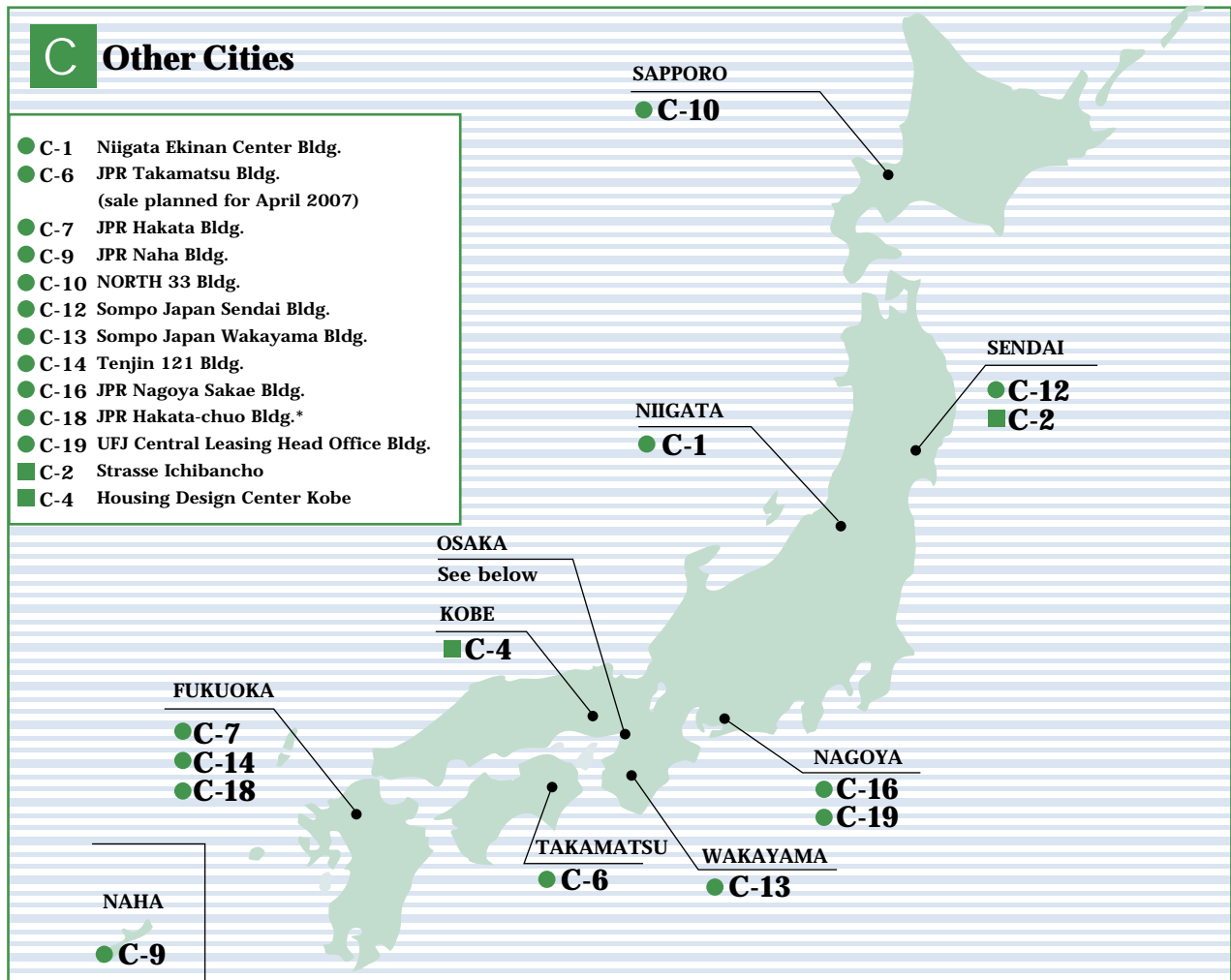
#	Tenant	Property	Leased floor area at period end (m ²)	Percentage of total leased floor area at period end
1	The Seiyu, Ltd.	Tanashi ASTA, Tsurumi fuga 1	40,700.31	12.2%
2	ABC Development Corporation	Housing Design Center Kobe	35,444.13	10.7%
3	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	5.9%
4	The Loft Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	5.6%
5	Shinjuku Square Tower Management Co., Ltd.	Shinjuku Square Tower	10,982.03	3.3%
6	TOWER RECORDS JAPAN INC.	JPR Shibuya Tower Records Bldg.	8,076.85	2.4%
7	UFJ Central Leasing Co., Ltd.	UFJ Central Leasing Head Office Bldg.	7,123.07	2.1%
8	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg., Sompo Japan Sendai Bldg., Sompo Japan Wakayama Bldg.	6,590.10	2.0%
9	The Maruetsu, Inc.	Cupo-la Main Bldg.	5,963.00	1.8%
10	Iwatani International Corporation	Tokyo Tatemono Honmachi Bldg.	5,959.86	1.8%

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

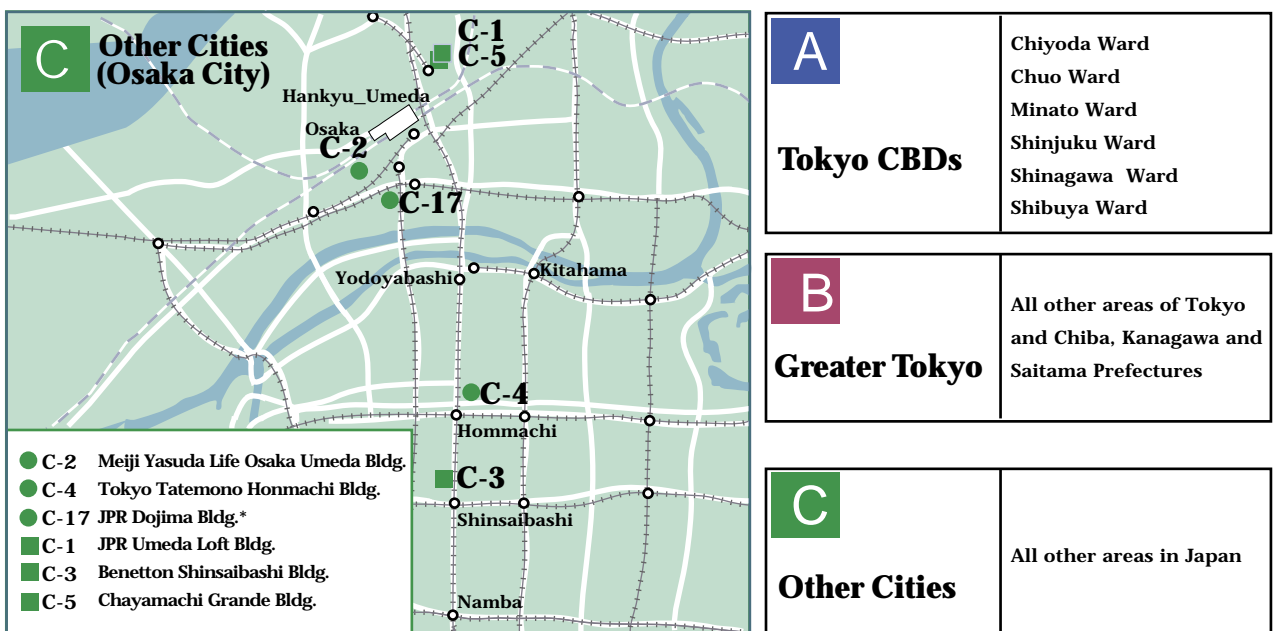
Property Portfolio



*JPR Musashikosugi Bldg. is the new name for the former Tokyokai Musashikosugi Bldg. The name change took place on November 1, 2006.



*JPR Hakata-chuo Bldg. is the new name for the former Semba Fukuoka Bldg. The name change took place on October 1, 2006.



*JPR Dojima Bldg. is the new name for the former Dojima F Bldg. The name change took place on January 1, 2007.

Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-2	Kanematsu Bldg. Annex	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-3	JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	1989.12	2001.11	
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	1984.10	2001.11, 2004.11	
	Office	A-5	JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	1999.9	2002.6	
	Office	A-6	MS Shibaura Bldg.	Minato Ward, Tokyo	1988.2	2003.3	
	Office	A-7	Gotanda First Bldg.	Shinagawa Ward, Tokyo	1989.7	2003.7	
	Office	A-8	Fukuoka Bldg.	Chuo Ward, Tokyo	1990.5	2003.10, 2005.4	
	Office	A-9	JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	1989.3	2004.5	
	Office	A-10	Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	2001.6	2004.6	
	Office	A-11	Shinjuku Square Tower	Shinjuku Ward, Tokyo	1994.10	2004.7	
	Office	A-12	BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	1985.4	2004.11, 2005.4	
	Office	A-13	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	1994.6	2004.11	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	1992.2	2003.6	
	Retail	A-2	JPR Daikanyama	Shibuya Ward, Tokyo	2002.7	2004.10	
	Retail	A-3	JPR Jingumae 432	Shibuya Ward, Tokyo	2006.2	2006.3	
Total							
Greater Tokyo	Office	B-1	Arca East	Sumida Ward, Tokyo	1997.3	2001.11	
	Office	B-2	JPR Chiba Bldg.	Chiba City, Chiba	1991.1	2001.12	
	Office	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	1989.10	2001.11	
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	1991.8	2002.9	
	Office	B-6	Kawaguchi Center Bldg.	Kawaguchi City, Saitama	1994.2	2004.2	
	Office	B-7	JPR Ueno East Bldg.	Taito Ward, Tokyo	1992.10	2004.3	
	Office	B-8	Tachikawa Business Center Bldg.	Tachikawa City, Tokyo	1994.12	2005.9	
	Retail	B-1	Tanashi ASTA	Nishitokyo City, Tokyo	1995.2	2001.11	
	Retail	B-2	Tsurumi fuga 1	Yokohama City, Kanagawa	1985.9	2001.11	
	Retail	B-3	Cupo-la Main Bldg.	Kawaguchi City, Saitama	2006.1	2006.3	
	Retail	B-4	JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	1983.3	2006.9	
Total							

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

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

(3) The ratio of proprietary ownership is shown on the deed for the land.

(4) Cupo-la Main Bldg. and JPR Musashikosugi Bldg. are leased to single tenants. JPR was unable to obtain the tenants' approval to disclose rental information.

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)	Percentage of Total (2)
	16,276	7.3	79.4	1,751.13	7,994.02	100.0	10	451,203	5.0
	2,874	1.3	79.4	679.06	2,291.13	100.0	1	104,611	1.2
	2,100	0.9	100.0	550.06	2,788.98	100.0	4	100,862	1.1
	2,420	1.1	77.3	657.80	2,105.44	100.0	7	71,672	0.8
901.36					43.9	2	13,385	0.1	
312.53					100.0	1	11,542	0.1	
3,319.33					84.8	10	96,599	1.1	
	4,000	1.8	100.0	636.90	3,265.34	87.8	8	118,953	1.3
	11,200	5.0	36.0	8,992.18	14,429.09	100.0	8	544,268	6.0
	2,920	1.3	61.8	1,551.19	4,243.58	100.0	2	134,424	1.5
	2,920	1.3	21.8	1,302.17	1,250.06	100.0	1	64,667	0.7
687.34					100.0	1	37,822	0.4	
1,937.40					100.0	2	102,489	1.1	
	5,100	2.3	100.0	1,058.04	4,186.09	100.0	9	188,996	2.1
	3,500	1.6	27.1	4,006.00	4,088.44	100.0	4	177,168	2.0
	10,000	4.5	29.3	8,409.52	10,982.03	100.0	25	297,660	3.3
	11,821	5.3	75.0	3,522.46	11,357.50	98.4	25	483,510	5.3
	710	0.3	100.0	858.48	1,253.39	100.0	4	47,783	0.5
	12,000	5.4	100.0	1,010.47	8,076.85	100.0	1	345,576	3.8
	2,160	1.0	100.0	277.12	653.99	100.0	4	47,149	0.5
	4,460	2.0	100.0	218.21	1,027.33	100.0	5	96,384	1.1
	94,461	42.5	—	35,480.79	81,894.49	98.7	122	—	—
	5,880	2.6	41.1	3,755.01	7,022.76	100.0	6	285,469	3.2
	2,350	1.1	100.0	1,382.35	5,562.97	92.8	27	137,678	1.5
	2,927	1.3	100.0	1,100.59	6,066.53	93.4	10	139,264	1.5
	920	0.4	50.0	841.71	2,641.19	100.0	15	74,690	0.8
	8,100	3.6	86.5	4,524.61	15,461.98	99.3	39	486,947	5.4
	3,250	1.5	100.0	1,242.97	6,512.45	90.9	8	192,061	2.1
	888	0.4	16.9	2,047.22	1,747.13	100.0	4	57,515	0.6
	10,200	4.6	42.1	12,326.30	31,121.71	100.0	1	596,400	6.6
	3,040	1.4	64.4	1,962.18	9,578.60	100.0	1	145,200	1.6
	2,100	0.9	7.3	15,008.28	5,963.00	100.0	1	(Note 4)	(Note 4)
	7,260	3.3	100.0	4,761.62	19,740.95	100.0	1	(Note 4)	(Note 4)
	46,915	21.1	—	48,952.84	111,419.27	98.7	113	—	—

	Asset Class	No.	Property Name	Location	Completed	Acquired	
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata City, Niigata	1996.3	2001.11	
	Office	C-2	Meiji Yasuda Life Osaka Umeda Bldg.	Osaka City, Osaka	2000.6	2001.12	
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	1970.2	2001.11	
	Office	C-6	JPR Takamatsu Bldg.	Takamatsu City, Kagawa	1982.9	2001.12	
	Office	C-7	JPR Hakata Bldg.	Fukuoka City, Fukuoka	1985.6	2001.11	
	Office	C-9	JPR Naha Bldg.	Naha City, Okinawa	1991.10	2001.11	
	Office	C-10	NORTH 33 Bldg.	Sapporo City, Hokkaido	1992.2	2002.6	
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai City, Miyagi	1997.12	2002.6	
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	1996.7	2002.6	
	Office	C-14	Tenjin 121 Bldg.	Fukuoka City, Fukuoka	2000.7	2002.6	
	Office	C-16	JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	Ⓑ2003.1 Ⓘ1986.12	2003.9	
	Office	C-17	JPR Dojima Bldg.	Osaka City, Osaka	1993.10	2004.1	
	Office	C-18	JPR Hakata-Chuo Bldg.	Fukuoka City, Fukuoka	1993.2	2004.6	
	Office	C-19	UFJ Central Leasing Head Office Bldg.	Nagoya City, Aichi	1991.3	2005.3	
	Retail	C-1	JPR Umeda Loft Bldg.	Osaka City, Osaka	1990.4	2003.5-7	
	Retail	C-2	Strasse Ichibancho	Sendai City, Miyagi	2002.10	2005.2	
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka City, Osaka	2003.2	2005.5	
	Retail	C-4	Housing Design Center Kobe	Kobe City, Hyogo	1994.6	2005.9	
	Retail	C-5	Chayamachi Grande Bldg.	Osaka City, Osaka	1994.6	2006.8	
Total					Ⓑ Building Ⓘ Parking		
Total							

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

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

(3) The ratio of proprietary ownership is shown on the deed for the land.

(4) The Benetton Shinsaibashi Bldg. and the Housing Design Center Kobe are leased to single tenants.

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

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of tenants	Rental Revenue (thousands of yen)	Percentage of Total (2)
	2,140	1.0	52.7	2,706.99	5,205.82	100.0	11	132,055	1.5
	8,300	3.7	33.3	5,999.33	9,600.49	98.9	28	374,041	4.1
	4,150	1.9	64.3	1,432.64	7,210.25	97.3	9	246,197	2.7
	2,130	1.0	100.0	1,407.78	5,037.05	89.6	29	86,261	1.0
	2,900	1.3	100.0	1,214.63	6,581.15	88.7	27	143,208	1.6
	1,560	0.7	100.0	959.87	3,947.70	95.5	17	108,345	1.2
	3,700	1.7	100.0	1,382.12	6,642.98	96.6	24	167,242	1.8
	3,150	1.4	100.0	1,895.67	7,118.60	99.9	17	205,120	2.3
	1,670	0.8	100.0	1,128.45	4,874.91	96.6	16	119,363	1.3
	2,810	1.3	52.2	1,164.39	3,292.02	100.0	15	114,546	1.3
	4,550	2.0	100.0	992.31	5,461.90	100.0	21	234,186	2.6
	2,140	1.0	100.0	668.11	3,941.40	100.0	11	134,788	1.5
	1,920	0.9	100.0	680.63	3,349.57	100.0	6	89,532	1.0
	4,137	1.9	100.0	1,610.38	7,123.07	100.0	1	193,291	2.1
	13,000	5.8	100.0	3,518.68	18,586.97	100.0	1	402,423	4.4
	4,200	1.9	100.0	648.81	2,861.91	100.0	1	128,388	1.4
	5,430	2.4	100.0	609.31	5,303.98	100.0	1	(Note 4)	(Note 4)
	7,220	3.2	100.0	3,994.47	35,444.13	100.0	1	(Note 4)	(Note 4)
	6,000	2.7	100.0	592.45	2,484.39	100.0	8	94,715	1.0
	81,107	36.5	—	32,607.02	144,068.29	98.5	244	—	—
	222,483	100.0	—	117,040.65	337,382.05	98.6	479	9,056,584	100.0

Overview of Portfolio Properties (as of December 31, 2006)

Tokyo CBDs

Kanematsu Bldg. A 1



Chuo Ward, Tokyo
 Acquisition Price
 ¥ 16,276 million
 Percentage of Total
 7.3%
 Site Area
 1,751.13m²
 Total Floor Space
 14,995.09m²
 Structure/Floors
 S/RC/SRC B2/13F
 Completed
 February 1993

Kanematsu Bldg. Annex A 2



Chuo Ward, Tokyo
 Acquisition Price
 ¥ 2,874 million
 Percentage of Total
 1.3%
 Site Area
 679.06m²
 Total Floor Space
 4,351.46m²
 Structure/Floors
 SRC B1/8F
 Completed
 February 1993

JPR Ningyo-cho Bldg. A 3



Chuo Ward, Tokyo
 Acquisition Price
 ¥ 2,100 million
 Percentage of Total
 0.9%
 Site Area
 550.06m²
 Total Floor Space
 4,117.70m²
 Structure/Floors
 SRC/RC B1/8F
 Completed
 December 1989

Shin-Kojimachi Bldg. A 4



Chiyoda Ward, Tokyo
 Acquisition Price
 ¥ 2,420 million
 Percentage of Total
 1.1%
 Site Area
 657.80m²
 Total Floor Space
 5,152.98m²
 Structure/Floors
 SRC B1/9F
 Completed
 October 1984

JPR Crest Takebashi Bldg. A 5



Chiyoda Ward, Tokyo
 Acquisition Price
 ¥ 4,000 million
 Percentage of Total
 1.8%
 Site Area
 636.90m²
 Total Floor Space
 4,790.68m²
 Structure/Floors
 SRC B1/9F
 Completed
 September 1999

MS Shibaura Bldg. A 6



Minato Ward, Tokyo
 Acquisition Price
 ¥ 11,200 million
 Percentage of Total
 5.0%
 Site Area
 8,992.18m²
 Total Floor Space
 31,020.21m²
 Structure/Floors
 SRC/RC/S B2/13F
 Completed
 February 1988

Gotanda First Bldg. A 7



Shinagawa Ward, Tokyo
 Acquisition Price
 ¥ 2,920 million
 Percentage of Total
 1.3%
 Site Area
 1,551.19m²
 Total Floor Space
 10,553.34m²
 Structure/Floors
 SRC/RC B2/11F
 Completed
 July 1989

Fukuoka Bldg. A 8



Chuo Ward, Tokyo
 Acquisition Price
 ¥ 2,920 million
 Percentage of Total
 1.3%
 Site Area
 1,302.17m²
 Total Floor Space
 11,627.74m²
 Structure/Floors
 SRC B2/10F
 Completed
 May 1990

JPR Ichigaya Bldg.**A 9**

Chiyoda Ward, Tokyo

Acquisition Price	¥ 5,100 million
Percentage of Total	2.3%
Site Area	1,058.04m ²
Total Floor Space	5,888.82m ²
Structure/Floors	SRC B1/9F
Completed	March 1989

Oval Court Ohsaki Mark West**A 10**

Shinagawa Ward, Tokyo

Acquisition Price	¥ 3,500 million
Percentage of Total	1.6%
Site Area	4,006.00m ²
Total Floor Space	28,575.80m ²
Structure/Floors	S/SRC B2/17F
Completed	June 2001

Shinjuku Square Tower**A 11**

Shinjuku Ward, Tokyo

Acquisition Price	¥ 10,000 million
Percentage of Total	4.5%
Site Area	8,409.52m ²
Total Floor Space	78,796.00m ²
Structure/Floors	S/RC/SRC B4/30F
Completed	October 1994

BYGS Shinjuku Bldg.**A 12**

Shinjuku Ward, Tokyo

Acquisition Price	¥ 11,821 million
Percentage of Total	5.3%
Site Area	3,522.46m ²
Total Floor Space	25,733.10m ²
Structure/Floors	SRC B2/14F
Completed	April 1985

Across Shinkawa Bldg. Annex**A 13**

Chuo Ward, Tokyo

Acquisition Price	¥ 710 million
Percentage of Total	0.3%
Site Area	858.48m ²
Total Floor Space	5,535.90m ²
Structure/Floors	S/SRC B2/10F
Completed	June 1994

JPR Shibuya Tower Records Bldg. (Retail)**A 1**

Shibuya Ward, Tokyo

Acquisition Price	¥ 12,000 million
Percentage of Total	5.4%
Site Area	1,010.47m ²
Total Floor Space	8,449.56m ²
Structure/Floors	SRC/S B3/8F
Completed	February 1992

JPR Daikanyama (Retail)**A 2**

Shibuya Ward, Tokyo

Acquisition Price	¥ 2,160 million
Percentage of Total	1.0%
Site Area	277.12m ²
Total Floor Space	668.09m ²
Structure/Floors	RC B2/2F
Completed	July 2002

JPR Jingumae 432(Retail)**A 3**

Shibuya Ward, Tokyo

Acquisition Price	¥ 4,460 million
Percentage of Total	2.0%
Site Area	218.21m ²
Total Floor Space	1,066.81m ²
Structure/Floors	S/SRC B1/7F
Completed	February 2006

Greater Tokyo

Arca East

B 1



Sumida Ward, Tokyo

Acquisition Price
 ¥ 5,880 million
 Percentage of Total
 2.6%
 Site Area
 3,755.01m²
 Total Floor Space
 34,281.86m²
 Structure/Floors
 S/SRC B3/19F
 Completed
 March 1997

JPR Chiba Bldg.

B 2



Chiba City, Chiba

Acquisition Price
 ¥ 2,350 million
 Percentage of Total
 1.1%
 Site Area
 1,382.35m²
 Total Floor Space
 9,072.57m²
 Structure/Floors
 S/SRC B1/13F
 Completed
 January 1991

JPR Yokohama Nihon Odori Bldg.

B 3



Yokohama City, Kanagawa

Acquisition Price
 ¥ 2,927 million
 Percentage of Total
 1.3%
 Site Area
 1,100.59m²
 Total Floor Space
 9,146.52m²
 Structure/Floors
 SRC B1/11F
 Completed
 October 1989

Shinyokohama 2nd Center Bldg.

B 5



Yokohama City, Kanagawa

Acquisition Price
 ¥ 920 million
 Percentage of Total
 0.4%
 Site Area
 841.71m²
 Total Floor Space
 7,781.93m²
 Structure/Floors
 S/SRC B2/12F
 Completed
 August 1991

Kawaguchi Center Bldg.

B 6



Kawaguchi City, Saitama

Acquisition Price
 ¥ 8,100 million
 Percentage of Total
 3.6%
 Site Area
 4,524.61m²
 Total Floor Space
 28,420.85m²
 Structure/Floors
 S/SRC B2/15F
 Completed
 February 1994

JPR Ueno East Bldg.

B 7



Taito Ward, Tokyo

Acquisition Price
 ¥ 3,250 million
 Percentage of Total
 1.5%
 Site Area
 1,242.97m²
 Total Floor Space
 8,490.44m²
 Structure/Floors
 S/SRC B1/8F
 Completed
 October 1992

Tachikawa Business Center Bldg.

B 8



Tachikawa City, Tokyo

Acquisition Price
 ¥ 888 million
 Percentage of Total
 0.4%
 Site Area
 2,047.22m²
 Total Floor Space
 14,706.36m²
 Structure/Floors
 S/SRC B1/12F
 Completed
 December 1994

Tanashi ASTA (Retail)

B 1



Nishitokyo City, Tokyo

Acquisition Price
 ¥ 10,200 million
 Percentage of Total
 4.6%
 Site Area
 12,326.30m²
 Total Floor Space
 80,675.27m²
 Structure/Floors
 SRC B2/17F
 Completed
 February 1995

Tsurumi fuga 1 (Retail)

B 2



Yokohama City, Kanagawa

Acquisition Price
¥3,040 million
Percentage of Total
1.4%
Site Area
1,962.18m²
Total Floor Space
13,543.32m²
Structure/Floors
SRC B2/7F
Completed
September 1985

Other Cities

Cupo-la Main Bldg.

B 3



Kawaguchi City, Saitama

Acquisition Price
¥2,100 million
Percentage of Total
0.9%
Site Area
15,008.28m²
Total Floor Space
48,321.96m²
Structure/Floors
S/RC/SRC B2/10F
Completed
January 2006

Niigata Ekinan Center Bldg.

C 1



Niigata City, Niigata

Acquisition Price
¥2,140 million
Percentage of Total
1.0%
Site Area
2,706.99m²
Total Floor Space
19,950.42m²
Structure/Floors
S/SRC B1/10F
Completed
March 1996

Meiji Yasuda Life Osaka Umeda Bldg.

C 2



Osaka City, Osaka

Acquisition Price
¥8,300 million
Percentage of Total
3.7%
Site Area
5,999.33m²
Total Floor Space
52,982.94m²
Structure/Floors
S/SRC B2/31F
Completed
June 2000

Tokyo Tatemono Honmachi Bldg.

C 4



Osaka City, Osaka

Acquisition Price
¥4,150 million
Percentage of Total
1.9%
Site Area
1,432.64m²
Total Floor Space
14,619.52m²
Structure/Floors
SRC B3/9F
Completed
February 1970

JPR Takamatsu Bldg.

C 6



Takamatsu City, Kagawa

Acquisition Price
¥2,130 million
Percentage of Total
1.0%
Site Area
1,407.78m²
Total Floor Space
7,409.08m²
Structure/Floors
SRC B1/10F
Completed
September 1982

JPR Hakata Bldg.

C 7



Fukuoka City, Fukuoka

Acquisition Price
¥2,900 million
Percentage of Total
1.3%
Site Area
1,214.63m²
Total Floor Space
9,828.73m²
Structure/Floors
Building S/RC B1/12F
Parking S 1F
Completed
Building June 1985
Parking November 2003

JPR Naha Bldg.

C 9



Naha City, Okinawa

Acquisition Price
¥1,560 million
Percentage of Total
0.7%
Site Area
959.87m²
Total Floor Space
5,780.71m²
Structure/Floors
SRC/S 12F
Completed
October 1991

NORTH 33 Bldg.**C 10**

Sapporo City, Hokkaido
 Acquisition Price
 ¥3,700 million
 Percentage of Total
 1.7%
 Site Area
 1,382.12m²
 Total Floor Space
 10,568.23m²
 Structure/Floors
 SRC B1/12F
 Completed
 February 1992

Sompo Japan Sendai Bldg.**C 12**

Sendai City, Miyagi
 Acquisition Price
 ¥3,150 million
 Percentage of Total
 1.4%
 Site Area
 1,895.67m²
 Total Floor Space
 10,783.52m²
 Structure/Floors
 SRC B1/12F
 Completed
 December 1997

Sompo Japan Wakayama Bldg.**C 13**

Wakayama City, Wakayama
 Acquisition Price
 ¥1,670 million
 Percentage of Total
 0.8%
 Site Area
 1,128.45m²
 Total Floor Space
 6,715.07m²
 Structure/Floors
 S 9F
 Completed
 July 1996

Tenjin 121 Bldg.**C 14**

Fukuoka City, Fukuoka
 Acquisition Price
 ¥2,810 million
 Percentage of Total
 1.3%
 Site Area
 1,164.39m²
 Total Floor Space
 8,690.95m²
 Structure/Floors
 S/SRC 13F
 Completed
 July 2000

JPR Nagoya Sakae Bldg.**C 16**

Nagoya City, Aichi
 Acquisition Price
 ¥4,550 million
 Percentage of Total
 2.0%
 Site Area
 992.31m²
 Total Floor Space
 7,340.18m²
 Structure/Floors
 Building S B1/11F
 Parking S 1F
 Completed
 Building January 2003
 Parking December 1986

JPR Dojima Bldg.**C 17**

Osaka City, Osaka
 Acquisition Price
 ¥2,140 million
 Percentage of Total
 1.0%
 Site Area
 668.11m²
 Total Floor Space
 5,696.01m²
 Structure/Floors
 SRC B2/9F
 Completed
 October 1993

JPR Hakata-Chuo Bldg.**C 18**

Fukuoka City, Fukuoka
 Acquisition Price
 ¥1,920 million
 Percentage of Total
 0.9%
 Site Area
 680.63m²
 Total Floor Space
 3,874.81m²
 Structure/Floors
 SRC 8F
 Completed
 February 1993

UFJ Central Leasing Head Office Bldg.**C 19**

Nagoya City, Aichi
 Acquisition Price
 ¥4,137 million
 Percentage of Total
 1.9%
 Site Area
 1,610.38m²
 Total Floor Space
 10,201.44m²
 Structure/Floors
 SRC B1/9F
 Completed
 March 1991

JPR Umeda Loft Bldg. (Retail) C 1



Osaka City, Osaka
Acquisition Price
¥ 13,000 million
Percentage of Total
5.8%
Site Area
3,518.68m²
Total Floor Space
17,897.56m²
Structure/Floors
SRC B1/8F
Completed
April 1990

Strasse Ichibancho (Retail) C 2



Sendai City, Miyagi
Acquisition Price
¥ 4,200 million
Percentage of Total
1.9%
Site Area
648.81m²
Total Floor Space
3,445.80m²
Structure/Floors
RC/S B1/8F
Completed
October 2002

Benetton Shinsaibashi Bldg. (Retail) C 3



Osaka City, Osaka
Acquisition Price
¥ 5,430 million
Percentage of Total
2.4%
Site Area
609.31m²
Total Floor Space
5,303.98m²
Structure/Floors
S B2/10F
Completed
February 2003

Housing Design Center Kobe (Retail) C 4



Kobe City, Hyogo
Acquisition Price
¥ 7,220 million
Percentage of Total
3.2%
Site Area
3,994.47m²
Total Floor Space
33,877.71m²
Structure/Floors
SRC/S B2/11F
Completed
June 1994

Characteristics and Corporate History

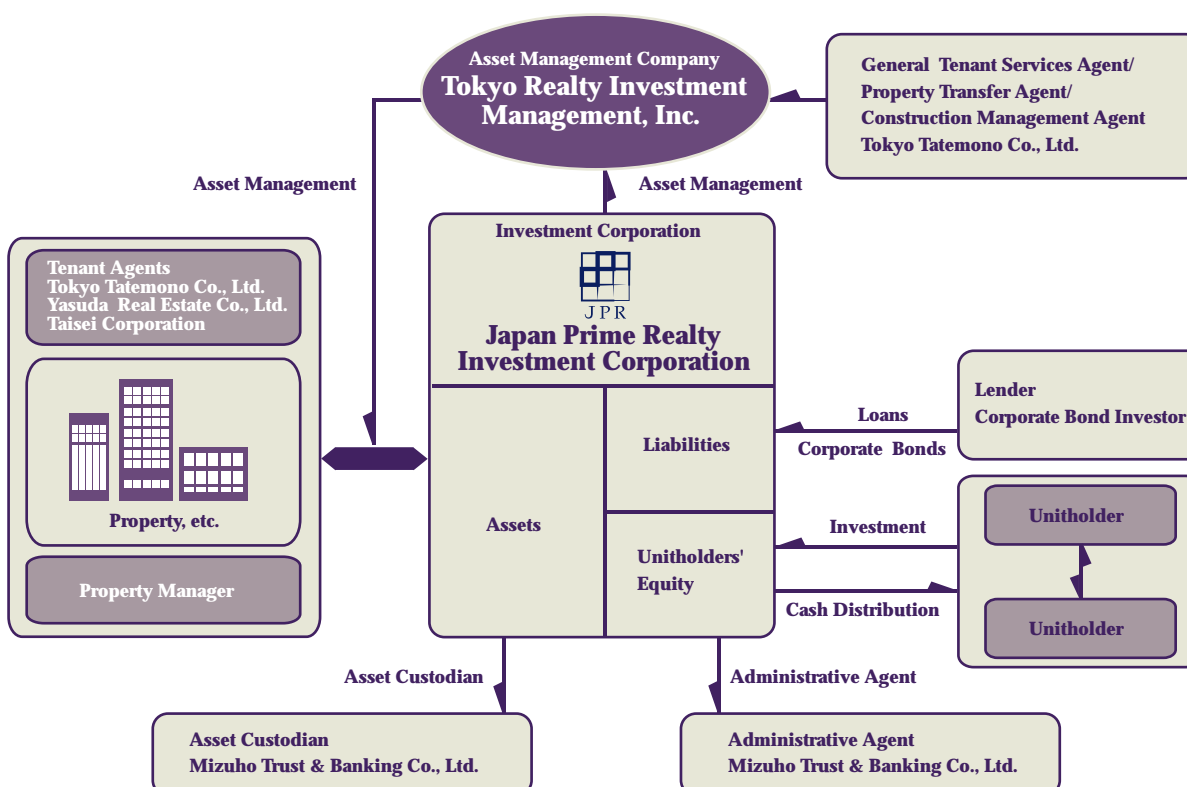
The Objective and Basic Characteristics of JPR

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

Corporate History

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

Investment Corporation Structure



Members of the Board (As of December 31, 2006)



Executive Officer

Hirohito Kaneko

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

Supervising Officer

Sosuke Yasuda

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

Supervising Officer

Shigeru Sugimoto

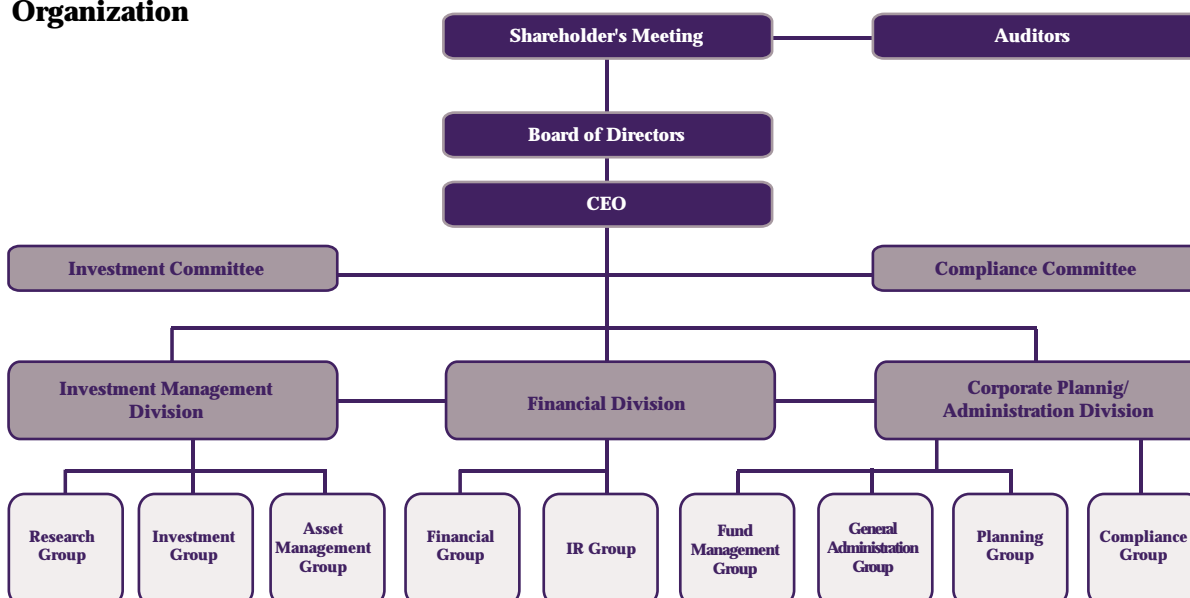
- Jan. 24, 2006** Representative Director, SAKURA Holdings Corporation
(former Sakura Holdings Co., Ltd.) (currently held position)
Sep. 14, 2001 Supervising Officer, Japan Prime Realty Investment Corporation
Jun. 1, 2001 Auditor, Moriimoto Co., Ltd. (currently held position)
Oct. 2, 1999 Representative Director, Tokyo SPC Services (currently held position)
Jun. 24, 1998 Senior Partner, Horwath Sakura & Co.
(former Sakura Audit Corporation) (currently held position)
Dec. 1, 1996 Horwath International
Dec. 22, 1995 Representative Partner, Sakura Audit Corporation
Jul. 1, 1988 Representative Director, Sakura & Co. (currently held position)
Nov. 1, 1985 Ohta Showa Audit Corporation
Apr. 1, 1982 Housing and Urban Development Public Corporation (currently Urban Renaissance Agency)

Overview of the Asset Manager

Corporate Profile

Name	Tokyo Realty Investment Management, Inc. (TRIM)
Core Business	Asset management for investment corporation
Capitalization	350 million yen
Shareholders	Tokyo Tatemono Co., Ltd. (26%) Meiji Yasuda Life Insurance Company (24%) Taisei Corporation (20%) Yasuda Real Estate Co., Ltd. (20%) Sompo Japan Insurance Inc. (10%)
History Organization	April 28, 2000 Founded October 13, 2000 Approved for real estate transaction service March 16, 2001 Approved as discretionary transaction agent June 20, 2001 Approved for asset management of investment corporation
Services	(1) Asset management for JPR (including all decision-making in connection with the acquisition/disposition or leasing of properties and acting as an agent or broker of such transactions based on relevant evaluation and judgment) (2) Funding by JPR (3) Reporting to JPR (4) Any other services related to or affiliated with the above

Organization



TRIM's Decision-Making Process of Investment Management

The Investment Committee (including the Due Diligence Subcommittee) was established to make investment management decisions and has the Investment Subcommittee and Fund Management Subcommittee below it. Members of these committees and subcommittees include the CEO, CIO, CFO, CAO, Fund Manager, Research Manager, Asset Manager and the Investment Management Manager. However, regarding the Due Diligence Subcommittee, the Compliance Manager is also included to enhance compliance in due diligence for the targeted investment asset.

The Board of Directors is responsible for the targeted investment assets and policies. The Investment Committee formulates management plans, while the Investment Subcommittee is in charge of decisions on issues regarding the acquisition and disposition of individual assets. The Fund Management Subcommittee is responsible for issues regarding the management of individual assets. The Board of Directors is given the final decision-making powers on the acquisition and disposition of individual assets greater than a certain value.

Directors of Tokyo Realty Investment Management, Inc.

President and CEO Toshihiro Hagiwara

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

Director and Chief Administrative Officer Kazuo Kitami

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

Director and Chief Investment Officer Seiji Miwa

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

Director and Chief Financial Officer Yasuo Furuya

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

Overview of Asset Management

(1) Operational Performance of JPR

	Unit	6th Fiscal Period (July 1, 2004 - Dec. 31, 2004)	7th Fiscal Period (Jan. 1, 2005 - June 30, 2005)	8th Fiscal Period (July 1, 2005 - Dec. 31, 2005)	9th Fiscal Period (Jan. 1, 2006 - June 30, 2006)	10th Fiscal Period (July 1, 2006 - Dec. 31, 2006)	
Operating Performance	Operating Revenues		7,685	8,503	8,587	8,588	9,088
	Real estate rental revenues	Million yen	7,685	7,801	8,372	8,552	9,056
	Gain on sale of real estate		—	702	214	—	—
	Dividends received		—	—	—	35	31
	Operating Expenses		4,216	4,548	4,602	4,564	4,714
	Real estate rental expenses	Million yen	3,672	3,768	4,044	4,013	4,151
	Loss on sale of real estate		—	235	—	—	—
	Operating Profits	Million yen	3,469	3,954	3,984	4,024	4,373
Recurring Profits	Million yen	2,869	3,377	3,399	3,450	3,643	
Net Income	Million yen	2,868	3,376	3,398	3,449	3,642	
Assets, etc.	Total Assets	Million yen	198,673	216,574	225,882	231,523	244,691
	(% Change)	%	(+9.0)	(+9.0)	(+4.3)	(+2.5)	(+5.7)
	Interest-bearing Debt	Million yen	93,066	83,666	90,966	97,466	109,466
	Total Unitholders' Equity	Million yen	91,982	118,807	118,829	118,881	119,074
	(% Change)	%	(+0.3)	(+29.2)	(+0.0)	(+0.0)	(+0.2)
Unitholders' Capital	Million yen	89,113	115,431	115,431	115,431	115,431	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	2,868	3,376	3,397	3,449	3,642
	Dividend payment ratio	%	99.9	100.0	99.9	100.0	100.0
	Number of Units Outstanding	Units	430,000	530,000	530,000	530,000	530,000
	Total Unitholders' Equity per Unit	Yen	213,912	224,165	224,206	224,304	224,668
	Cash Distribution per Unit		6,671	6,370	6,411	6,509	6,873
	Distribution amount	Yen	6,671	6,370	6,411	6,509	6,873
Exceeding profit distribution amount		—	—	—	—	—	
Financial Indices	Recurring Profits on Total Assets (Note 1)	%	1.5	1.6	1.5	1.5	1.5
	Annualized (Note 10)		3.0	3.3	3.0	3.0	3.0
	Return on Total Unitholders' Equity (Note 2-1)	%	3.1	3.2	2.9	2.9	3.1
	Annualized (Note 10)		6.2	6.5	5.7	5.9	6.1
	Total unitholders' equity at beginning of period (Note 2-2)	Million yen	91,728	91,982	118,807	118,829	118,881
	Unitholders' Equity Ratio at End of Period (Note 3)	%	46.3	54.9	52.6	51.3	48.7
	(Year-on-year increase/decrease)		(-4.0)	(+8.6)	(-2.3)	(-1.3)	(-2.7)
	Interest-Bearing Debt to Total Assets at End of Period (Note 4)	%	46.8	38.6	40.3	42.1	44.7
	DSCR (Note 5)		9.4	9.3	9.6	9.7	8.8
	Net income before interest and amortization	Million yen	4,771	4,878	5,261	5,585	5,891
	Interest paid (Notes)		510	524	545	574	668
	NOI from Leasing (Note 7)	Million yen	5,404	5,476	5,860	6,100	6,485
Annualized NOI yield (Notes 9 and 10)	%	6.0	5.4	5.6	5.9	5.8	
NCF from Leasing (Note 8)	Million yen	4,939	5,119	5,381	5,785	6,053	
Annualized NCF yield (Notes 9 and 10)	%	5.5	5.1	5.2	5.6	5.4	
Reference Information	Properties Owned (Note 11)		42	42	42	44	46
	Number of Tenants		496	459	441	462	479
	Total Leasable Floor Space	m ²	273,330.52	281,408.97	308,205.26	315,156.84	337,382.05
	Occupancy Rate	%	95.1	95.4	97.2	98.0	98.6

(Note 1) Recurring profit / (total assets at beginning of period + total assets at end of period) / 2
 (Notes 2-1 and 2-2) Net income / (total unitholders' equity at beginning of period + total unitholders' equity at end of period) / 2
 (Note 3) Total unitholders' equity at end of period / total assets at end of period x 100
 (Note 4) Interest-bearing debt / total assets at end of period x 100
 (Note 5) Net income before interest and amortization (excluding gain or loss on sale of real estate) / interest paid
 (Note 6) Interest paid in this table includes interest on corporate bonds
 (Note 7) (Real estate rental revenues - real estate rental expenses) + depreciation
 (Note 8) NOI from leasing - capital expenditures
 (Note 9) Annualized NOI from leasing / purchase price of property (6th fiscal period: ¥ 179.62 billion, 7th fiscal period: ¥ 203.43 billion, 8th fiscal period: ¥ 205.76 billion, 9th fiscal period: ¥ 209.22 billion and 10th fiscal period: ¥ 222.48 billion)
 Annualized NCF from leasing / purchase price of property
 (Note 10) Annualization is based on 365 days for a year and calculated by using the following management days: 6th fiscal period: 184 days, 7th fiscal period: 181 days, 8th fiscal period: 184 days, 9th fiscal period: 181 days and 10th fiscal period: 184 days
 (Note 11) The following properties are counted as one for respective purchases in different fiscal periods: Shin-Kojimachi Bldg. (1st, 2nd and 6th fiscal periods), Fukuoka Bldg. (4th and 7th fiscal periods), BYGS Shinjuku Bldg. (6th and 7th fiscal periods) and JPR Umeda Loft Bldg. (3rd and 4th fiscal periods).
 (Note 12) Any ratio indicated on financial indices are rounded to the first decimal point (except for the dividend payment ratio, which is rounded off to the first decimal point.)

(2) 10th Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Investment Trusts and Investment Corporations Law (hereafter, the Investment Trusts Law), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002, with 289,600 outstanding investment units. JPR made an additional public offering of 140,400 units (including an over allotment of 6,000 units) in July 2003, followed by another public offering of 100,000 units (including over allotment of 5,000 units) in February 2005. These public offerings have brought the number of investment units issued and outstanding to 530,000 units today. JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management, through which JPR aims to maximize unitholder value by efficiently managing the portfolio of office buildings and retail properties.

2) Management Environment

The Office Building Leasing Market

The recovery of the Japanese economy remains sustained with buoyant corporate performance offsetting the weakness of personal consumption. The strong performance in the corporate sector has created voracious demand for office space in Tokyo and other major cities, leading to vacancy rates dropping in all such areas excluding Sapporo where a new large building has just been completed.

There is a strong sense of a lack of available office space in Tokyo CBDs centering on young large office buildings and the vacancy rate has plummeted to the 2% level. Additionally, both new and continuing rents are increasing. In the other major cities, there has been an improved balance in the supply-demand relationship in Osaka and Nagoya and the vacancy rates are nearing 5%, the target for a well balanced supply-demand relationship. The supply-demand relationship has also improved in Sendai and Fukuoka and their vacancy rates have dropped.

The Retail Property Leasing Market

Strong performance by the corporate sector continues and the economy is expanding gradually. The improved employment and income environment has spread to households and personal consumption is showing a weak though increasing trend. An analysis of the consumer price history reveals signs that the economy is on the verge of escaping from deflation when extraordinary factors like rising costs for petroleum products are excluded.

There were diverse changes to the 2006 market represented by many new large shopping centers opening in the Tokyo metropolitan area, the entry of department stores into central areas of Tokyo and Osaka and significant expansion of their sales floors, and an increase in neighborhood shopping centers in small trade zones.

Despite consumption being in the process of recovery, the recovery lacks strength and careful attention should be placed on market trends here on out, also.

The For-Sale Real Estate Market

Continuing on from the preceding fiscal period, domestic and overseas investment capital continues to flow into the real estate market via private funds and J-REITs as a result of the low interest rates and difficulty managing capital presently. This has continued to intensify the competition in the real estate for-sale market. In the case of J-REITs, the comprehensive portfolio of investment properties they have bought on an acquisition price basis has surpassed 5 trillion yen. Further, new J-REITs are expected to list and the competition over the acquisition of properties is expected to intensify even further. In central Tokyo the expected cap rate has plummeted and property prices have risen due to the lack of blue-chip investment properties and proactive investment by private funds and J-REITs. In the core regional cities there continues to be a ravenous appetite for investment in real estate due to the rising prices of properties in Tokyo and the apparent lack of properties.

The targets of real estate investment have also extended forth from just office buildings and retail properties to also include a wide variety of uses such as hotels, warehouses and nursing homes.

3) New Property Acquisitions by JPR

JPR has continued to acquire properties based on a rigorous standard for selecting excellent office buildings and retail properties that can generate stable cash flow and possess the potential for future rent increases. JPR's key strategy in expanding our portfolio has been to stabilize portfolio earnings and balance the diversification of the portfolio both by location and asset class. JPR has been emphasizing the acquisition of properties in Tokyo and 5 major cities (Osaka, Nagoya, Fukuoka, Sendai and Sapporo). During the tenth fiscal period, we acquired Chayamachi Grande Bldg. (6 billion yen) and JPR Musashikosugi Bldg. (7.26 billion yen). As a result, the balance of assets under management now totals 46 properties, or 222.48 billion yen on an acquisition price basis. The total leasable floor space is now 337,382.05m² and the number of tenants is 479.

4) Operational Management of Portfolio

The overall occupancy rate of the portfolio in the 10th fiscal period was 98.0%. Since there is little room for improvement in the occupancy rate, JPR positioned measures to increase rents as the most important management measure this fiscal period. Consequently, JPR reviewed the rents for prospective new tenants, tackled rental increases for existing tenants and strove for internal growth through this additional rental income.

The overall occupancy rate for the portfolio as of the end of this fiscal period was 98.6%; once again JPR successfully realized stable occupancy at a high level.

5) Fund Procurement

JPR secured even greater financial stability this fiscal period by taking out new short-term borrowings that emphasize flexibility within the expansion of the portfolio and issued unsecured investment corporation bonds with a fixed interest rate to hedge against the future risk of interest rate hikes and to spread out maturities of borrowings and bonds.

As a result, the balance of total outstanding borrowings as of the end of the fiscal period reached 62.96 billion yen, with unsecured corporate bonds of 46.5 billion yen. Of these, long-term interest-bearing debt with repayment periods of more than one year that hedged against risk of future interest rate hikes now comprises 75.3% of all interest-bearing debt and the average maturity is 5.1 years (note 1).

Additionally, with regards to JPR's overall interest-bearing debt, the average interest as of the end of the fiscal period (Note 2) is 1.3%, the interest-bearing debt ratio (Note 3) is 48.7% and the LTV (interest-bearing debt to total assets ratio) at the end of the period (Note 4) is 44.7%.

Moreover, Moody's Investors Service, Inc. raised the issuer rating and rating of JPR's unsecured long-term bonds from A3 to A2 on November 17, 2006 and the following represents the JPR issuer rating and unsecured corporate bond rating as of the end of this period.

Details of Unsecured Corporate Bonds and Corporate Credit Ratings as of December 31, 2006

Ratings Agency	Corporate Credit Rating	Corporate Bonds (1st to 7th Issuance)
Rating and Investment Information, Inc.	A+ (Stable)	A+ (Note 5)
Moody's Investor Services	A2 (Stable)	A2
Standard & Poor's	Long-term: A- (Stable) Short-term: A-2 (Stable)	A-

(Note 1) Average maturity of long-term interest-bearing debt is arrived at by calculating a weighted average of maturities from the end of the 10th fiscal period to the repayment deadlines for long-term interest-bearing debt with repayment periods of more than one year, based on the balance of each debt.

(Note 2) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 10th fiscal period based on the balance of each debt.

(Note 3) Interest-bearing debt ratio (%): $\text{interest-bearing debt} / (\text{interest-bearing debt} + \text{unitholders' capital}) \times 100$
(unitholders' capital: 115.43 billion yen)

(Note 4) Interest-bearing debt to total assets ratio at end of period (%): $\text{interest-bearing debt} / \text{total assets at end of period} \times 100$ (total assets at the end of the 10th fiscal period: 244.69 billion yen)

(Note 5) 7th series of corporate bonds have not obtained a rating from Rating and Investment Information, Inc.

(3) Additional Offerings, etc.

JPR did not make any additional offerings during the 10th fiscal period and there was no change in unitholders' capital. The table below indicates offerings provided by JPR prior to the 9th fiscal period.

Date	Event	Number of Units Outstanding		Unitholders' Capital (million yen)		Remarks
		Variation	Balance	Variation	Balance	
September 14, 2001	Established by private placement	240	240	120	120	(Note 1)
November 16, 2001	Additional private placement	62,000	62,240	31,000	31,120	(Note 2)
January 22, 2002	Split of investment units	93,360	155,600	-	31,120	(Note 3)
June 14, 2002	Initial public offering	134,000	289,600	25,862	56,982	(Note 4)
July 15, 2003	Additional public offering	134,400	424,000	30,758	87,740	(Note 5)
August 9, 2003	Third-party allotment	6,000	430,000	1,373	89,113	(Note 6)
February 2, 2005	Additional public offering	95,000	525,000	25,001	114,115	(Note 7)
March 2, 2005	Third-party allotment	5,000	530,000	1,315	115,431	(Note 8)

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

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

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

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

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

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

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

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

(4) Cash Distributions

Under the Special Taxation Measures Law of Japan, an investment corporation is allowed to deduct dividends of profits paid to investors from its taxable income. In order to have the maximum amount of dividend distribution deducted, JPR decided to distribute all the retained earnings for the 10th fiscal period except for fractional portions that make distributions per unit less than 1 yen. As a result, the cash distribution per unit for the 10th fiscal period was set at 6,873 yen.

(Thousands of yen unless otherwise indicated)

Date	6th Fiscal Period (as of December 31, 2004)	7th Fiscal Period (as of June 30, 2005)	8th Fiscal Period (as of December 31, 2005)	9th Fiscal Period (as of June 30, 2006)	10th Fiscal Period (as of December 31, 2006)
Retained Earnings at End of Period	2,868,599	3,376,139	3,398,137	3,449,967	3,642,765
Internal Reserves	69	39	307	197	75
Total Cash Distributions (Cash distribution per unit)	2,868,530 (6,671 yen)	3,376,100 (6,370 yen)	3,397,830 (6,411 yen)	3,449,770 (6,509 yen)	3,642,690 (6,873 yen)
Total Cash Distributions from Net Income (Cash distribution from net income per unit)	2,868,530 (6,671 yen)	3,376,100 (6,370 yen)	3,397,830 (6,411 yen)	3,449,770 (6,509 yen)	3,642,690 (6,873 yen)
Repayment of Paid-in Capital (Repayment of paid-in capital per unit)	- (-)	- (-)	- (-)	- (-)	- (-)

(5) Future Management Policy and Vital Issues

A. Management Projections

The Japanese economy has been supported by strong foreign demand (exports) and the private sector's (corporate and household division) demand has driven the economy by compensating for the drop in public sector generated business. Autonomous and sustainable growth under stable prices is expected to continue.

Corporate earnings are also expected to steadily grow since petroleum prices have settled down after temporarily soaring. The economy is showing stronger signs of a national recovery and the strength of the recovery is growing particularly in the major metropolitan areas of Tokyo, Osaka and Nagoya.

In the office leasing market, there has been a nationwide drop in the vacancy rate excluding some regional cities. In the Tokyo CBDs, in particular, there has been a remarkable rise in both new and continuing rents.

In the for-sale real estate market, transaction prices have risen due to a further drop in the implied cap rates resulting from the inclusion of future rent increases because of the emergence of rent increases due to the economic recovery. The investment appetite of foreign and domestic funds remains strong and there has been an intensification of the competition over the acquisition of properties and the feeling remains that the quantity of blue-chip properties is insufficient.

The J-REIT market has also been supported by the huge influx of capital, the increase in J-REITs via IPOs and the expansion of the market size. On the other hand, polarization of the market has grown with differences among J-REITs increasing in clarity.

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

1. Acquisition of New Properties

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

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

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

*As for the information channels for available properties, JPR will strive to acquire blue-chip properties by endeavoring to expand its unique information channels while also collaborating with sponsor companies of JPR's asset manager, Tokyo Realty Investment Management, Inc. (TRIM).

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

2. Management of Portfolio

JPR has negotiated with existing tenants primarily in Tokyo CBDs to raise their rents and will continue to emphasize this policy next fiscal period. JPR will achieve strong internal growth by working to increase rental revenues.

JPR will continue to provide high quality services and a comfortable office space as the pillars to the JPR Brand Strategy. These measures will be used to improve tenant satisfaction and maintain the high occupancy rate of our portfolio. JPR will also continue to give adequate consideration to legal compliance and the securing of safety.

Measure to increase rents

Measures to increase rents will continue to be emphasized in the 11th fiscal period as they were in the 10th fiscal period. In addition to trying to secure contracts with new tenants at high rents, we will work on revising contracts with existing tenants at higher rents. In order to heighten the ability to realize this, JPR has introduced an incentive fee for real estate management firms that correlates to their performance beginning with the 11th fiscal period.

Brand strategy

JPR will continue the respective measures it has to steadfastly spread the provision of high quality services both in software and hardware based on the brand concept of A/3S (Amenity/Service, Safety and Save Energy). Additionally, JPR will heighten the quality of its properties by feeding back the results of continual tenant satisfaction studies to our tenant services team.

Reducing operating and management costs

JPR will continue to pursue cost reductions while maintaining an awareness of our brand concept and striving to maintain service quality and secure safety.

Renovations

Renovations will be implemented in a planned manner based on the long-term repair and maintenance plans established for each property. Priority will be given to renovations that heighten tenant satisfaction by analyzing tenant needs based on the results of the tenant satisfaction study. In this manner, JPR will realize the JPR brand it has conceptualized and focused on to date.

(6) Fund Procurement

JPR's fundamental policy for fund procurement calls for an efficient combination of long-term steady fund procurement and short-term fund procurement that emphasizes dynamism. In line with this policy, JPR will procure funds centering on unsecured and unguaranteed bank borrowings. JPR will continue to focus on the diversification of fund procurement means and consistently strive to diversify the maturities employed by also considering the issuance of corporate bonds with an eye on the trends of the bond market, etc.

Furthermore, JPR conducted a follow-on offering of new investment units (see the following “(8) Important Facts Arising after the Settlement” below for details) and repaid 19.5 billion yen in short-term borrowings.

(7) Information Disclosure

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

(8) Important Facts Arising after the Settlement

Issue of New Investment Units through Public Offering

Payment in connection with new investment units, the issue and pricing of which were approved at Board of Directors meeting held on January 17, 2007 and January 29, 2007, respectively, was completed on February 6, 2007, terms and conditions briefly as follows. As a result, unitholders' capital totaled 154,552,073,600 yen, while the number of investment units issued and outstanding was 620,000 as of February 6, 2007.

Number of new investment units issued: 90,000
Purchase (public offering) price: ¥449,820 per investment unit
Gross proceeds: ¥40,483,800,000
Purchase (underwriting) price: ¥434,673 per investment unit
Gross proceeds: ¥39,120,570,000
Payment date: February 6, 2007
Delivery date: February 7, 2007
Starting date of computation for cash distribution: January 1, 2007

Issue of New Investment Units through Third-Party Allotment

JPR resolved to undertake a secondary offering (over-allotment option) by way of third-party allotment at Board of Directors meetings held on January 17, 2007 and January 29, 2007, brief details as follows. JPR also proved the granting of an option (the "Greenshoe Option") by way of third-party allotment to Mizuho Securities Co., Ltd. The greenshoe option may be exercised by no later than March 2, 2007.

Number of new investment units issued: 5,000 (maximum)
Purchase price: ¥434,673 per investment unit
Gross proceeds: ¥2,173,365,000 (maximum)
Third-party allottee: Mizuho Securities Co., Ltd.
Payment date: March 7, 2007
Delivery date: March 8, 2007
Starting date of computation for cash distribution: January 1, 2007

< Reference Information >

Property Acquisition

JPR has acquired the following property.

Tachikawa Business Center Bldg. (acquisition of additional ownership)

Property overview

Address: 2-38-5 Akebonocho, Tachikawa City, Tokyo (residential)
Type of ownership : Land: Co-ownership
Building : Unit ownership
Site area : 2,047.22m² (608.90m² owned by JPR)
Gross total floor area : 14,706.36m² (3,065.63m² is dedicated area)
Type of structure : S · SRC B1/12F
Completion date : December 1994
Number of tenants : 16
Total leasable floor space : 2,980.90m²
Total leased floor space : 2,980.90m²
Occupancy rate : 100%

*The number of tenants, total leasable floor space, total leased floor space and the occupancy rate are the figures as of February 19, 2007.

Acquisition Terms

Acquisition price : 2,300 million yen
Asset type : Real estate
Acquisition date : February 28, 2007

JPR has concluded a contract to acquire the following property.

Shinjuku Sanhome East Bldg.

Property overview

Address: 3-1-26 Shinjuku, Shinjuku Ward, Tokyo (residential: planned)
Type of ownership : Land: Ownership
Building: Co-ownership (4.3%)
Site area: 2,578.69m² (area of unit site to be acquired by JPR: 70.33m²)
Gross total floor area : 26,360.56m² (area of proprietary site to be acquired by JPR: 478.51m²)
Type of structure : S · RC · SRC with flat roof, B3/14F
Completion date : January 2007
Number of tenants: 1
Total leasable floor space : 11,173.47m² (co-owned section)
Total leased floor space : 11,173.47m² (co-owned section)
Occupancy rate : 100%

Acquisition terms

Acquisition price : 540 million yen
Asset type : Real estate
Planned acquisition date : March 2007

*The number of tenants, total leasable floor space, total leased floor space and the occupancy rate are the figures as of February 19, 2007. In addition, the indications in the building construction authorization application are used for the gross total floor area and structure.

Overview of Investment Corporation

(1) Unitholders' Capital

	6th Fiscal Period as of December 31, 2004	7th Fiscal Period as of June 30, 2005	8th Fiscal Period as of December 31, 2005	9th Fiscal Period as of June 30, 2006	10th Fiscal Period as of December 31, 2006
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	430,000	530,000	530,000	530,000	530,000
Unitholders' capital (millions of yen)	89,113	115,431	115,431	115,431	115,431
Total number of unitholders	18,636	22,674	19,709	17,316	15,604

(2) Primary Investors

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

Name	Address	Number of Owned Units	Percentage of the Total Units Outstanding (%)
Japan Trustee Services Bank, Ltd.	Chuo Ward, Tokyo	42,643	8.05
Nikko Citi Trust and Banking Corporation	Shinagawa Ward, Tokyo	39,024	7.36
Tokyo Tatemono Co., Ltd.	Chuo Ward, Tokyo	29,300	5.53
Kawasaki Gakuen	Kurashiki City, Okayama	25,000	4.72
Meiji Yasuda Life Insurance Company	Chiyoda Ward, Tokyo	24,000	4.53
Trust & Custody Services Bank, Ltd.	Chuo Ward, Tokyo	23,791	4.49
The Master Trust Bank of Japan, Ltd.	Minato Ward, Tokyo	17,801	3.36
AIG Star Life Insurance Co., Ltd.	Chuo Ward, Tokyo	13,190	2.49
North Pacific Bank, Ltd.	Sapporo City, Hokkaido	11,763	2.22
The Hiroshima Bank, Ltd.	Hiroshima City, Hiroshima	10,298	1.94
	Total	236,810	44.68

(3) Items Related to Directors

Position	Name	Other Assignments Currently on Service	Total Directors' Fee during the 10th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,100	—
Supervising Officer (Note 1)	Sosuke Yasuda	Accountant, Sosuke Yasuda Tax Accountant Office CPA and Director, Gyosei Audit Corporation Outside Auditor, Mitsui Sumitomo Insurance Company, Limited Outside Auditor, Nomura Research Institute, Ltd.	3,600	—
	Shigeru Sugimoto	Senior Partner, CPA, Accountant and Real Estate Appraiser, Horwath Sakura & Co. Representative Director, Sakura & Co.		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon	—	19,300	—

(Note 1) Supervising officers may be directors of corporations other than those indicated above, but have no conflict of interest with JPR at those and the above positions.

(Note 2) The independent auditor fees include fees regarding auditing of JPR's English financial statements, fees regarding creation of comfort letters for issuing JPR's 7th series of unsecured corporate bonds as well as fees regarding services not indicated designated in Article 2-1 of Certified Public Accountants Law (fees regarding verification of data related to assets under management (5,000 thousand yen) and fees regarding AUP (Agreed Upon Procedures) report for issuance of JPR's 7th series of unsecured corporate bonds (2,300 thousand yen)).

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 10th fiscal period are as follows.

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

Status of JPR's Assets under Management

(1) JPR's Asset Structure

Asset Type	Area	9th Fiscal Period (as of June 30, 2006)		10th Fiscal Period (as of December 31, 2006)	
		Assets owned by JPR	Percentage of total assets (%)	Assets owned by JPR	Percentage of total assets (%)
Real estate	Tokyo CBDs	16,116,501	7.0	16,082,558	6.6
	Greater Tokyo	6,300,287	2.7	13,752,135	5.6
	Other Cities	16,229,852	7.0	16,169,562	6.6
Real estate in trust	Tokyo CBDs	77,824,365	33.6	77,438,662	31.6
	Greater Tokyo	31,235,719	13.5	30,939,230	12.6
	Other Cities	57,837,269	25.0	63,741,582	26.0
Preferred securities	—	1,558,460	0.7	1,558,460	0.6
Deposits and other assets	—	24,420,843	10.5	25,009,765	10.2
	—	(—)	(—)	(—)	(—)
Total assets		231,523,301	100.0	244,691,958	100.0
	—	(205,543,997)	(88.8)	(218,123,732)	(89.1)

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

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

(Note 3) For separation of areas, refer to PP 8-9

(Note 4) Various survey expenses (3,120 thousand yen for the 9th fiscal period and 3,120 thousand yen for the 10th fiscal period) appropriated with regard to planned acquisition properties are appropriated in deposits and other assets as construction in progress in this table.

(Note 5) JPR owns 8,490 units from 84,900 units of preferred securities issued by Kawasaki Dice TMK (with preferred securities of 10.0%). Furthermore, the value arrived at by multiplying the amounts of real estate and others on the balance sheet of Kawasaki Dice TMK for the latest settlement period by JPR's preferred securities is 1,736,623 thousand yen or the 9th fiscal period and 1,716,347 thousand yen for the 10th fiscal period.

(2) Major Assets Owned by JPR

The following is the overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 10th fiscal period.

Property Name (Note 1)	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Kanematsu Bldg.	15,624,338	7,994.02	7,994.02	100.0	4.9	Office
JPR Umeda Loft Bldg.	12,904,133	18,586.97	18,586.97	100.0	4.7	Retail
BYGS Shinjuku Bldg.	11,994,810	11,357.50	11,176.08	98.4	5.0	Office
JPR Shibuya Tower Records Bldg.	11,901,854	8,076.85	8,076.85	100.0	4.1	Retail
MS Shibaura Bldg.	11,247,147	14,429.09	14,429.09	100.0	5.6	Office
Shinjuku Square Tower	9,869,501	10,982.03	10,982.03	100.0	3.6	Office
Tanashi ASTA	8,974,759	31,121.71	31,121.71	100.0	7.1	Retail
Kawaguchi Center Bldg.	7,912,610	15,461.98	15,358.16	99.3	5.2	Office
Meiji Yasuda Life Osaka Umeda Bldg.	7,628,767	9,600.49	9,490.24	98.9	4.0	Office
JPR Musashikosugi Bldg.	7,509,621	19,740.95	19,740.95	100.0	2.3	Retail
Total	105,567,546	147,351.59	146,956.10	99.7	46.6	

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

(Note 2) Each sectional owner of Shinjuku Square Tower leases its portions to Shinjuku Square Tower Management Co., Ltd. collectively, and the firm subleases them to sub-lessees.

Accordingly, the leasable floor space of the building is calculated by multiplying the total contracted areas of offices, shops and warehouses which the company rents and can sublease to sub-lessees by 39.70457%, the rent allocation ratio of JPR. The subleased areas used to calculate the occupancy rate are the subleased areas to sub-lessees multiplied by the rent allocation ratio. Each figure has been rounded to the second decimal point.

(3) Acquired Properties

A. Real estate and other acquired properties

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

Location Category	Asset Class	Property Name	Location	Asset Type	Book Value (as of Dec. 31, 2006) (thousands of yen)	Appraisal Value (as of Dec. 31, 2006) (thousands of yen)
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	15,624,338	14,800,000
		Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Beneficiary Interest	2,664,374	2,960,000
		JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	1,992,622	2,430,000
		Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	1,663,522 578,737 205,933	3,020,000
		JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	3,772,660	3,780,000
		MS Shibaura Bldg.	Minato Ward, Tokyo	Beneficiary Interest	11,247,147	16,497,000
		Gotanda First Bldg.	Shinagawa Ward, Tokyo	Beneficiary Interest	2,795,467	3,640,000
		Fukuoka Bldg.	Chuo Ward, Tokyo	Beneficiary Interest Real Estate	1,810,094 1,160,979	2,980,000
		JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	5,243,911	5,330,000
		Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	Beneficiary Interest	3,474,249	4,160,000
	Shinjuku Square Tower	Shinjuku Ward, Tokyo	Beneficiary Interest	9,869,501	11,790,000	
	BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Real Estate	11,994,810	12,200,000	
	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Real Estate	702,160	829,000	
Retail	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Beneficiary Interest	11,901,854	14,800,000	
	JPR Daikanyama	Shibuya Ward, Tokyo	Real Estate	2,224,609	1,730,000	
	JPR Jingumae 432	Shibuya Ward, Tokyo	Beneficiary Interest	4,594,248	4,510,000	
Greater Tokyo	Office	Arca East	Sumida Ward, Tokyo	Beneficiary Interest	5,292,794	7,070,000
		JPR Chiba Bldg.	Chiba City, Chiba	Beneficiary Interest	2,355,841	2,060,000
		JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Beneficiary Interest	2,661,569	2,700,000
		Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	Real Estate	929,109	1,420,000
		Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Beneficiary Interest	7,912,610	10,100,000
		JPR Ueno East Bldg.	Taito Ward, Tokyo	Real Estate	3,226,238	4,420,000
		Tachikawa Business Center Bldg.	Tachikawa City, Tokyo	Beneficiary Interest	866,095	1,370,000
	Retail	Tanashi ASTA	Nishitokyo City, Tokyo	Beneficiary Interest	8,974,759	13,200,000
		Tsurumi fuga 1	Yokohama City, Kanagawa	Beneficiary Interest	2,875,558	3,720,000
		Cupo-la Main Bldg.	Kawaguchi City, Saitama	Real Estate	2,087,166	2,570,000
Other Cities	Office	JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Real Estate	7,509,621	7,010,000
		Niigata Ekinan Center Bldg.	Niigata City, Niigata	Beneficiary Interest	1,913,912	2,270,000
		Meiji Yasuda Life Osaka Umeda Bldg.	Osaka City, Osaka	Beneficiary Interest	7,628,767	10,300,000
		Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Beneficiary Interest	4,121,224	4,210,000
		JPR Takamatsu Bldg.	Takamatsu City, Kagawa	Beneficiary Interest	2,283,796	1,510,000
		JPR Hakata Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	3,052,770	2,870,000
		JPR Naha Bldg.	Naha City, Okinawa	Beneficiary Interest	1,480,990	1,510,000
		NORTH 33 Bldg.	Sapporo City, Hokkaido	Beneficiary Interest	3,529,046	2,970,000
		Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Beneficiary Interest	2,804,271	4,070,000
		Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Beneficiary Interest	1,512,475	1,900,000
		Tenjin 121 Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	2,600,857	2,820,000
		JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	Real Estate	4,584,177	5,610,000
		JPR Dojima Bldg.	Osaka City, Osaka	Beneficiary Interest	2,135,372	2,540,000
	JPR Hakata-chuo Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	1,921,430	2,140,000	
	UFJ Central Leasing Head Office Bldg.	Nagoya City, Aichi	Real Estate	4,147,771	4,390,000	
	Retail	JPR Umeda Loft Bldg.	Osaka City, Osaka	Beneficiary Interest	12,904,133	16,190,000
		Strasse Ichibancho	Sendai City, Miyagi	Beneficiary Interest	4,103,959	4,010,000
Benetton Shinsaibashi Bldg.		Osaka City, Osaka	Beneficiary Interest	5,566,849	5,680,000	
Housing Design Center Kobe		Kobe City, Hyogo	Real Estate	7,437,613	7,720,000	
		Chayamachi Grande Bldg.	Osaka City, Osaka	Beneficiary Interest	6,181,723	5,560,000
Total					218,123,732	249,366,000

(Note 1) The calculated values at end of period are either appraisal values or survey values by real estate appraisers, based on the Cabinet Office Order on "Regulations on calculations of investment corporations."

(Note 2) Aside from properties indicated in the table above, JPR owns 8,490 units from 84,900 units of preferred securities issued by Kawasaki Dice TMK (with preferred securities of 10.0%). Furthermore, the value arrived at by multiplying the amounts of real estate and others on the balance sheet of Kawasaki Dice TMK for the latest settlement period by JPR's preferred securities is 1,736,623 thousand yen for the 9th fiscal period and 1,716,347 thousand yen for the 10th fiscal period.

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

Location Category	Asset Class	Property Name	9th Fiscal Period (from Jan. 1, 2006 to June 30, 2006)				10th Fiscal Period (from July 1, 2006 to Dec. 31, 2006)			
			Number of Tenants	Occupancy rate (%)	Rental Revenues (thousands of yen)	% of Total	Number of Tenants	Occupancy rate (%)	Rental Revenues (thousands of yen)	% of Total
Tokyo CBDs	Office	Kanematsu Bldg.	10	100.0	439,467	5.1	10	100.0	451,203	5.0
		Kanematsu Bldg. Annex	1	100.0	102,721	1.2	1	100.0	104,611	1.2
		JPR Ningyo-cho Bldg.	4	100.0	98,477	1.2	4	100.0	100,862	1.1
		Shin-Kojimachi Bldg.	10	100.0	71,200	0.8	10	100.0	71,672	0.8
				43.9	36,231	0.4		43.9	13,385	0.1
				100.0	11,370	0.1		100.0	11,542	0.1
		JPR Crest Takebashi Bldg.	9	100.0	127,045	1.5	8	87.8	118,953	1.3
		MS Shibaura Bldg.	8	100.0	529,991	6.2	8	100.0	544,268	6.0
		Gotanda First Bldg.	2	100.0	132,815	1.6	2	100.0	134,424	1.5
		Fukuoka Bldg.	2	100.0	64,667	0.8	2	100.0	64,667	0.7
				100.0	37,822	0.4		100.0	37,822	0.4
		JPR Ichigaya Bldg.	9	100.0	182,763	2.1	9	100.0	188,996	2.1
		Oval Court Ohsaki Mark West	4	100.0	170,518	2.0	4	100.0	177,168	2.0
		Shinjuku Square Tower	25	98.8	277,465	3.2	25	100.0	297,660	3.3
		BYGS Shinjuku Bldg.	25	98.3	449,609	5.3	25	98.4	483,510	5.3
Across Shinkawa Bldg. Annex	4	100.0	46,245	0.5	4	100.0	47,783	0.5		
JPR Shibuya Tower Records Bldg.	1	100.0	345,576	4.0	1	100.0	345,576	3.8		
JPR Daikanyama	4	100.0	47,132	0.6	4	100.0	47,149	0.5		
JPR Jingumae 432	5	100.0	49,237	0.6	5	100.0	96,384	1.1		
Greater Tokyo	Office	Arca East	6	100.0	253,745	3.0	6	100.0	285,469	3.2
		JPR Chiba Bldg.	26	89.5	135,338	1.6	27	92.8	137,678	1.5
		JPR Yokohama Nihon Odori Bldg.	11	97.5	138,288	1.6	10	93.4	139,264	1.5
		Shinyokohama 2nd Center Bldg.	15	100.0	74,231	0.9	15	100.0	74,690	0.8
		Kawaguchi Center Bldg.	37	98.0	486,763	5.7	39	99.3	486,947	5.4
		JPR Ueno East Bldg.	8	90.9	188,623	2.2	8	90.9	192,061	2.1
		Tachikawa Business Center Bldg.	4	100.0	56,899	0.7	4	100.0	57,515	0.6
	Retail	Tanashi ASTA	1	100.0	596,400	7.0	1	100.0	596,400	6.6
		Tsurumi fuga 1	1	100.0	145,200	1.7	1	100.0	145,200	1.6
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	Note 2
JPR Musashikosugi Bldg.	—	—	—	—	1	100.0	(Note 2)	Note 2		
Other Cities	Office	Niigata Ekinan Center Bldg.	11	100.0	133,168	1.6	11	100.0	132,055	1.5
		Meiji Yasuda Life Osaka Umeda Bldg.	27	98.5	358,652	4.2	28	98.9	374,041	4.1
		Tokyo Tatemono Honmachi Bldg.	9	97.3	251,550	2.9	9	97.3	246,197	2.7
		JPR Takamatsu Bldg.	28	80.5	88,009	1.0	29	89.6	86,261	1.0
		JPR Hakata Bldg.	26	81.5	144,595	1.7	27	88.7	143,208	1.6
		JPR Naha Bldg.	16	95.3	101,315	1.2	17	95.5	108,345	1.2
		NORTH 33 Bldg.	23	95.5	168,978	2.0	24	96.6	167,242	1.8
		Sompo Japan Sendai Bldg.	15	97.1	197,319	2.3	17	99.9	205,120	2.3
		Sompo Japan Wakayama Bldg.	17	95.1	114,903	1.3	16	96.6	119,363	1.3
		Tenjin 121 Bldg.	14	91.5	109,757	1.3	15	100.0	114,546	1.3
		JPR Nagoya Sakae Bldg.	21	100.0	218,083	2.5	21	100.0	234,186	2.6
		JPR Dojima Bldg.	11	100.0	118,205	1.4	11	100.0	134,788	1.5
		JPR Hakata-chuo Bldg.	6	100.0	82,344	1.0	6	100.0	89,532	1.0
		UFJ Central Leasing Head Office Bldg.	1	100.0	190,710	2.2	1	100.0	193,291	2.1
		Retail	JPR Umeda Loft Bldg.	1	100.0	402,413	4.7	1	100.0	402,423
Strasse Ichibancho	1		100.0	128,388	1.5	1	100.0	128,388	1.4	
Benetton Shinsaibashi Bldg.	1		100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	Note 2	
Housing Design Center Kobe	1		100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	Note 2	
Chayamachi Grande Bldg.	—		—	—	—	8	100.0	94,715	1.0	
Total			462	98.0	8,552,819	100.0	479	98.6	9,056,584	100.0

(Note 1) The number of tenants at end of period is counted as follows except for Shinjuku Square Tower: when a single tenant leases multiple rooms, it is counted as one if the tenant uses the same property. If the leased rooms are in multiple buildings, the tenant is counted in plural.

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

B. Details of Investment Securities Acquired as Properties

Securities Name	Asset Type	Units	Book Value		Appraisal Value		Gains or Losses from Valuation	Remarks
			Unit Price (yen)	Value (yen)	Unit Price (yen)	Value (yen)		
Kawasaki Dice TMK	Preferred securities	8,490 units	183,564	1,558,460,000	183,564	1,558,460,000	—	(Note 1) (Note 2)

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

(Note 2) JPR owns 8,490 units from 84,900 units of preferred securities issued by Kawasaki Dice TMK (with preferred securities of 10.0%).

(4) Status of Other Properties

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

Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 10th Fiscal Period	Amount Already Paid
JPR Hakata Bldg.	Fukuoka City, Fukuoka	Replacement of 5th - 8th floor air-conditioning units	Jan. 2007~ June 2007	119	—	—
JPR Dojima Bldg.	Osaka City, Osaka	Renewal of exterior repair seals	Mar. 2007~ May 2007	50	—	—
JPR Chiba Bldg.	Chiba City, Chiba	Repairs of B1, 9th - 13th floor toilets	Mar. 2007~ June 2007	16	—	—

(2) Capital Expenditures during the 10th Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 10th period. Among major capital expenditures, renewal of exterior repair seals for maintenance are renovations in an effort to maintain and enhance tenant satisfaction as well as improvements to common-use areas and the installation of office automation floors for leased offices with the aim of attracting new tenants. Besides, JPR conducted construction of 150 million yen (*), which was appropriated as expenditures for repair and maintenance, aside from these constructions.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Housing Design Center Kobe	Kobe City, Hyogo	Renewal of exterior repair seals	Aug. 2006~ Dec. 2006	103
JPR Hakata Bldg.	Fukuoka City, Fukuoka	Replacement of 9th - 11th floor air-conditioning units	Aug. 2006~ Dec. 2006	89
JPR Umeda Loft Bldg.	Osaka City, Osaka	Repairs of 4th and 5th floor toilets	July 2006~ Oct. 2006	25
Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	Renewal of second floor	June 2006~ July 2006	21
Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Interior renewal of common area	Nov. 2006~ Dec. 2006	19
JPR Chiba Bldg.	Chiba City, Chiba	Repairs of 2nd, 4th, 6th and 8th floor toilets	Oct. 2006~ Dec. 2006	15
Other Properties	Repairs of common area, installation of office automation floors, preparation of parking lots, air conditioners and disaster prevention facilities			155
Total				431

* Expenditures for repair and maintenance included 3,000,000 yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

(Millions of yen)

Operation Period	6th Fiscal Period (July 1, 2004 ~ Dec. 31, 2004)	7th Fiscal Period (Jan. 1, 2005 ~ June 30, 2005)	8th Fiscal Period (July 1, 2005 ~ Dec. 31, 2005)	9th Fiscal Period (Jan. 1, 2006 ~ June 30, 2006)	10th Fiscal Period (July 1, 2006 ~ Dec. 31, 2006)
Balance of deposits at end of previous period	750	850	716	667	678
Deposits during the period	220	43	228	141	297
Amounts used from deposits during the period	120	177	277	130	277
Deposits carried forward to the next period	850	716	667	678	698

Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	9th Fiscal Period (Jan. 1, 2006 - June 30, 2006)	10th Fiscal Period (July 1, 2006 - Dec. 31, 2006)
(a) Asset Management Fees	¥ 350,947	¥ 356,054
Fixed compensation	¥ 75,000	¥ 75,000
Incentive-based compensation 1	¥ 169,249	¥ 168,395
Incentive-based compensation 2	¥ 106,697	¥ 112,659
(b) Administrative Service and Custodian Fees	¥ 68,880	¥ 63,682
(c) Directors' Fee	¥ 5,700	¥ 5,700
(d) Trust Fees	¥ 50,561	¥ 51,987
(e) Other Expenses	¥ 75,316	¥ 85,674
Total	¥ 551,405	¥ 563,098

(2) Status of Borrowings

As of December 31, 2006, JPR has the following borrowings.

Category	Lender	Drawdown Date	Balance as of June 30, 2006 (millions of yen)	Balance as of December 31, 2006 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Borrowings	Mitsubishi UFJ Trust and Banking Corp.	Sep. 27, 2005	5,000	—	0.498	Sep. 27, 2006	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		Mar. 30, 2006	1,000	—	0.435	July 5, 2006			
		July 5, 2006	—	—	0.593	Mar. 16, 2007			
	Shinsei Bank, Ltd.	Sep. 27, 2005	1,500	—	0.390	July 5, 2006			
		Mar. 30, 2006	1,500	—	0.385	July 5, 2006			
		July 5, 2006	—	3,000	0.600	Mar. 16, 2007			
	The Hachijuni Bank, Ltd.	Sep. 27, 2005	1,000	—	0.508	Sep. 27, 2006			
	Mizuho Corporate Bank, Ltd.	Mar. 23, 2006	1,000	—	0.435	July 5, 2006			
		July 5, 2006	—	—	0.593	Mar. 16, 2007			
		Sep. 27, 2006	—	3,500	0.737	July 5, 2006			
		Dec. 26, 2006	—	8,000	0.720	Mar. 16, 2007			
	Aozora Bank, Ltd.	Mar. 23, 2006	1,000	—	0.435	July 5, 2006			
		July 5, 2006	—	—	0.593	Mar. 16, 2007			
	Resona Bank, Limited	Mar. 23, 2006	1,000	—	0.435	July 5, 2006			
July 5, 2006		—	—	0.593	Mar. 16, 2007				
Sep. 27, 2006		—	3,000	0.737	July 5, 2006				
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 23, 2006	1,000	—	0.435	July 5, 2006				
	July 5, 2006	—	—	0.643	Mar. 16, 2007				
Sumitomo Mitsui Banking Corp.	Dec. 26, 2006	—	2,000	0.720	Mar. 16, 2007				
Total			14,000	19,500					
Current Portion of Long-Term Borrowings	Sompo Japan Insurance Inc.	Mar. 25, 2004	1,000	1,000	0.873	Mar. 23, 2007	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
	Nippon Life Insurance Company	Mar. 31, 2005	2,000	2,000	0.493	Apr. 13, 2007			
	The Bank of Fukuoka, Ltd.	Apr. 11, 2005	2,000	2,000	0.478	Apr. 11, 2007			
	The Chugoku Bank, Ltd.	Apr. 11, 2005	1,500	1,500	0.478	Apr. 11, 2007			
	The Iyo Bank, Ltd.	Apr. 11, 2005	1,000	1,000	0.478	Apr. 11, 2007			
	The Chuo Mitsui Trust and Banking Company, Limited	Dec. 27, 2001	6,500	—	1.234	Dec. 27, 2006			
	Sumitomo Life Insurance Company	Dec. 27, 2001	6,500	—	1.234	Dec. 27, 2006			
	Aozora Bank, Ltd.	June 19, 2002	1,000	—	1.295	Dec. 27, 2006			
	Resona Bank, Limited	June 19, 2002	1,000	—	1.295	Dec. 27, 2006			
	Total			22,500	7,500				

Category	Lender	Drawdown Date	Balance as of June 30, 2006 (millions of yen)	Balance as of December 31, 2006 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Long-Term Borrowings	Zenkyoren (The National Mutual Insurance Federation of Agricultural Cooperatives)	Nov. 24, 2005	5,000	5,000	1.453	Nov. 27, 2012	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
	Mitsubishi UFJ Trust and Banking Corp.	Aug. 29, 2006	—	6,000	1.734	Aug. 29, 2011			
	Shinsei Bank, Ltd.	Sep. 26, 2006	—	3,000	1.356	Sep. 24, 2010			
	The Bank of Fukuoka, Ltd.	Sep. 26, 2006	—	1,000	1.356	Sep. 24, 2010			
	The Chugoku Bank, Ltd.	Sep. 26, 2006	—	1,000	1.356	Sep. 24, 2010			
	The Hachijuni Bank, Ltd.	Sep. 26, 2006	—	1,000	1.356	Sep. 24, 2010			
		Dec. 26, 2006	—	1,000	1.642	Apr. 11, 2012			
	Taiyo Life Insurance Company	Dec. 26, 2006	—	1,000	1.858	Dec. 27, 2013			
	Daido Life Insurance Company	Dec. 26, 2006	—	1,000	1.858	Dec. 27, 2013			
	Sumitomo Life Insurance Company	Dec. 27, 2006	—	2,000	1.858	Dec. 27, 2013			
	Meiji Yasuda Life Insurance Company	Dec. 27, 2001	4,783	4,783	1.700	Dec. 26, 2008			
		Jun. 21, 2002	4,783	4,783	2.050	Jun. 21, 2011			
Mar. 28, 2003		4,400	4,400	1.750	Mar. 28, 2013				
Total			18,966	35,966					

(Note 1) The average interest rates are weighted-average figures during the period and are rounded to the third decimal point. Furthermore, fees related to loan arrangement paid to the above lenders are not included.

(Note 2) Short-term borrowings are floating-rate borrowings. Long-term borrowings are fixed-rate borrowings.

(Note 3) Funds are mainly used for purchasing real estate or real estate beneficiary interest in trust (including accompanying expenses) and repaying borrowings.

(Note 4) Short-term borrowings of ¥5 billion from Mitsubishi UFJ Trust and Banking Corp., Mizuho Corporate Bank, Ltd., Aozora Bank, Ltd., Resona Bank, Ltd. and The Bank of Tokyo-Mitsubishi UFJ, Ltd. (¥1 billion respectively) undertaken on July 3, 2006 were repaid on December 15, 2006.

(3) Corporate Bonds

Details of corporate bonds outstanding as of December 31, 2006 are as follows.

	Issue Date	Balance as of June 30, 2006 (millions of yen)	Balance as of December 31, 2006 (millions of yen)	Coupon Rate (per annum)	Maturity Date	Redemption	Use	Remarks
First Series of Corporate Bonds	Feb. 12, 2004	10,000	10,000	0.84	Feb. 12, 2008	Bullet payment	Purchase of properties and Repayment of borrowings	(Note 1)
Second Series of Corporate Bonds	Feb. 12, 2004	7,000	7,000	1.38	Feb. 12, 2010			
Third Series of Corporate Bonds	Feb. 12, 2004	5,000	5,000	2.32	Feb. 12, 2014			
Fourth Series of Corporate Bonds	Nov. 4, 2004	10,000	10,000	0.92	Nov. 4, 2009			(Note 2)
Fifth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	1.44	Nov. 4, 2011			
Sixth Series of Corporate Bonds	Nov. 4, 2004	5,000	5,000	2.00	Nov. 4, 2014			
Seventh Series of Corporate Bonds	Dec. 14, 2006	—	4,500	2.90	Dec. 14, 2026			
Total		42,000	46,500					

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

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

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

Acquisition and Sale during the 10th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquired Date	Acquisition Price (thousands of yen) (Note)	Sale Date	Sale Price (A) (thousands of yen) (Note)	Book Value (B) (thousands of yen)	Difference (C) (A) - (B) (thousands of yen)	Sale Expenses(D) (thousands of yen)	Sale Profit and Loss (C) - (D) (thousands of yen)
Beneficiary Interest in Real Estate	Chayamachi Grande Bldg.	Aug. 30, 2006	6,000,000	—	—	—	—	—	—
Real Estate	JPR Musashikosugi Bldg.	Sep. 28, 2006	7,260,000	—	—	—	—	—	—
Total			13,260,000	—	—	—	—	—	—

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

(2) Acquisition and Sale of Other Assets

There were no acquisitions or sales of other assets.

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

Acquisition or Sale	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Survey Value of Specified Assets (Note 2) (thousands of yen)
Acquisition	Chayamachi Grande Bldg.	Aug. 30, 2006	6,000,000	5,500,000
Acquisition	Tokyokikai Musashikosugi Bldg. (Note 3)	Sep. 28, 2006	7,260,000	7,010,000

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

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

(Note 3) The Tokyokikai Musashikosugi Bldg. changed its name to the JPR Musashikosugi Bldg. on November 1, 2006.

(4) Transactions with Interested Parties and Major Shareholders

A. Transaction Status

There were no transactions with interested parties or major shareholders

B.Values of Fee Expenses

(Thousands of yen)

	Total Paid Fees (A)	Breakdown of Transactions with Interested Parties		Ratio to Total Amount (B/A) (% of total)
		Paid Party	Paid Amount (B)	
Property Brokerage Fees	397,860	Tokyo Tatemono Real Estate Sales Co., Ltd.	217,800	54.7
Management Fees (Note 2)	183,145	Tokyo Tatemono Co., Ltd.	124,391	67.9
		Yasuda Real Estate Co., Ltd.	8,305	4.5
		Meiji Yasuda Building Management, Co., Ltd.	20,756	11.3
		Sompo Japan Building Management, Co., Ltd.	10,753	5.9
Outsourcing Fees	467,098	Tokyo Tatemono Co., Ltd.	304,297	65.1
		Yasuda Real Estate Co., Ltd.	24,674	5.3
		Meiji Yasuda Building Management, Co., Ltd.	47,413	10.2
		Sompo Japan Building Management, Co., Ltd.	32,229	6.9
Tenant Brokerage Fees, etc.	10,251	Tokyo Tatemono Co., Ltd.	7,709	75.2
		Meiji Yasuda Building Management, Co., Ltd.	1,453	14.2
		Sompo Japan Building Management, Co., Ltd.	685	6.7
Corporate Bonds Underwriting Fees	22,500	Merrill Lynch Japan Securities Co., Ltd.	22,500	100.0

(Note 1) Interested parties and major shareholders refers to the interested parties of the asset management company who has concluded an asset management agreement with JPR and is regulated as designated in Article 20 of the Enforcement Order of as the Investment Trusts and Investment Corporations Law and the major shareholders of the asset management company regulated defined in Article 9-3 of the Investment Trusts and Investment Corporations Law.

(Note 2) The management fees indicated in the above table include construction management fees (total of 11,863 thousand yen for JPR) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by the parties indicated during the 10th fiscal period.

Tokyo Tatemono Co., Ltd.	207,478 thousand yen
Tokyo Tatemono Techno-build Co., Ltd.	46,400 thousand yen
Yasuda Real Estate Co., Ltd.	16,091 thousand yen
Meiji Yasuda Building Management Co., Ltd.	16,294 thousand yen
Sompo Japan Building Management Co., Ltd.	10,570 thousand yen

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

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

Overview of Accounting

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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate

No change has been made.

Other

(1) Notice

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

Date of the meeting	Approved issues	Details
Sept. 27, 2006	Consignment of administration concerning transferring unsecured corporate bonds to book-entry transfer corporate bonds	With the transfer of unsecured corporate bonds to book-entry transfer corporate bonds, JPR has consigned issue and payment services to Mizuho Trust & Banking for first to third series of corporate bonds and Mizuho Corporate Bank for fourth to sixth series of corporate bonds in addition to on-going administrative services.
Nov. 29, 2006	Consignment of administrative services concerning issue of seventh series of unsecured corporate bonds (note)	By having Executive Officers' decision of the issue of the seventh series of unsecured corporate bonds as stop condition, JPR has consigned services related to JPR's corporate bonds to Merrill Lynch Japan Securities and Mizuho Corporate Bank.

(Note) A comprehensive resolution concerning issue of JPR's corporate bonds was made at Board of Directors meeting held on December 20, 2005. Based on this, the seventh corporate bonds were issued on December 14, 2006.

(2) Other

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

Balance Sheets

(As of December 31, 2006 and June 30, 2006)

(Thousands of yen)

	End of 10th Fiscal Period (as of December 31, 2006)	End of 9th Fiscal Period (information only) (as of June 30, 2006)	% Change
ASSETS			
CURRENT ASSETS:			
Cash and bank deposits	¥ 10,653,563	¥ 10,478,692	
Entrusted cash and deposits	13,997,165	13,600,136	
Rental receivables	134,365	157,002	
Prepaid expenses	138,530	97,900	
Deferred tax assets	192	467	
Other current assets	9,811	11,506	
Total Current Assets	24,933,629	24,345,705	2.4%
FIXED ASSETS: PROPERTY AND EQUIPMENT:			
Buildings	18,431,800	16,316,514	
Entrusted buildings	72,363,796	71,065,665	
Structures	4,714	4,714	
Entrusted structures	70,743	68,034	
Machinery and equipment	151,968	148,754	
Entrusted machinery and equipment	1,358,449	1,332,492	
Tools, furniture and fixtures	13,859	12,310	
Entrusted tools, furniture and fixtures	65,022	58,466	
Land	28,581,792	23,036,551	
Entrusted land	108,824,129	103,665,465	
Construction in progress	6,428	3,853	
Entrusted construction in progress	—	200	
Less : accumulated depreciation	(11,749,213)	(10,169,358)	
Net Property and Equipment	218,123,491	205,543,666	6.1%
Intangible Assets:			
Other intangible assets	5,471	5,969	
Total Intangible Assets	5,471	5,969	(8.3%)
INVESTMENTS AND OTHER ASSETS:			
Investment securities	1,558,460	1,558,460	
Deposits	10,100	10,100	
Other	250	250	
Total Investments and Other Assets	1,568,810	1,568,810	—
Total Fixed Assets	219,697,773	207,118,445	6.1%
Deferred Assets:			
Corporate bond issuance costs	60,555	59,149	
Total Deferred Assets	60,555	59,149	2.4%
TOTAL ASSETS	¥ 244,691,958	¥ 231,523,301	5.7%

(Note) See accompanying Notes to Financial Statements

(Thousands of yen)

	End of 10th Fiscal Period (as of December 31, 2006)	End of 9th Fiscal Period (information only) (as of June 30, 2006)	% Change
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	¥ 923,005	¥ 785,828	
Short-term borrowings	19,500,000	14,000,000	
Current portion of long-term borrowings	7,500,000	22,500,000	
Other accounts payable	473,515	441,179	
Accrued expenses	184,597	169,453	
Accrued income taxes	609	773	
Accrued consumption taxes	145,485	147,979	
Rent received in advance	1,014,037	946,386	
Total Current Liabilities	29,741,250	38,991,600	(23.7%)
LONG-TERM LIABILITIES:			
Corporate bonds	46,500,000	42,000,000	
Long-term borrowings	35,966,000	18,966,000	
Leasehold and security deposits received	3,098,556	2,718,246	
Entrusted leasehold and security deposits received	10,311,883	9,965,983	
Total Long-Term Liabilities	95,876,439	73,650,230	30.2%
TOTAL LIABILITIES	125,617,689	112,641,830	11.5%
UNITHOLDERS' EQUITY:			
Unitholders' capital 5,000,000 units authorized 530,000 units issued and outstanding	115,431,503	115,431,503	
Retained earnings	3,642,765	3,449,967	5.6%
TOTAL UNITHOLDERS' EQUITY	119,074,268	118,881,470	0.2%
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	¥ 244,691,958	¥ 231,523,301	5.7%

(Note) See accompanying Notes to Financial Statements

Statements of Income and Retained Earnings

(For the six-month periods ended December 31, 2006 and June 30, 2006)

(Thousands of yen)

	10th Fiscal Period (July 1, 2006 - December 31, 2006)	9th Fiscal Period (information only) (January 1, 2006 - June 30, 2006)	% Change
OPERATING REVENUES:	¥9,088,175	¥8,588,774	5.8%
Real estate rental revenues	9,056,584	8,552,819	
Dividends received	31,591	35,955	
OPERATING EXPENSES:	4,714,416	4,564,632	3.3%
Real estate rental expenses	4,151,317	4,013,227	
Asset management fees	356,054	350,947	
Administrative service and custodian fees	63,682	68,880	
Directors' fee	5,700	5,700	
Trust fees	51,987	50,561	
Other operating expenses	85,674	75,316	
OPERATING PROFITS	4,373,758	4,024,141	8.7%
NON-OPERATING REVENUES:	4,380	67,432	(93.5%)
Interest income	1,135	93	
Income on settlement of management association accounts	—	60,249	
Other non-operating revenues	3,245	7,089	
NON-OPERATING EXPENSES:	734,652	640,847	14.6%
Interest expense	378,907	296,526	
Loan arrangement fees	18,507	18,241	
Interest expense on corporate bonds	289,135	277,882	
Amortization of corporate bond issuance costs	42,221	42,113	
Other non-operating expenses	5,879	6,083	
Recurring Profits	3,643,487	3,450,727	5.6%
Income Before Income Taxes	3,643,487	3,450,727	5.6%
Current income taxes	643	858	
Deferred income taxes	275	208	
NET INCOME	3,642,568	3,449,659	5.6%
RETAINED EARNINGS BROUGHT FORWARD	197	307	(35.9%)
RETAINED EARNINGS AT END OF PERIOD	¥3,642,765	¥3,449,967	5.6%

(Note) See accompanying Notes to Financial Statements

Statements of Changes in Unitholders' Equity

(For the six-month periods ended December 31, 2006 and June 30, 2006)

(Thousands of yen)

	Unitholders' capital	Retained earnings	Total
Balance as of December 31, 2005	¥ 115,431,503	¥ 3,398,137	¥ 118,829,641
Changes during the period	—	51,829	51,829
Cash distributions paid	—	(3,397,830)	(3,397,830)
Net Income	—	3,449,659	3,449,659
Balance as of June 30, 2006	¥ 115,431,503	¥ 3,449,967	¥ 118,881,470
Changes during the period	—	192,798	192,798
Cash distributions paid	—	(3,449,770)	(3,449,770)
Net Income	—	3,642,568	3,642,568
Balance as of December 31, 2006	¥ 115,431,503	¥ 3,642,765	¥ 119,074,268

(Note) See accompanying Notes to Financial Statements

Notes to Financial Statements

Basis of Presenting Financial Statements

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

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

JPR’s accounting period ends at the end of June and December. JPR’s 10th accounting period began on July 1, 2006 and ended on December 31, 2006.

Significant Accounting Policies

1. Assets Valuation Standards and Methods

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

2. Depreciation Method for Property and Equipment

(1) Property and Equipment (including entrusted properties)

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

Buildings	3 - 65 years
Structures	10 - 20 years
Machinery and equipment	3 - 17 years
Tools, furniture and fixtures	5 - 15 years

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

(2) Intangible Assets

Intangible assets are depreciated utilizing the straight-line method.

3. Accounting for Deferred Assets

Corporate bond issuance costs are depreciated utilizing the straight-line method over the depreciation periods. The corporate bond issuance costs recorded on the balance sheets for the 9th fiscal period and before were depreciated over three years, with an equal amount depreciated in each fiscal period.

4. Standards for Recording Revenues and Expenses

Accounting treatment of Taxes on Properties and Equipment

In connection with property taxes, city planning taxes and depreciated asset taxes, JPR adopt the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interest with real estate as entrusted property. During the 10th fiscal period, the amount equivalent to the property taxes included as an acquisition cost of real estate totaled 18,070 thousand yen.

5. Other Significant Items Fundamental to Preparing the Financial Statements

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

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

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

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

(2) Accounting for Consumption Taxes

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

Notes to Balance Sheets

	(Thousands of yen)	
	End of 10th Fiscal Period	End of 9th Fiscal Period
	(as of December 31, 2006)	(information only) (as of June 30, 2006)
1. Assets Pledged as Collateral and Secured Liabilities		
Assets pledged as collateral are as follows		
Entrusted deposits	¥ 2,786,491	¥ 5,955,605
Entrusted buildings	10,274,951	23,033,094
Entrusted structures	5,382	30,750
Entrusted machinery and equipment	82,638	200,209
Entrusted tools, furniture and fixtures	7,811	20,402
Entrusted land	11,024,226	35,821,302
Total	¥ 24,181,501	¥ 65,061,363
		(Thousands of yen)
	End of 10th Fiscal Period	End of 9th Fiscal Period
	(as of December 31, 2006)	(information only) (as of June 30, 2006)
Secured liabilities are as follows		
Current portion of long-term borrowings	—	¥ 15,000,000
Long-term borrowings	¥ 13,966,000	13,966,000
Total	¥ 13,966,000	¥ 28,966,000
2. Balance of Unused Commitment Line		
JPR has executed a commitment line agreement with its principal banks to minimize refinancing risks and enhance financial stability.		
		(Thousands of yen)
	End of 10th Fiscal Period	End of 9th Fiscal Period
	(as of December 31, 2006)	(information only) (as of June 30, 2006)
Contract execution date	December 1, 2006	December 1, 2005
Credit limit	¥ 20,000,000	¥ 20,000,000
Outstanding debt at the end of the period	—	—
Unused commitment line at the end of the period	¥ 20,000,000	¥ 20,000,000
3. Minimum Total Unitholders' Equity Designated in Article 67-4 in the Investment Trust and Investment Corporation Law		
		(Thousands of yen)
	End of 10th Fiscal Period	End of 9th Fiscal Period
	(as of December 31, 2006)	(information only) (as of June 30, 2006)
	¥ 50,000	¥ 50,000

Notes to Statement of Income and Retained Earnings

1. Breakdown of Real Estate Rental Revenues and Expenses

	10th Fiscal Period (July 1, 2006 - December 31, 2006)	9th Fiscal Period (information only) (January 1, 2006 - June 30, 2006)
(Thousands of yen)		
A. Real Estate Rental Revenues		
Rental revenues		
Rents	¥ 6,790,723	¥ 6,450,655
Common charges	1,416,714	1,381,089
Parking revenues	211,283	208,516
Advertising expenses	13,811	11,886
Antenna use fees	9,622	7,793
Other	13,564	12,689
Sub total	8,455,719	8,072,631
Other rental revenues		
Incidental income	562,219	425,901
Time-based parking revenues	9,256	9,051
Cancellation charges	7,684	9,752
Income equivalent to expenses for restoration to as is condition	5,752	11,770
Other miscellaneous income	15,951	23,711
Sub total	600,864	480,188
Total real estate rental income	¥ 9,056,584	¥ 8,552,819
B. Real Estate Rental Expenses		
Rental expenses		
Outsourcing expenses	¥ 467,098	¥ 456,304
Utilities expenses	590,974	472,936
Property and other taxes	744,413	745,563
Casualty insurance	34,273	33,879
Repairs and maintenance	146,760	165,731
Property management fees	171,281	166,693
Management association accounts	367,305	355,207
Depreciation	1,579,944	1,560,732
Other	49,264	56,177
Real estate rental expenses	¥ 4,151,317	¥ 4,013,227
C. Profits (A-B)	¥ 4,905,266	¥ 4,539,591

Notes to Statements of Changes in Unitholders' Equity

	10th Fiscal Period (July 1, 2006 - December 31, 2006)	9th Fiscal Period (information only) (January 1, 2006 - June 30, 2006)
The number of units outstanding	530,000 units	530,000 units

Tax Effect Accounting

(Thousands of yen)

1. Breakdown of Main Causes for Deferred Tax Assets and Deferred Tax Liabilities (Deferred tax assets)	10th Fiscal Period	9th Fiscal Period
	(July 1, 2006 - December 31, 2006)	(information only) (January 1, 2006 - June 30, 2006)
Enterprise tax not deductible for income tax purposes	¥ 1	¥ 61
Lump-sum depreciated assets not deductible for tax purposes	190	406
Total deferred tax assets	192	467
Net deferred tax assets	¥ 192	¥ 467
2. Breakdown of Main Items that caused Differences between the Effective Statutory Tax Rate and the Effective Tax Rate after Applying Tax Effect Accounting		
	10th Fiscal Period	9th Fiscal Period
	(July 1, 2006 - December 31, 2006)	(information only) (January 1, 2006 - June 30, 2006)
Effective statutory tax rate	39.39%	39.39%
(Adjustment)		
Deductible cash distributions	(39.38%)	(39.38%)
Other	0.02%	0.02%
Effective tax rate after applying tax effect accounting	0.03%	0.03%

Property and Equipment Leased to JPR

10th Fiscal Period (July 1, 2006 - December 31, 2006)	9th Fiscal Period (information only) (January 1, 2006 - June 30, 2006)
No property and equipment leased to JPR	No property and equipment leased to JPR

Transactions with Interested Parties

10th Fiscal Period (July 1, 2006 - December 31, 2006)	9th Fiscal Period (information only) (January 1, 2006 - June 30, 2006)
No transactions with interested parties	No transactions with interested parties

Per Unit Information

	10th Fiscal Period	9th Fiscal Period
	(July 1, 2006 - December 31, 2006)	(information only) (January 1, 2006 - June 30, 2006)
Total unitholders' equity per unit	¥ 224,668	¥ 224,304
Net income per unit	¥ 6,872	¥ 6,508

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

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

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

	10th Fiscal Period	9th Fiscal Period
	(July 1, 2006 - December 31, 2006)	(information only) (January 1, 2006 - June 30, 2006)
Net income	¥ 3,642,568	¥ 3,449,659
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥ 3,642,568	¥ 3,449,659
Average number of units	530,000 units	530,000 units

Subsequent Events

Issue of New Investment Units through Public Offering

Payment in connection with new investment units, the issue and pricing of which were approved at Board of Directors meeting held on January 17, 2007 and January 29, 2007, respectively, was completed on February 6, 2007, terms and conditions briefly as follows. As a result, unitholders' capital totaled 154,552,073,600 yen, while the number of investment units issued and outstanding was 620,000 as of February 6, 2007.

Number of new investment units issued: 90,000
Purchase (public offering) price: ¥449,820 per investment unit
Gross proceeds: ¥40,483,800,000
Purchase (underwriting) price: ¥434,673 per investment unit
Gross proceeds: ¥39,120,570,000
Payment date: February 6, 2007
Delivery date: February 7, 2007
Starting date of computation for cash distribution: January 1, 2007

Issue of New Investment Units through Third-Party Allotment

JPR resolved to undertake a secondary offering (over-allotment option) by way of third-party allotment at Board of Directors meetings held on January 17, 2007 and January 29, 2007, brief details as follows. JPR also proved the granting of an option (the "Greenshoe Option") by way of third-party allotment to Mizuho Securities Co., Ltd. The greenshoe option may be exercised by no later than March 2, 2007.

Number of new investment units issued: 5,000 (maximum)
Purchase price: ¥434,673 per investment unit
Gross proceeds: ¥2,173,365,000 (maximum)
Third-party allottee: Mizuho Securities Co., Ltd.
Payment date: March 7, 2007
Delivery date: March 8, 2007
Starting date of computation for cash distribution: January 1, 2007

Additional Information

Sales of Tsurumi fuga 1 and JPR Takamatsu Bldg. were decided as of July 26, 2006 in accordance with JPR's investment policy stipulated in its regulations, but JPR has changed the transfer date from January 11, 2007 to April 11, 2007 as of December 21, 2006, based on the mutual agreement with the transferee, as described below.

The sales price does not include pro rata property taxes and urban planning taxes as well as consumption taxes.

Details of the buyer have not been disclosed at the request of the buyer.

Tsurumi fuga 1 and JPR Takamatsu Bldg.

a) Asset type	Trust beneficiary interest in real estate
b) Sale price	5,800 million yen
c) Contract date	July 26, 2006
d) Settlement date	April 11, 2007
e) Impact on profit and loss	JPR plans to record a gain on sale of properties in the amount of approximately 539 million yen in capital as operating revenues during the 11th period (January 1, 2007-June 30, 2007).

Distribution Information

	10th Fiscal Period	9th Fiscal Period (information only)
	(July 1, 2006 - December 31, 2006)	(January 1, 2006 - June 30, 2006)
1. Retained earnings at end of period	¥ 3,642,765,352	¥ 3,449,967,136
2. Cash distributions	3,642,690,000	3,449,770,000
(Distribution per unit)	(6,873)	(6,509)
3. Retained earnings carried forward	¥ 75,352	¥ 197,136

In accordance with the distribution policy stipulated in Article 28-2 of the Articles of Incorporation, JPR will be able to distribute only to the extent of the profits and needs to distribute in excess of 90% of JPR's distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law. Based on this policy, JPR decided on a total distribution of 3,642,690,000 yen for the 10th fiscal period (3,449,770,000 yen for 9th fiscal period). This is the maximum value arrived at when the number of units outstanding (530,000 units) is multiplied by an integer, within the limit of retained earnings for the respective fiscal period. Furthermore, JPR does not make cash distributions in excess of the profit as stipulated in Article 28-4 of the Articles of Incorporation.

Report of Independent Auditors

Report of Independent Auditors

The Board of Directors and Unitholders
Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheets of Japan Prime Realty Investment Corporation as of December 31, 2006, and the related statement of income and retained earnings, and changes in unitholders' equity for the six-month period then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Japan Prime Realty Investment Corporation at December 31, 2006, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

February 16, 2007

Ernst & Young Shin Nihon

Statements of Cash Flows (Information Only)

(For the six-month periods ended December 31, 2006 and June 30, 2006)

(Thousands of yen)

	10th Fiscal Period (July 1, 2006- December 31, 2006)	9th Fiscal Period (January 1, 2006- June 30, 2006)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income taxes	¥ 3,643,487	¥ 3,450,727
Depreciation	1,580,353	1,561,173
Amortization of corporate bond issuance costs	42,221	42,113
Interest income	(1,135)	(93)
Interest expense	668,043	574,408
Decrease (increase) in rental receivables	22,636	(30,776)
(Increase) decrease in prepaid expenses	(40,629)	47,699
(Decrease) increase in trade accounts payable	(50,749)	93,398
Increase in other accounts payable	26,577	13,539
(Decrease) in accrued consumption taxes	(2,494)	(75,878)
Increase in rental received in advance	67,650	24,795
Change in other current assets/liabilities	(8,633)	(45,793)
Subtotal	5,947,328	5,655,314
Interest received	1,135	93
Interest paid	(652,899)	(570,014)
Income taxes paid	(2,588)	(1,159)
Net cash provided by operating activities	5,292,976	5,084,234
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(7,578,563)	(2,204,753)
Purchases of entrusted property and equipment	(6,393,190)	(4,968,166)
Payments of leasehold and security deposits received	(29,734)	(1,210,549)
Proceeds from leasehold and security deposits received	420,911	196,265
Payments of entrusted leasehold and security deposits received	(125,521)	(124,217)
Proceeds from entrusted leasehold and security deposits received	476,231	291,048
Net cash used in investing activities	(13,229,867)	(8,020,372)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings	24,500,000	6,500,000
Repayments of short-term borrowings	(19,000,000)	—
Proceeds from long-term borrowings	17,000,000	—
Repayments of long-term borrowings	(15,000,000)	—
Proceeds from issuance of corporate bonds	4,500,000	—
Payments of corporate bond issuance costs	(43,628)	—
Distributions to unitholders	(3,447,579)	(3,395,973)
Net cash provided by financing activities	8,508,792	3,104,026
NET CHANGES IN CASH AND CASH EQUIVALENTS	571,900	167,887
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	24,078,828	23,910,940
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥ 24,650,729	¥ 24,078,828

Significant Accounting Policies

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

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

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

Notes to Statements of Cash Flows

Breakdown of cash and cash equivalents	(Thousands of yen)	
	10th Fiscal Period (July 1, 2006- December 31, 2006)	9th Fiscal Period (January 1, 2006- June 30, 2006)
Cash and deposits	¥ 10,653,563	¥ 10,478,692
Entrusted cash and deposits	13,997,165	13,600,136
Cash and cash equivalents	¥ 24,650,729	¥ 24,078,828

JPR Investment Policies (Reference)

A. INVESTMENT POLICIES

① Basic Policies

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

The Company will diversify investments in terms of both tenants and properties, taking into account the amount of investment per property, and will thereby seek to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 55 under “(3) Investment stance ii) Investment ratio targets.”

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

② Types of Investment Assets

I) “Real estate” refers to the following:

- i) Real estate
- ii) Real estate leasing rights
- iii) Surface rights
- iv) Beneficiary interests in the following trusts (including comprehensive trusts in which cash associated with real estate is also entrusted, but excludes the marketable securities [referred to as “marketable securities” hereinafter] defined in Article 2:5 of the Law Concerning Investment Trusts and Investment Corporations, No. 198 of 1951, including all subsequent amendments; referred to as the “Investment Trust Law” hereinafter)
 - a) Real estate
 - b) Surface rights and land leaseholds
- v) Beneficiary certificates in monetary trusts (limited to trusts for which the primary purpose is investment in the assets listed in i) to iii) above; excludes equivalents to securities)
- vi) Equity investment based on a contract that specifies that one party will provide funding to be invested in the assets identified in i) to v) above and the other party will invest these funds in said assets, with the profits and losses from these investments distributed to investors (“Tokumei Kumiai equity” in Japanese, referred to as “TK equity” hereinafter).

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

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

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

- i) Bank deposits
- ii) Call loans
- iii) Japanese government bonds
- iv) Municipal bonds
- v) Commercial paper (refers to instruments defined in Article 2:1:8 of the Securities and Exchange Law)
- vi) Transferable certificates of deposit
- vii) Designated bonds as defined under the Asset Liquidation Law (refers to instruments defined in Article 2:1:3:2 of the Securities and Exchange Law; however, this is limited to instruments in which the assets obtained as the business for liquidation by the special purpose company are primarily real estate)

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

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

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

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

③ Investment Stance

i) Investment horizon

The Company will, in principle, hold assets for the medium- and long-term (one to five years and over five years, respectively) and will not acquire assets for the purpose of short-term trading (less than one year).

ii) Investment ratio targets

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

Notes:

- (1) “Tokyo” includes two categories: CBDs (Central Business Districts) comprising Chiyoda, Chuo, Minato, Shinjuku, Shinagawa and Shibuya Wards; and Greater Tokyo comprising all other areas of Tokyo, Chiba, Kanagawa and Saitama Prefectures.
- (2) “Other cities” includes all other areas in Japan.
- (3) “Rental revenues” includes common charges, parking revenues and storage revenues, but does not include additional usage fees such as after-hours airconditioning charges. This ratio may be exceeded, however, if there is any potential for tenant changes or if warranted by general considerations of leasing conditions and other factors.
- (4) Investment in asset-backed securities assumes that there will be an opportunity to obtain the relevant property, etc., at the end of the asset-backed security period.

iii) Investment policies for development projects

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

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

iv) Equipment and fixtures investment policies

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

v) Insurance policies

a) Criteria for selecting underwriting insurance companies:

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

b) Earthquake insurance coverage criteria:

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

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

vi) Sales policy

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

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

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

vii) Value-up properties

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

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

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

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

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

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

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

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

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

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

④ Investment Standards

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

After acquisition of 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 are 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 modifications, etc., the Company will evaluate specifications on a case-by-case basis.

b) Retail properties

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

iv) Earthquake resistance

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

v) Tenants

a) Office buildings

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

b) Retail properties

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

vi) Rights

a) Co-ownership

- The Company will, in principle, seek a co-ownership ratio above 50% in order to assure sufficient latitude in property management (leasing, improvements, etc.), but may acquire properties with an ownership ratio below 50% on a case-by-case basis after considering the nature and creditworthiness of other owners and the characteristics of the property.

- The Company shall, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for preferential purchasing rights or options among the other owners will be executed and whether restrictions will be placed on the transfer of rights, and if so, the nature of these restrictions.

- The Company will attempt to assure the stability of revenues by fully confirming the nature and creditworthiness of other owners and, where possible, providing for appropriate procedures. (This may include, but is not limited to, signing contracts prohibiting the division of joint equity and reaching agreements on the registration of rights and the mutual use of land).

b) Unit ownership

- The Company will, in principle, reserve for itself at least 75% of the voting rights in meetings attended by unit owners in order to assure sufficient latitude in improvements. However, it may make individual decisions based on a general evaluation of the nature and creditworthiness of other unit owners.

- The Company shall, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for preferential purchasing rights or options among the other owners will be executed, and whether restrictions will be placed on the transfer of rights, and if so, the nature of these restrictions.

- The Company will attempt to ensure the stability of revenues by confirming the operations of the management union (reserves, liability ratios, insurance, etc.) and will take such individual measures as are required. (This may include, but is not limited to, increasing accumulated amounts within the Company itself, or providing for insurance on the joint areas and registration of land rights separately from the management union.)

c) Leaseholds

- The Company will, in principle, invest in leaseholds as specified in the old Leasehold Law (Law No. 49 of 1921, including all subsequent amendments) and the Land and Building Leasing Law (Law No. 90 of 1991, including all subsequent amendments).

- The Company will carefully study the nature of the proprietary right holder of land and will make its decision after fully investigating the impact of the provisions for rent revisions, charges for renewing the leasing contract, charges for approval of rebuilding proposals, charges for the approval of sales proposals and other factors in concerning profitability.

d) Collateral rights and usufructuary rights

- The Company will confirm the existence of mortgages or other collateral rights on the proposed property at the time of purchase, and the possibility of extinguishing such rights on closing.

- The Company will make its decision after confirming the existence of usufructuary rights (for example, surface rights or easements) set forth by third parties and the impact that such rights will have on profitability.

vii) Investment amount

a) Minimum investment per property

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

- When acquiring part of a property valued in total at over 1 billion yen

- When acquiring a property with an appraisal value of more than 1 billion yen, but acquired after negotiation for a lesser amount

- In cases where several properties are being acquired together as a package

b) Maximum investment per property

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

c) **Restrictions on acquisition price**

The acquisition price for investments including real estate and asset-backed securities will, in principle, be limited to 105% of the appraised value of the investments. However, provided that the property acquisition does not cause the total property acquisition fund to fall below the NOI yield criterion for the current period, the above-mentioned appraised-value upper limit of 105% can be exceeded in the following cases:

- Properties that, by long-term fixed leasing contracts, are forecast to contribute to stable cash flow and those that are expected to generate a certain profit for dividends in the medium- to long-term
- Properties that, in terms of scale, location or general standpoint, are judged to contribute to an increase in total fund quality and can be expected to generate a certain profit for dividends

viii) **Selection guidelines concerning real estate acquisition ownership type**

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

B. FINANCIAL POLICIES

① Fund Management Policies

I) Leasehold and security deposits

For beneficiary interests

All leasehold and security deposits by tenants will be accumulated within the trust account, but the Company may consider reducing the reserve amount if warranted by accumulated historical data, the establishment of commitment lines and other provisions.

For real estate, real estate leaseholds and surface rights

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

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

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

III) Cash and bank deposits in the Company accounts

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

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

- Reinvestment (refers to a use in purchasing properties or capital expenditures)
- Cash distribution to investors (however, no cash distributions will be made to investors in excess of profits in the absence of changes in current tax treatment of cash distributions in excess of profits)
- Partial repayment of borrowings (however, this will be given the highest priority when the repayment maturity date of the loan agreement arrives, regardless of the priorities listed above)

IV) Derivatives

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

② Issuance of Additional Investment Units

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

③ Borrowings and Issuance of Corporate Bonds

I) Basic policies

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

II) Loan to value (LTV)

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

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

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

Note: For purposes of this calculation, total assets refers to the amount shown in the assets column of the period-end balance sheet for the most recent period prior to the calculation of LTV, and is found by adjusting the period-end book value of tangible fixed assets for the difference between the period-end book value of the tangible fixed asset and its appraised value.

C. PROPERTY-RELATED BUSINESS ADMINISTRATION POLICIES

Property-related business refers to property management, general tenant agency, lease manager/construction manager services and property transfers.

This business is necessary and effective for the achievement of growth for the Company. The Company will administer this business in accordance with the following policies.

① Asset Manager and Property Manager

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

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

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

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

② Commissioned General Tenant Agents

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

③ Property Transfer Agents

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

④ Other Investment Policies

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

II) The Company will administer its assets in such a way that the ratio of real estate, real estate leasing rights, surface rights, real estate in trusts (refers only to trusts covering real estate, surface rights or land leaseholds), and TK equity (refers to contracts specifying only investment in real estate, real estate leasing rights or surface rights) to total assets is 75% or more, which is the ratio established by the Ministry of Finance.

III) The Company may modify the above ratios at any time as warranted by factors such as funding trends, market trends, general economic conditions and real estate market trends.

IV) Lending of assets in the portfolio

a) The Company may lend (for such purposes as parking space and the installation of billboards) real estate, real estate leasing rights and surface rights from among the assets listed on page 54 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 60.

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

D. DISTRIBUTION POLICIES

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

① Distributable Amount

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

② Determining Amount of Distribution

The Company determines the amount of distribution, which must exceed 90% of the Company’s distributable income as stipulated in Article 67:15 of the Special Taxation Measures Law (Law No. 26 of 1957, including all subsequent amendments). However, the actual amount of distribution may not exceed the distributable amount, as defined above. In addition, the Company can reserve funds for capital expenditure, interest payment, dividend payment or similar purposes, which are necessary for maintenance of or increasing the value of assets.

③ Retained Earnings

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

④ Distribution of Cash Exceeding Earnings

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

As long as the current tax treatment requires investors to calculate capital gains/losses each time such investors receive cash distributions exceeding earnings, the Company will not conduct cash distribution exceeding earnings to investors. However, if the board of the Company decides that cash distributions exceeding earnings is required to satisfy the “qualification test of distribution deductible”, the distribution exceeding earnings is allowed following the above distribution policy.

⑤ Method of Distribution

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

⑥ Extinctive Prescription

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

⑦ Issuance of Additional Investment Units

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

Investor Information

Address of Japan Prime Realty Investment Corporation (JPR)

9-9 Yaesu 1-chome, Chuo-ku, Tokyo 103-8285, Japan

Date of Establishment

September 14, 2001

Listing

Tokyo Stock Exchange (Securities Code: 8955)

Fiscal Period Ends

June 30 and December 31 of each year

General Meeting of Unitholders

More than once every two years

Cash Distribution Payment Eligibility

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

Transfer Agent

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

Location of Records

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

Mailing Address

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

Agents

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

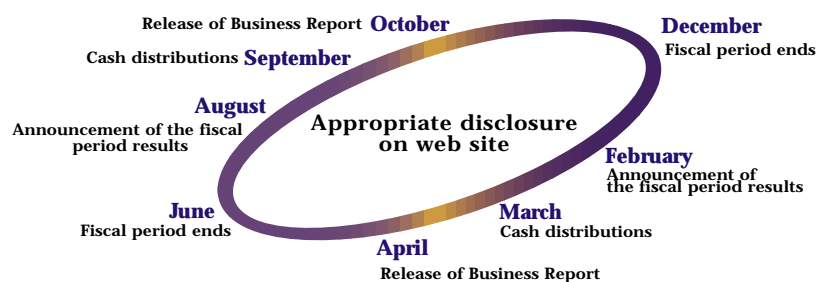
Web Site

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

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Annual Schedule (Provisional)



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