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Thirteenth Fiscal Period Business Report
January 1, 2008–June 30, 2008
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 June 30, 2008 JPR had an investment portfolio totaling 275.10 billion yen on an acquisition basis, 537 tenants and 50 properties, and is recognized as one of the top diversified REITs in Japan.

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Investment Highlights

Portfolio Overview

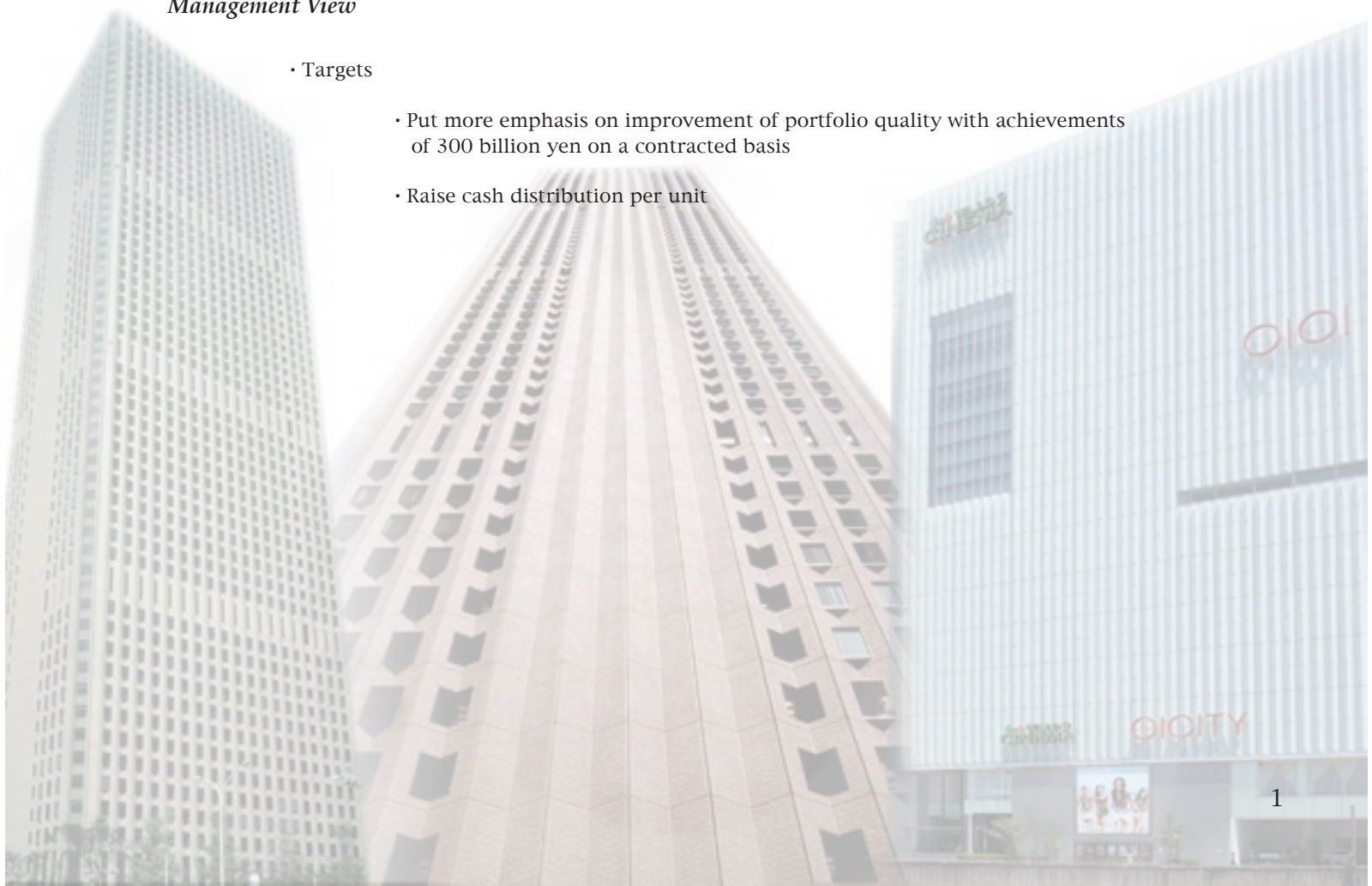
- Top-ranked diversified J-REIT
- Focusing on high-quality office buildings and high-profile retail properties
- Sponsored by major real estate developers, a general contractor, etc.

Growth Strategies

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

Management View

- Targets
 - Put more emphasis on improvement of portfolio quality with achievements of 300 billion yen on a contracted basis
 - Raise cash distribution per unit





Message to Our Unitholders

We are delighted to have this opportunity to provide an overview of the asset management and financial results of Japan Prime Realty Investment Corporation (JPR) for its 13th fiscal period (January 1, 2008 - June 30, 2008).

The JPR portfolio grew to 50 properties, or 275.1 billion yen on an acquisition basis, this fiscal period. This was due to the acquisition of Shinjuku Center Building and the additional acquisition in Shinjuku San-chome East Building for a total of 23.2 billion yen.

As for financing, JPR continued to secure a stable financial status by issuing 3 billion yen unsecured corporate bonds, with a maturity of 3 years, in May 2008.

As for our financial results, we posted operating revenues of 10,830 million yen and recurring profits of 4,452 million yen primarily due to the full-period operations of properties acquired during the previous fiscal period, as well as the contribution of properties acquired during the 13th fiscal period and enhanced revenue-generating capabilities of existing properties. These efforts and performances led to net income for the 13th fiscal period of 4,451 million yen.

As a result, the cash distribution per unit surpassed 7,000 yen for the first time and was set at 7,122 yen.

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

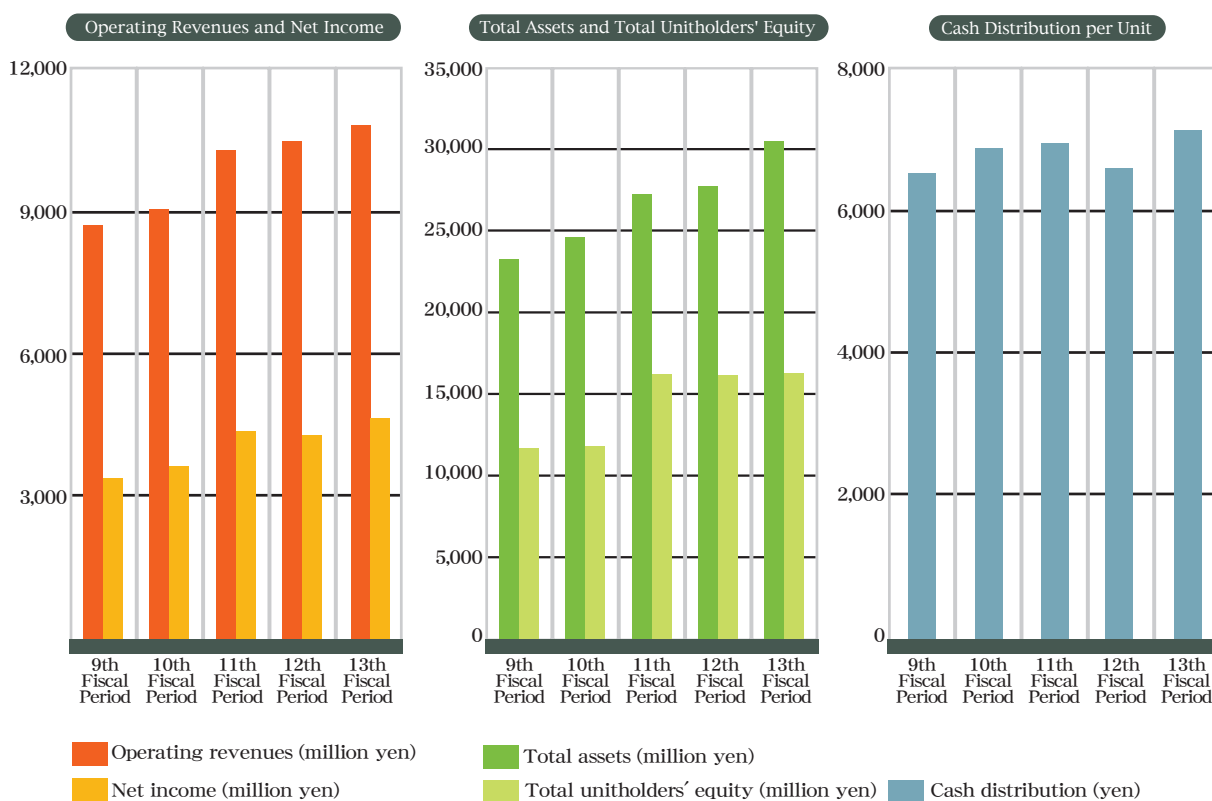
We ask for your continued understanding and support of our operations.

Hirohito Kaneko
Executive Officer
Japan Prime Realty Investment Corporation

Account Highlights

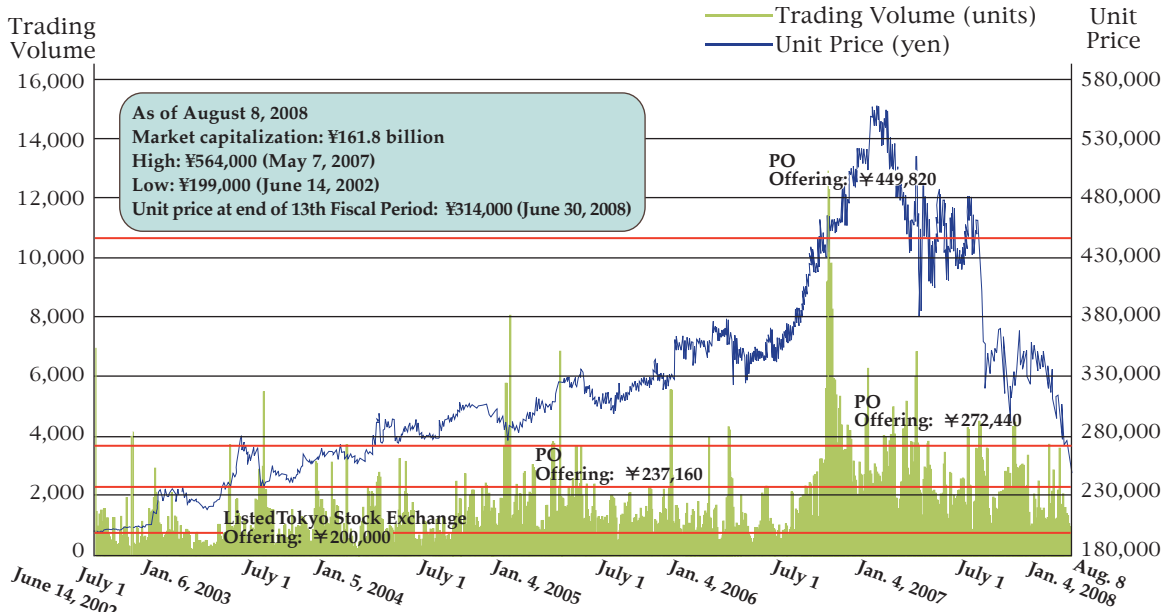
(All amounts in millions of yen unless otherwise stated)

	9th Fiscal Period ended June 2006	10th Fiscal Period ended December 2006	11th Fiscal Period ended June 2007	12th Fiscal Period ended December 2007	13th Fiscal Period ended June 2008
Operating revenues	8,588	9,088	10,056	10,449	10,830
Recurring profits	3,450	3,643	4,373	4,170	4,452
Net income	3,449	3,642	4,372	4,169	4,451
Total cash distributions	3,449	3,642	4,372	4,169	4,451
Total assets	231,523	244,691	271,398	278,842	303,459
Total unitholders' equity	118,881	119,074	161,098	160,895	161,177
Equity ratio	51.3%	48.7%	59.4%	57.7%	53.1%
Unitholders' equity per unit (yen)	224,304	224,668	257,757	257,432	257,883
Cash distribution per unit (yen)	6,509	6,873	6,996	6,671	7,122



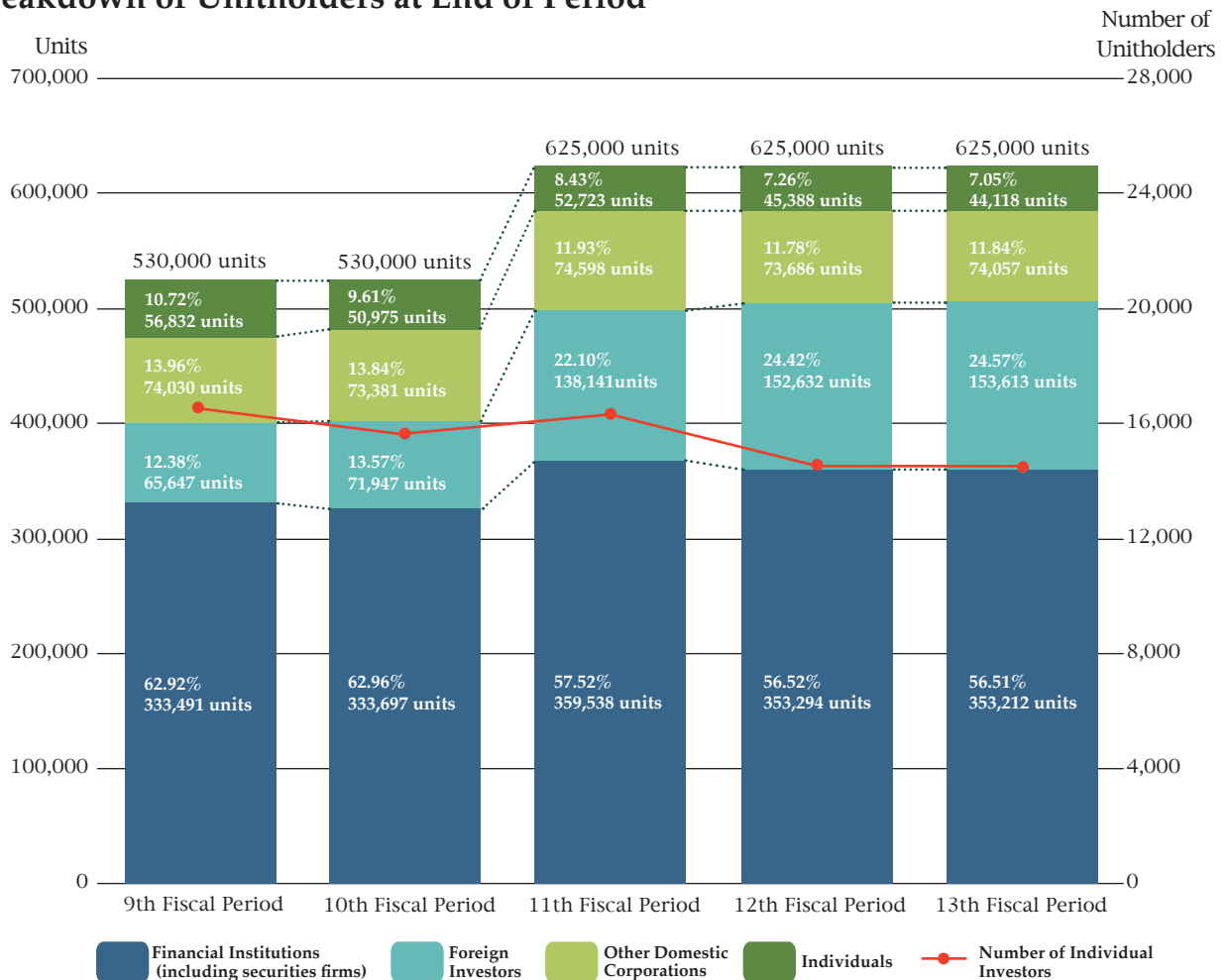
Investment Unit Status

Historical Unit Price



(Note) Unit prices are based on closing prices.

Breakdown of Unitholders at End of Period



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

New Acquisitions during the 13th Fiscal Period and After

Properties Acquired in the 13th Fiscal Period

Shinjuku Center Building

A 14
(Office)



Location	Shinjuku Ward, Tokyo
Acquisition Date	March 27, 2008
Acquisition Price	¥21,000 million
Site Area	14,917.11m ²
Total Floor Space	176,607.89m ²
Structure	Floors
SRC/RC/S	B5/54F
Completed	October 1979

Shinjuku Sanchome East Building (additional ownership)

A 4
(Retail)



Location	Shinjuku Ward, Tokyo
Acquisition Date	April 24, 2008
Acquisition Price	¥2,200 million
Site Area	2,578.69m ²
Total Floor Space	24,617.65m ²
Structure	Floors
S/SRC/RC	B3/14F
Completed	January 2007

Properties to be Acquired in the 14th Fiscal Period

Minami Azabu Building

A 15

(Office)



Location	Minato Ward, Tokyo
Acquisition Date	July 14, 2008
Acquisition Price	¥3,760 million
Site Area	778.09m ²
Total Floor Space	4,570.63m ²
Structure	S
Floors	9F
Completed	June 1992

Yurakucho Ekimae Building
(Yurakucho Itocia)

A 5

(Retail)



Location	Chiyoda Ward, Tokyo
Acquisition Date	August 27, 2008
Acquisition Price	¥3,400 million
Site Area	6,808.12m ²
Total Floor Space	71,957.65m ²
Structure	S/SRS
Floors	B4/20F
Completed	October 2007

Shinagawa Canal Building

A -

(Office)



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

Property to be Acquired in the 15th Fiscal Period

KM Fukugo Bldg.(tentative name) **C** **—**
(Retail)



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

Property to be Acquired in the 17th Fiscal Period

Sendagaya Yonchome Building
(tentative name) **A** **—**
(Office)



Location	Shibuya Ward, Tokyo
Acquisition Date	May 2010(Planned)
Acquisition Price	¥15,050 million(Note)
Site Area	2,217.49m ²
Total Floor Space	8,146.53m ²
Structure	S
Floors	8F
Completed	May 2009 (planned)

Note: In the event profitability improves as a result of efforts by the seller to attract tenants, etc. the acquisition price is subject to revision at the maximum of 16,500 million yen based on a predetermined formula.

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

Meieki Nichome Kaihatsu TMK (SPC) Preferred Securities



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

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

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

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

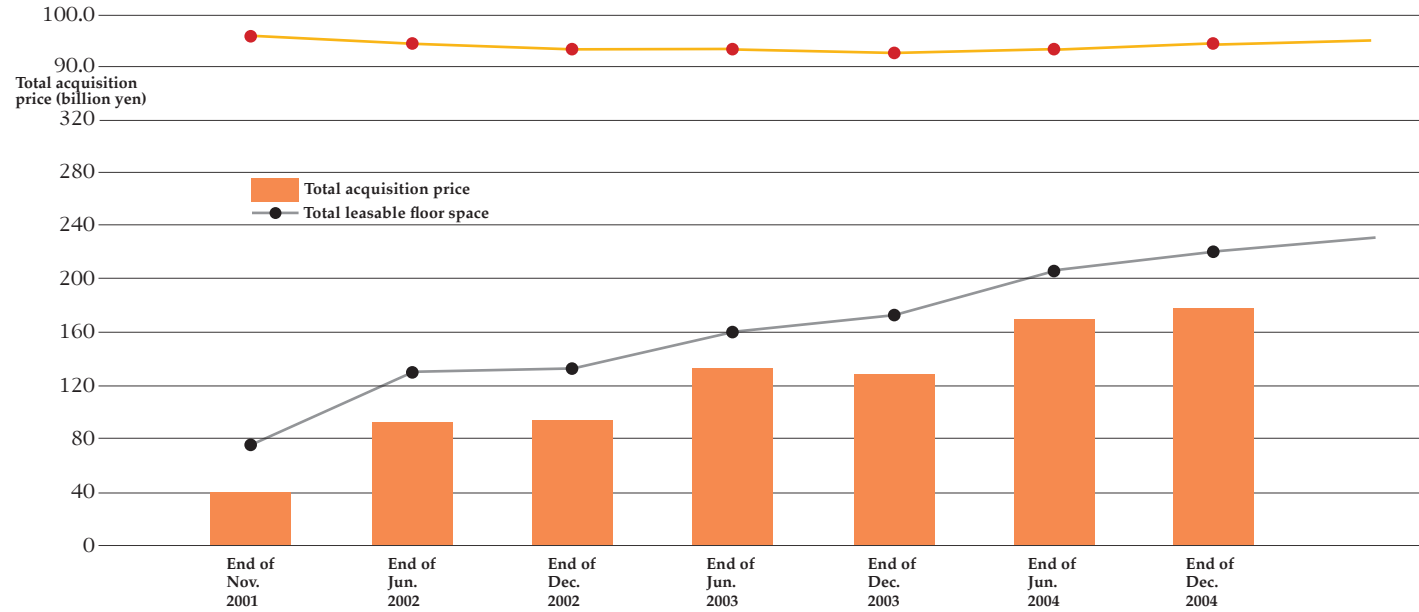
2: The site area is owned separately by the SPC and other owner. The above area indicates the total site area of the office building being developed.

3: The total floor area indicates the figure based on recent area table. In addition, total floor area indicates that of the entire building.

Portfolio Topics

Portfolio Growth

Occupancy rate (%) ●—



Total acquisition price (billion yen)	40.73	92.18	94.59	125.79	139.64	163.65	179.62
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
Occupancy rate (%)	96.3	94.1	93.4	93.5	92.7	93.2	95.1
Properties	13	25	27	30	32	38	42
Total number of tenants	133	281	311	324	357	437	496

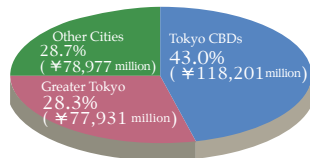
(Note 1) When a single tenant leases multiple rooms in the same property, the tenant is counted as one. If the leased rooms are in multiple buildings, the tenant is counted in plural.

(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.

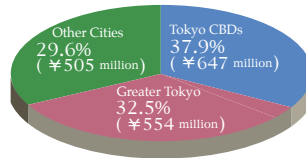
Portfolio Diversification by Region

■ Tokyo CBDs ■ Greater Tokyo ■ Other Cities

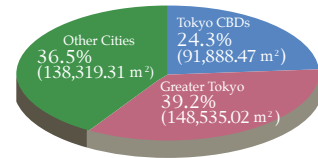
Value breakdown by acquisition price



Value breakdown by monthly rental revenue at period end



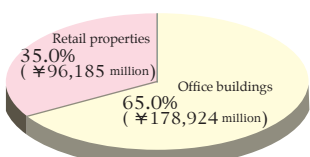
Value breakdown by leased floor space at period end



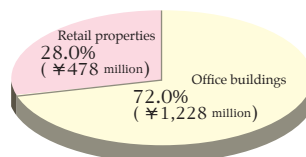
Portfolio Diversification by Asset Class

■ Office buildings ■ Retail properties

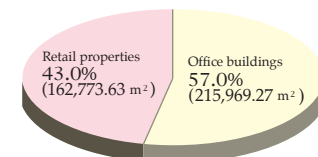
Value breakdown by acquisition price

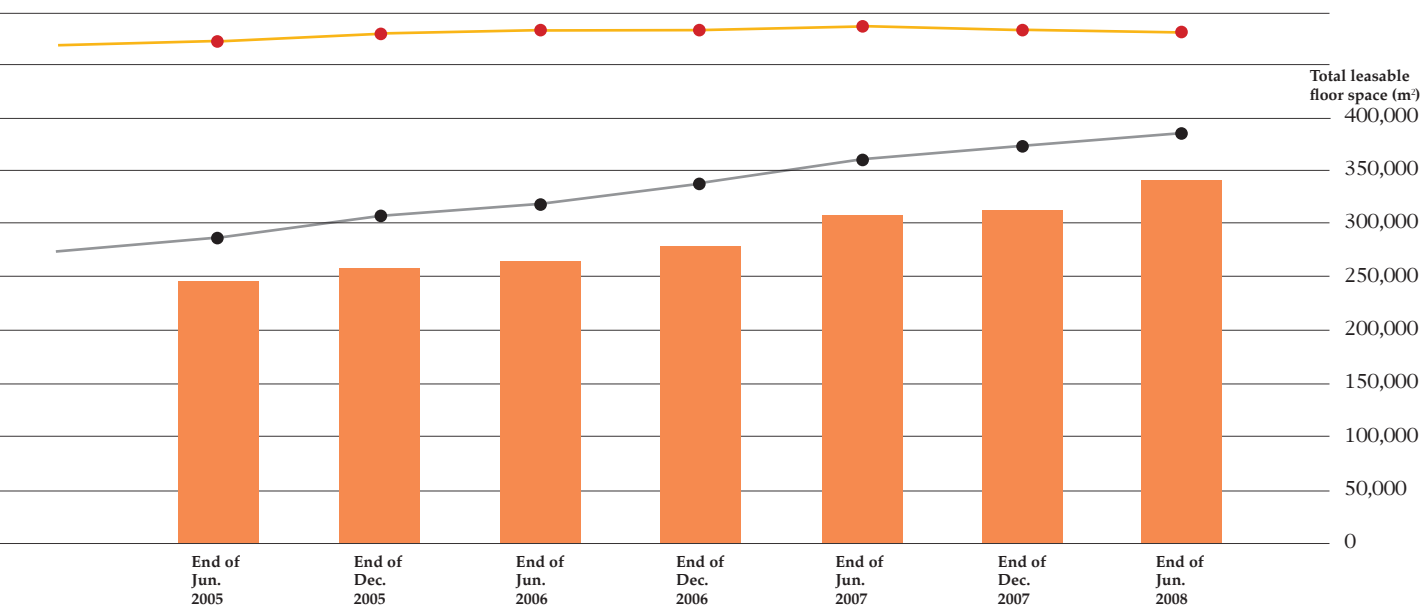


Value breakdown by monthly rental revenue at period end



Value breakdown by leased floor space at period end





197.65	202.66	209.22	222.48	245.39	251.90	275.10
281,408.97	308,205.26	315,156.84	337,382.05	361,574.77	373,609.99	383,491.03
95.4	97.2	98.0	98.6	99.0	98.4	97.5
42	42	44	46	48	49	50
459	441	462	479	491	517	537

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

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

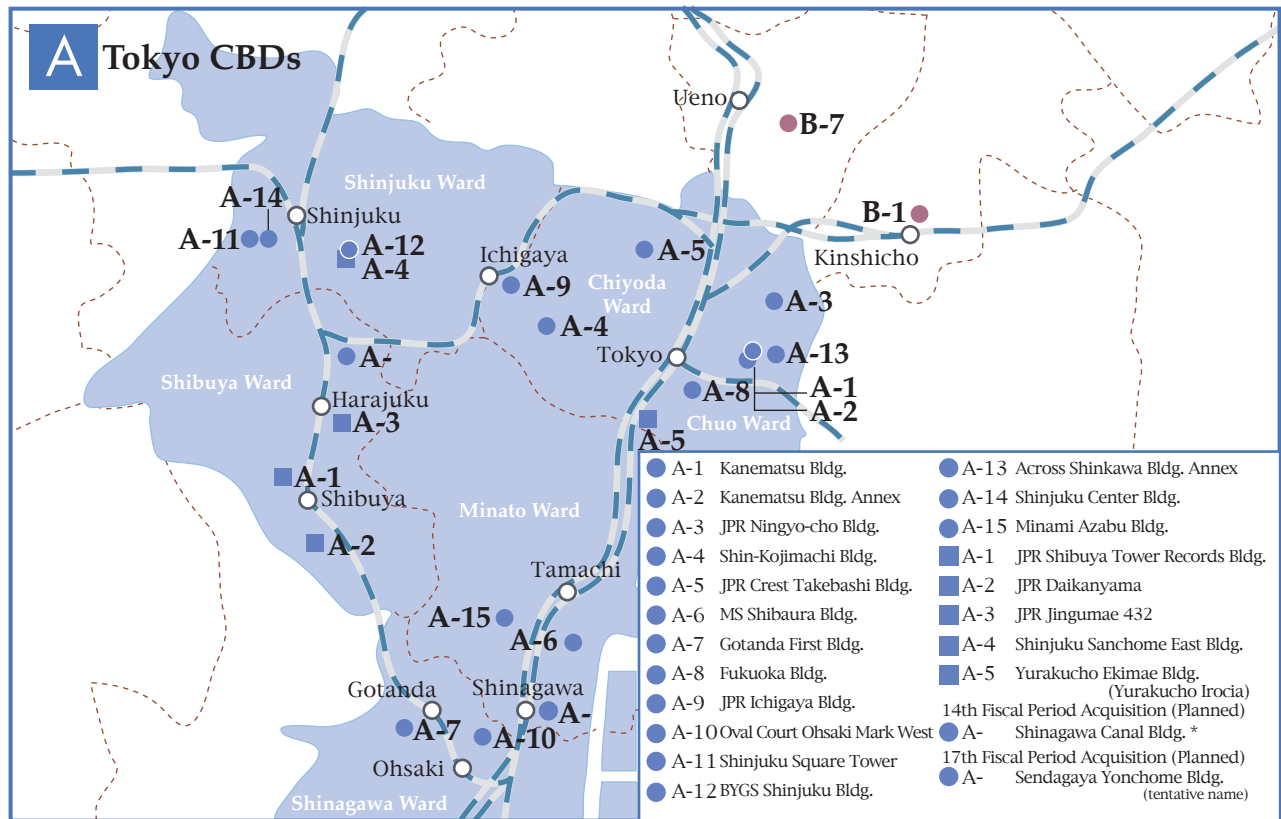
Major Tenants

(As of June 30, 2008)

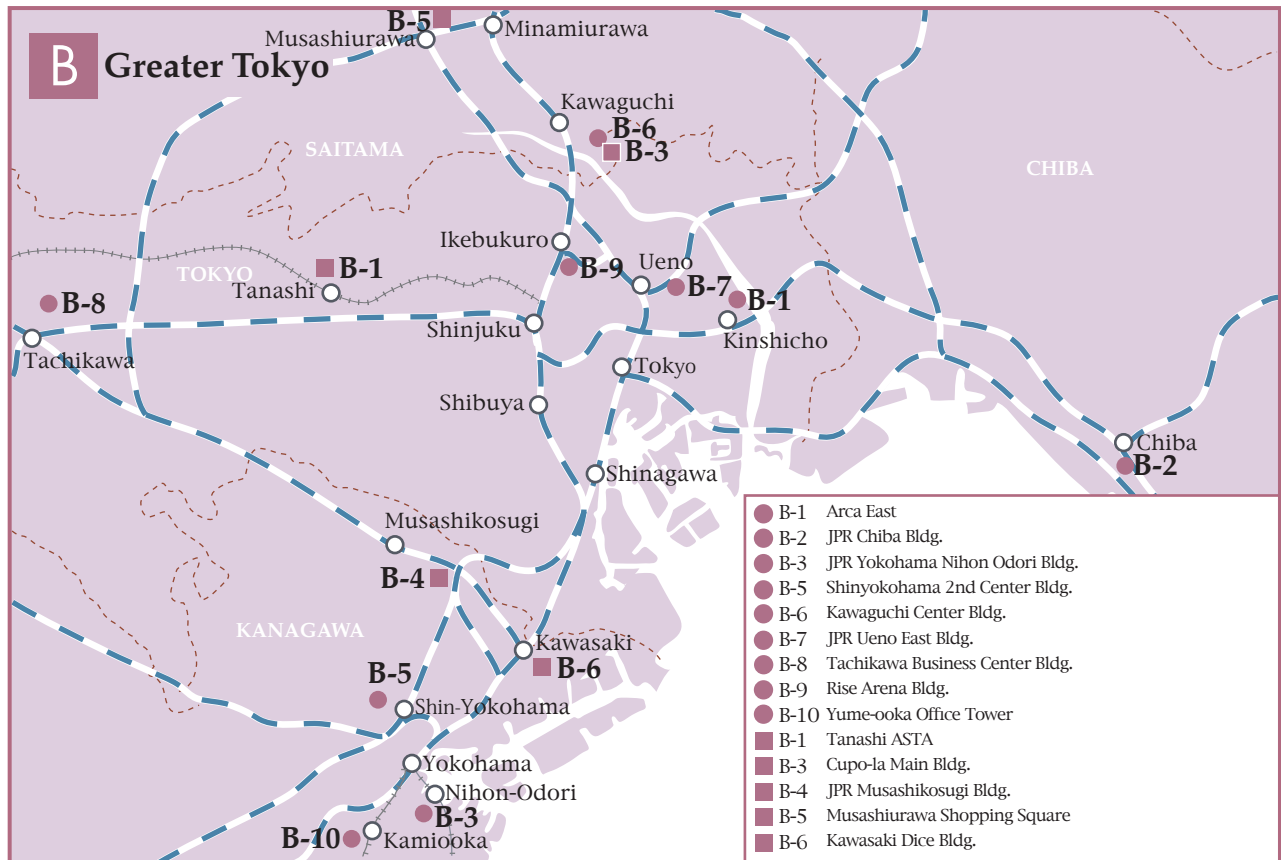
#	Tenant	Name of Property	Leased floor area at period end (m ²)	Percentage of total leased floor area at period end
1	ABC Development Corporation	Housing Design Center Kobe	35,444.13	9.4%
2	The Seiyu, Ltd.	Tanashi ASTA	31,121.71	8.2%
3	Tokyo Tatemono Co., Ltd.	Shinjuku Center Building, Arca East, Kawasaki Dice Bldg.	22,181.66	5.9%
4	Ito-Yokado Co., Ltd.	JPR Musashikosugi Bldg.	19,740.95	5.2%
5	The Loft Co., Ltd.	JPR Umeda Loft Bldg.	18,586.97	4.9%
6	Shinjuku Square Tower Management Co., Ltd.	Shinjuku Square Tower	11,096.96	2.9%
7	Olympic Corporation	Musashiurawa Shopping Square	9,558.51	2.5%
8	Tower Records Japan, Inc.	JPR Shibuya Tower Records Bldg.	8,076.85	2.1%
9	Mitsubishi UFJ Lease & Finance Co., Ltd.	JPR Chiba Bldg., Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	7,287.86	1.9%
10	Sompo Japan Insurance Inc.	Kawaguchi Center Bldg., Yume-ooka Office Tower Sompo Japan Sendai Bldg. Sompo Japan Wakayama Bldg.	7,040.22	1.9%

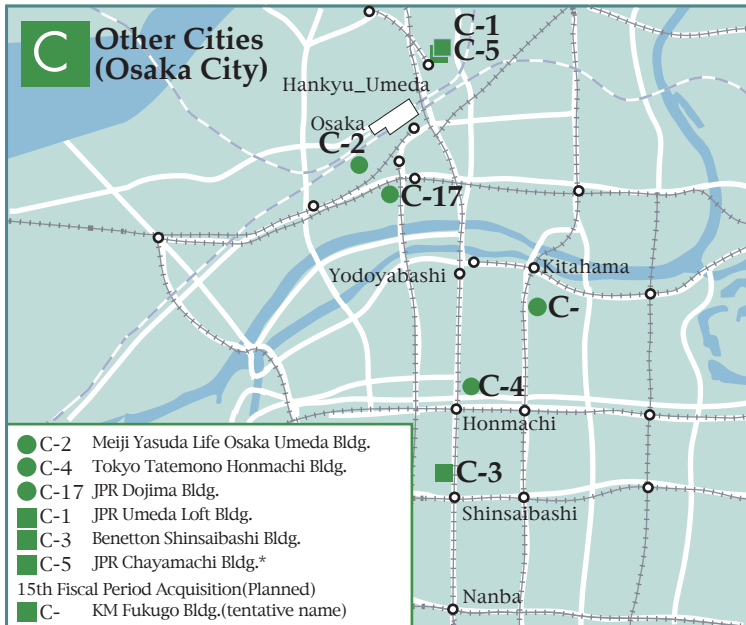
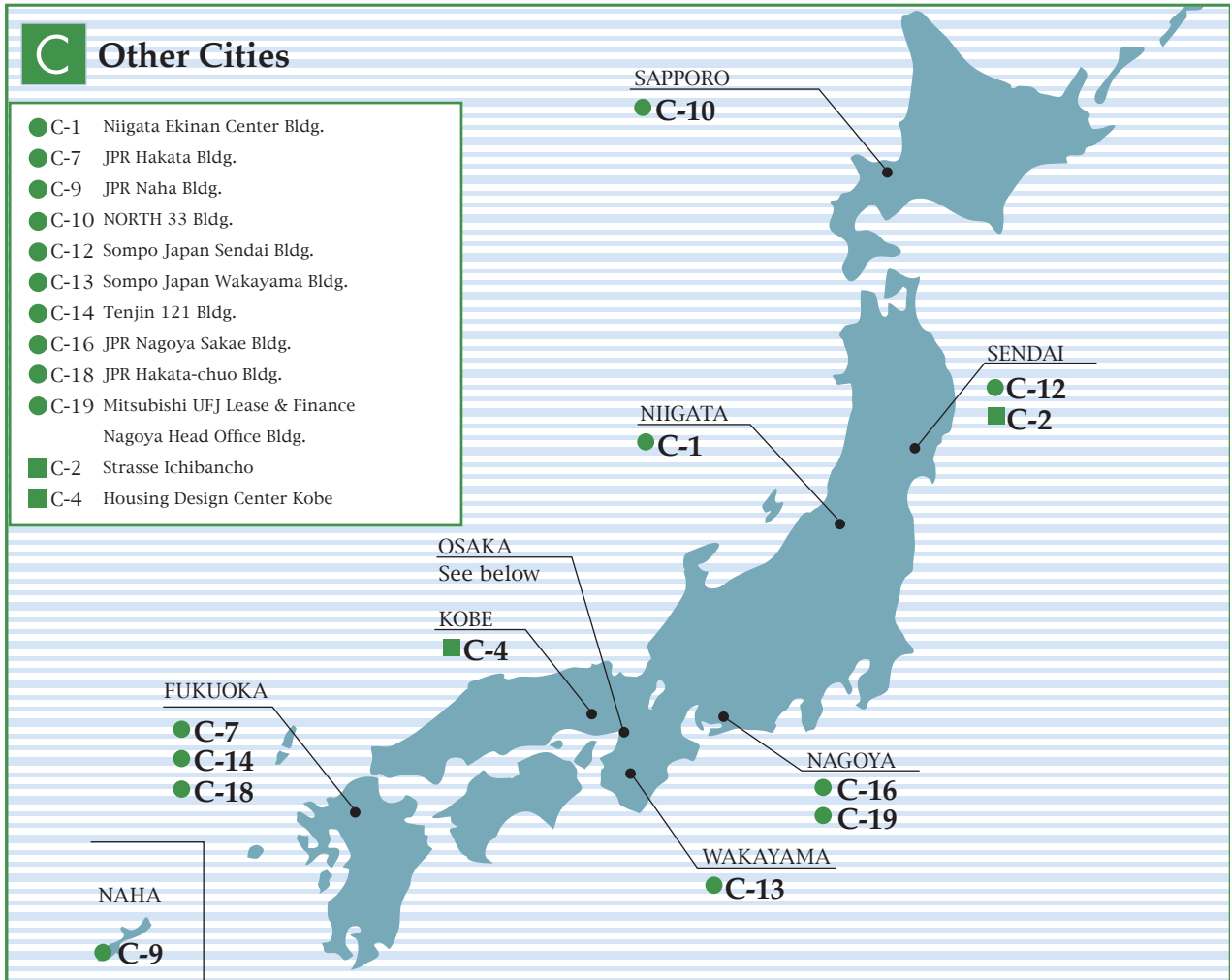
(Note) The areas of co-owned buildings corresponding to the portions owned by JPR are indicated.

Property Portfolio



* Shinagawa Canal Building is the new name for the former Konan Nichome Building (tentative name). The name change took place on March 19, 2008.





A	Chiyoda Ward
	Chuo Ward
Tokyo CBDs	Minato Ward
	Shinjuku Ward
	Shinagawa Ward
	Shibuya Ward

B	All other areas of Tokyo
	and Chiba, Kanagawa and Saitama Prefectures
Greater Tokyo	

C	All other areas in Japan
	Other Cities

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

Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Tokyo CBDs	Office	A-1	Kanematsu Bldg.	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-2	Kanematsu Bldg. Annex	Chuo Ward, Tokyo	1993.2	2001.12	
	Office	A-3	JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	1989.12	2001.11	
	Office	A-4	Shin-Kojimachi Bldg.	Chiyoda Ward, Tokyo	1984.10	2001.11 2002.11 2004.11	
	Office	A-5	JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	1999.9	2002.6	
	Office	A-6	MS Shibaura Bldg.	Minato Ward, Tokyo	1988.2	2003.3	
	Office	A-7	Gotanda First Bldg.	Shinagawa Ward, Tokyo	1989.7	2003.7	
	Office	A-8	Fukuoka Bldg.	Chuo Ward, Tokyo	1990.5	2003.10 2005.4	
	Office	A-9	JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	1989.3	2004.5	
	Office	A-10	Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	2001.6	2004.6	
	Office	A-11	Shinjuku Square Tower	Shinjuku Ward, Tokyo	1994.10	2004.7	
	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	
	Office	A-14	Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	1979.10	2008.3	
	Retail	A-1	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	1992.2	2003.6	
	Retail	A-2	JPR Daikanyama	Shibuya Ward, Tokyo	2002.7	2004.10	
	Retail	A-3	JPR Jingumae 432	Shibuya Ward, Tokyo	2006.2	2006.3	
	Retail	A-4	Shinjuku Sanchoe East Bldg.	Shinjuku Ward, Tokyo	2007.1	2007.3 2008.4	
Subtotal (18 Properties)							
Greater Tokyo	Office	B-1	Arca East	Sumida Ward, Tokyo	1997.3	2001.11	
	Office	B-2	JPR Chiba Bldg.	Chiba City, Chiba	1991.1	2001.12	
	Office	B-3	JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	1989.10	2001.11	
	Office	B-5	Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	1991.8	2002.9	
	Office	B-6	Kawaguchi Center Bldg.	Kawaguchi City, Saitama	1994.2	2004.2	
	Office	B-7	JPR Ueno East Bldg.	Taito Ward, Tokyo	1992.10	2004.3	
	Office	B-8	Tachikawa Business Center Bldg.	Tachikawa City, Tokyo	1994.12	2005.9 2007.2	
	Office	B-9	Rise Arena Bldg.	Toshima Ward, Tokyo	2007.1	2007.3	
	Office	B-10	Yume-ooka Office Tower	Yokohama City, Kanagawa	1997.3	2007.7	
	Retail	B-1	Tanashi ASTA	Nishitokyo City, Tokyo	1995.2	2001.11	
	Retail	B-3	Cupo-la Main Bldg.	Kawaguchi City, Saitama	2006.1	2006.3	
	Retail	B-4	JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	1983.3	2006.9	
	Retail	B-5	Musashiurawa Shopping Square	Saitama City, Saitama	2005.10	2007.3	
	Retail	B-6	Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	2003.8	2007.4	
Subtotal (14 Properties)							

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

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

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

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

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

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

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

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

(5) 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.

(As of June 30, 2008)

	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	5.9	79.4	1,751.13	7,994.02	100.0	8	465,038	4.3
	2,874	1.0	79.4	679.06	2,291.13	100.0	1	109,601	1.0
	2,100	0.8	100.0	550.06	2,791.88	100.0	4	107,555	1.0
	2,420	0.9	77.3	657.80	2,105.44 901.36 312.53 3,319.33	100.0 100.0 100.0	11	75,051 32,087 12,198	0.7 0.3 0.1
	4,000	1.5	100.0	636.90	3,265.34	100.0	9	143,301	1.3
	11,200	4.1	36.0	8,992.18	14,429.09	100.0	8	582,419	5.4
	2,920	1.1	61.8	1,551.19	4,243.58	100.0	2	139,327	1.3
	2,920	1.1	21.8	1,302.17	1,250.06 687.34 1,937.40	100.0 100.0	1	64,667 41,468	0.6 0.4
	5,100	1.9	100.0	1,058.04	4,186.09	100.0	9	191,514	1.8
	3,500	1.3	27.1	4,006.00	4,088.44	100.0	4	195,762	1.8
	10,000	3.6	29.3	8,409.52	10,982.03	96.5	22	319,454	2.9
	11,821	4.3	75.0	3,522.46	11,357.50	97.1	24	491,804	4.5
	710	0.3	100.0	858.48	1,253.39	100.0	4	51,135	0.5
	21,000	7.6	40.0	14,917.11	8,041.63	97.4	24	263,846	2.4
	12,000	4.4	100.0	1,010.47	8,076.85	100.0	1	345,576	3.2
	2,160	0.8	100.0	277.12	653.99	72.1	3	58,968	0.5
	4,460	1.6	100.0	218.21	1,027.33	100.0	5	97,091	0.9
	2,740	1.0	100.0	2,578.69	2,347.81	100.0	1	39,166	0.4
	118,201	43.0	—	—	92,286.83	—	—	—	—
	5,880	2.1	41.1	3,755.01	7,022.76	100.0	6	296,516	2.7
	2,350	0.9	100.0	1,382.35	5,566.59	89.1	29	137,059	1.3
	2,927	1.1	100.0	1,100.59	6,066.53	100.0	12	143,648	1.3
	920	0.3	50.0	841.71	2,641.19	100.0	13	75,586	0.7
	8,100	2.9	86.5	4,524.61	15,461.98	98.5	39	486,508	4.5
	3,250	1.2	100.0	1,242.97	6,512.45	90.9	8	191,255	1.8
	3,188	1.1	46.6	2,047.22	1,747.13 2,980.90 4,728.03	100.0 89.9	19	58,925 102,527	0.5 0.9
	5,831	2.1	15.9	9,377.28	6,023.39	100.0	1	238,836	2.2
	6,510	2.4	19.7	12,011.00	12,009.75	94.5	35	324,244	3.0
	10,200	3.7	42.1	12,326.30	31,121.71	100.0	1	596,400	5.5
	2,100	0.8	7.3	15,008.28	5,963.00	100.0	1	(Note 5)	(Note 5)
	7,260	2.6	100.0	4,761.62	19,740.95	100.0	1	(Note 5)	(Note 5)
	4,335	1.6	50.0	8,317.99	14,960.69	100.0	3	129,061	1.2
	15,080	5.5	52.0	4,475.45	13,089.96	99.2	20	484,488	4.5
	77,931	28.3	—	—	150,908.98	—	—	—	—

Location Category	Asset Class	No.	Property Name	Location	Completed	Acquired	
Other Cities	Office	C-1	Niigata Ekinan Center Bldg.	Niigata City, Niigata	1996.3	2001.11	
	Office	C-2	Meiji Yasuda Life Osaka Umeda Bldg.	Osaka City, Osaka	2000.6	2001.12	
	Office	C-4	Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	1970.2	2001.11	
	Office	C-7	JPR Hakata Bldg.	Fukuoka City, Fukuoka	1985.6	2001.11	
	Office	C-9	JPR Naha Bldg.	Naha City, Okinawa	1991.10	2001.11	
	Office	C-10	NORTH 33 Bldg.	Sapporo City, Hokkaido	1992.2	2002.6	
	Office	C-12	Sompo Japan Sendai Bldg.	Sendai City, Miyagi	1997.12	2002.6	
	Office	C-13	Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	1996.7	2002.6	
	Office	C-14	Tenjin 121 Bldg.	Fukuoka City, Fukuoka	2000.7	2002.6	
	Office	C-16	JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	B 2003.1 P 1986.12	2003.9	
	Office	C-17	JPR Dojima Bldg.	Osaka City, Osaka	1993.10	2004.1	
	Office	C-18	JPR Hakata-Chuo Bldg.	Fukuoka City, Fukuoka	1993.2	2004.6	
	Office	C-19	Mitsubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya City, Aichi	1991.3	2005.3	
	Retail	C-1	JPR Umeda Loft Bldg.	Osaka City, Osaka	1990.4	2003.5-7	
	Retail	C-2	Strasse Ichibancho	Sendai City, Miyagi	2002.10	2005.2	
	Retail	C-3	Benetton Shinsaibashi Bldg.	Osaka City, Osaka	2003.2	2005.5	
	Retail	C-4	Housing Design Center Kobe	Kobe City, Hyogo	1994.6	2005.9	
	Retail	C-5	JPR Chayamachi Bldg.	Osaka City, Osaka	1994.6	2006.8	
Subtotal (18 Properties)					B Building P Parking		
Total (50 Properties)							

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

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

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

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

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

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

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

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

(5) 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.

(As of June 30, 2008)

	Acquisition Price (1) (millions of yen)	Percentage of Total (2)	Ownership (3) (%)	Site Area (m ²)	Total Leasable Floor Space (m ²) (JPR's portion)	Occupancy Rate (2)	No. of Tenants	Rental Revenue (thousands of yen)	Percentage of Total (2)
	2,140	0.8	52.7	2,706.99	5,205.78	98.2	10	132,717	1.2
	8,300	3.0	33.3	5,999.33	9,600.37	98.4	27	378,506	3.5
	4,150	1.5	64.3	1,432.64	7,210.25	98.7	9	244,289	2.3
	2,900	1.1	100.0	1,214.63	6,581.15	97.7	27	162,084	1.5
	1,560	0.6	100.0	959.87	3,947.70	97.6	18	111,018	1.0
	3,700	1.3	100.0	1,382.12	6,642.98	98.9	26	168,444	1.6
	3,150	1.1	100.0	1,895.67	7,118.60	100.0	16	206,879	1.9
	1,670	0.6	100.0	1,128.45	4,874.91	91.6	16	117,987	1.1
	2,810	1.0	52.2	1,164.39	3,281.12	100.0	13	119,990	1.1
	4,550	1.7	100.0	992.31	5,461.90	100.0	21	225,190	2.1
	2,140	0.8	100.0	668.11	3,941.40	83.4	8	115,999	1.1
	1,920	0.7	100.0	680.63	3,349.57	92.5	5	85,291	0.8
	4,137	1.5	100.0	1,610.38	7,123.07	100.0	1	190,863	1.8
	13,000	4.7	100.0	3,518.68	18,586.97	100.0	1	402,411	3.7
	4,200	1.5	100.0	648.81	4,136.95	0.0	0	221,089	2.0
	5,430	2.0	100.0	609.31	5,303.98	100.0	1	(Note 5)	(Note 5)
	7,220	2.6	100.0	3,994.47	35,444.13	100.0	1	(Note 5)	(Note 5)
	6,000	2.2	100.0	592.45	2,484.39	100.0	8	138,213	1.3
	78,977	28.7	—	—	140,295.22	—	—	—	—
	275,109	100.0	—	—	383,491.03	97.5	537	10,830,941	100.0

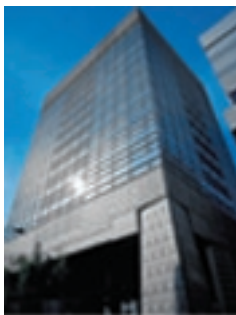
Overview of Portfolio Properties

Properties acquired in the 13th Fiscal Period are on page 5

Tokyo CBDs

Kanematsu Bldg.

A 1



Chuo Ward, Tokyo

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

Kanematsu Bldg. Annex

A 2



Chuo Ward, Tokyo

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

JPR Ningyo-cho Bldg.

A 3



Chuo Ward, Tokyo

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

Shin-Kojimachi Bldg.

A 4



Chiyoda Ward, Tokyo

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

JPR Crest Takebashi Bldg.

A 5



Chiyoda Ward, Tokyo

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

MS Shibaura Bldg.

A 6



Minato Ward, Tokyo

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

Gotanda First Bldg.

A 7



Shinagawa Ward, Tokyo

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

Fukuoka Bldg.

A 8



Chuo Ward, Tokyo

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

JPR Ichigaya Bldg.

A 9



Chiyoda Ward, Tokyo

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

Oval Court Ohsaki Mark West

A 10

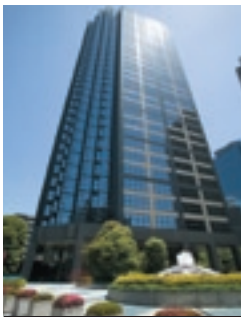


Shinagawa Ward, Tokyo

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

Shinjuku Square Tower

A 11



Shinjuku Ward, Tokyo

Acquisition Price
 ¥10,000 million
 Site Area
 8,409.52m²
 (entire redevelopment project)
 Total Floor Space
 78,796.00m²
 (entire redevelopment project)
 Structure/Floors
 S/RC/SRC B4/30F
 Completed
 October 1994

BYGS Shinjuku Bldg.

A 12



Shinjuku Ward, Tokyo

Acquisition Price
 ¥11,821 million
 Site Area
 3,522.46m²
 Total Floor Space
 25,733.10m²
 Structure/Floors
 SRC B2/14F
 Completed
 April 1985

Across Shinkawa Bldg. Annex

A 13



Chuo Ward, Tokyo

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

JPR Shibuya Tower Records Bldg.
 (Retail)

A 1



Shibuya Ward, Tokyo

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

JPR Daikanyama (Retail)

A 2



Shibuya Ward, Tokyo

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

JPR Jingumae 432(Retail)

A 3



Shibuya Ward, Tokyo

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

Shinjuku Sanchome East Bldg. (Retail)

A 4



Shinjuku Ward, Tokyo

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

Greater Tokyo

Arca East

B 1



Sumida Ward, Tokyo

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

JPR Chiba Bldg.

B 2



Chiba City, Chiba

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

JPR Yokohama Nihon Odori Bldg.

B 3



Yokohama City, Kanagawa

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

Shinyokohama 2nd Center Bldg.

B 5



Yokohama City, Kanagawa

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

Kawaguchi Center Bldg.

B 6



Kawaguchi City, Saitama

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

JPR Ueno East Bldg.

B 7



Taito Ward, Tokyo

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

Tachikawa Business Center Bldg. **B 8**



Tachikawa City, Tokyo

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

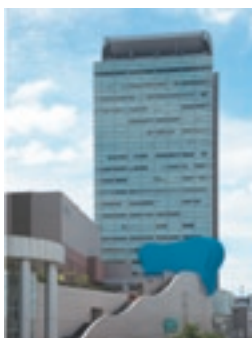
Rise Arena Bldg. **B 9**



Toshima Ward, Tokyo

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

Yume-ooka Office Tower **B 10**



Yokohama City, Kanagawa

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

Tanashi ASTA (Retail) **B 1**



Nishitokyo City, Tokyo

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

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



Kawaguchi City, Saitama

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

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



Kawasaki City, Kanagawa

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

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



Saitama City, Saitama

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

Kawasaki Dice Bldg. (Retail) **B 6**



Kawasaki City, Kanagawa

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

Other Cities

Niigata Ekinan Center Bldg. **C 1**

Niigata City, Niigata



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

Meiji Yasuda Life Osaka Umeda Bldg. **C 2**

Osaka City, Osaka



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

Tokyo Tatemono Honmachi Bldg. **C 4**

Osaka City, Osaka



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

JPR Hakata Bldg. **C 7**

Fukuoka City, Fukuoka



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

JPR Naha Bldg. **C 9**

Naha City, Okinawa



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

NORTH 33 Bldg. **C 10**

Sapporo City, Hokkaido



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

Sompo Japan Sendai Bldg. **C 12**

Sendai City, Miyagi



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

Sompo Japan Wakayama Bldg. **C 13**

Wakayama City, Wakayama



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

Tenjin 121 Bldg.

C 14



Fukuoka City, Fukuoka

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

JPR Nagoya Sakae Bldg.

C 16



Nagoya City, Aichi

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

JPR Dojima Bldg. Bldg.

C 17

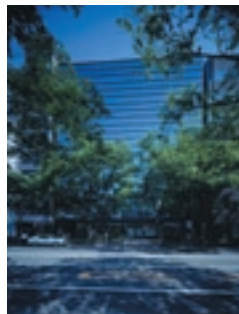


Osaka City, Osaka

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

JPR Hakata-Chuo Bldg.

C 18



Fukuoka City, Fukuoka

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

Mitsubishi UFJ Lease & Finance
Nagoya Head Office Bldg.

C 19



Nagoya City, Aichi

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

JPR Umeda Loft Bldg. (Retail)

C 1

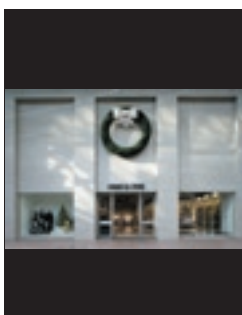


Osaka City, Osaka

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

Strasse Ichibancho (Retail)

C 2



Sendai City, Miyagi

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

Benetton Shinsaibashi Bldg. (Retail)

C 3



Osaka City, Osaka

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

Housing Design Center Kobe (Retail) **C 4**

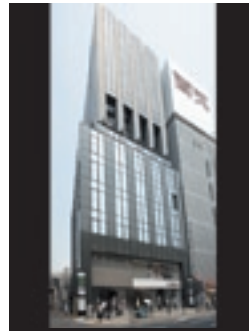
Kobe City, Hyogo



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

JPR Chayamachi Grande Bldg.(Retail) **C 5**

Osaka City, Osaka



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

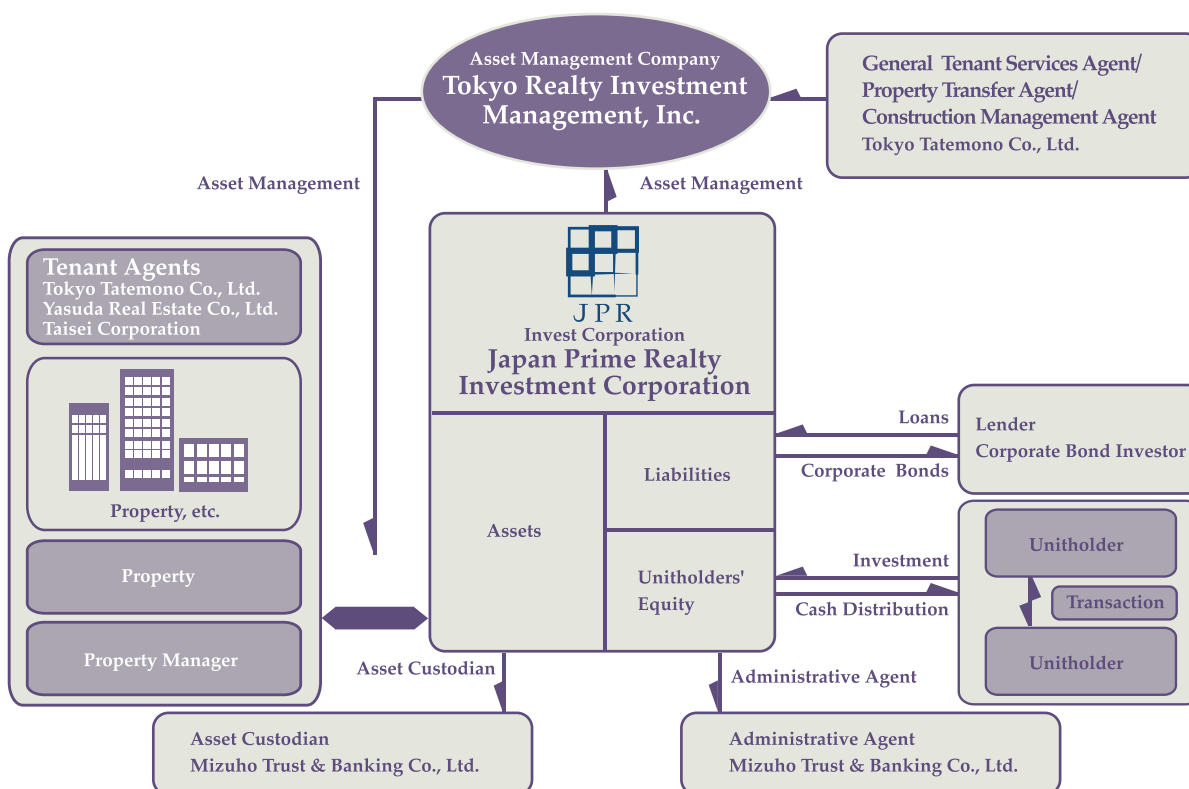
Characteristics and Corporate History

The Objective and Basic Characteristics of JPR

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

Corporate History

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



Members of the Board (As of June 30, 2008)



Executive Officer

Hirohito Kaneko

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

Supervising Officer

Sosuke Yasuda

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

Supervising Officer

Masato Denawa

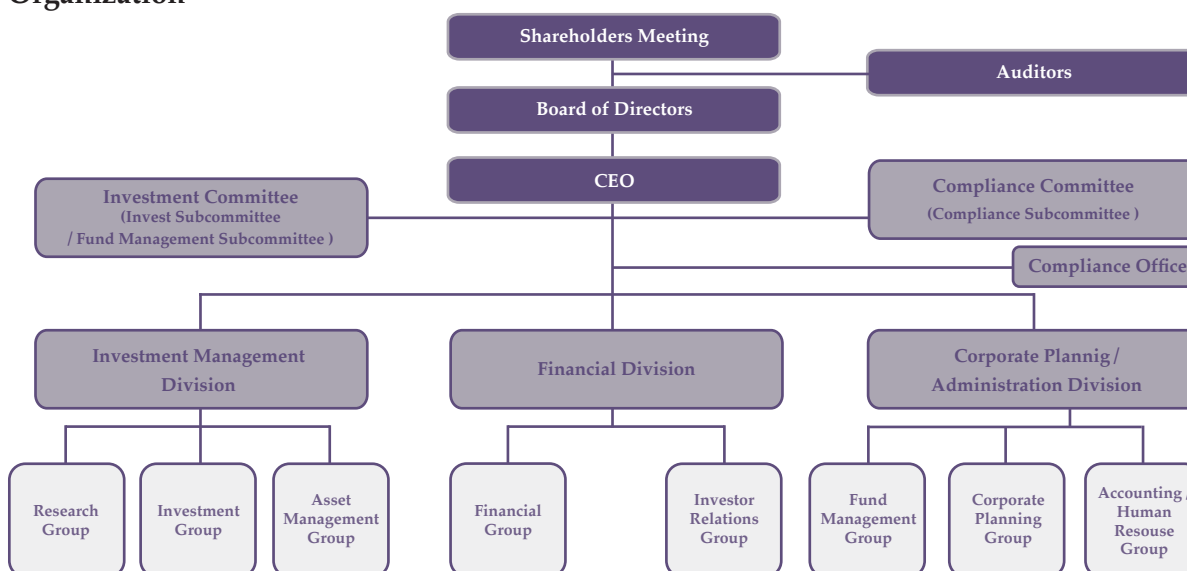
- Sep. 2007** Supervising Officer of Japan Prime Realty Investment Corporation
Jul. 2007 Director of Advicelink Co., Ltd. (currently held position)
Feb. 2005 Part-time auditor of Ulvex Inc. (currently held position)
Jul. 2003 Partner attorney at Spring Partners (former Okinobu, Ishihara & Sei Law Office)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

Overview of the Asset Manager

Corporate Profile

Name	Tokyo Realty Investment Management, Inc. (TRIM)
Core Business	Asset management for investment corporation
Capitalization	350 million yen
Shareholders	Tokyo Tatemono Co., Ltd. (26%) Meiji Yasuda Life Insurance Company (24%) Taisei Corporation (20%) Yasuda Real Estate Co., Ltd. (20%) Sompo Japan Insurance Inc. (10%)
History	April 28, 2000: Founded October 13, 2000: Approved for real estate transaction service March 16, 2001: Approved as discretionary transaction agent June 20, 2001: Approved for asset management of investment corporation September 30, 2007: Registered as investment management business November 28, 2007: Applying for and submitting application form regarding Financial Instruments and Exchange Law (investment management business)
Services	(1) Asset management for JPR (including all decision-making in connection with the acquisition/disposition or leasing of properties and acting as an agent or broker of such transactions based on relevant evaluation and judgement) (2) Funding by JPR (3) Reporting to JPR (4) Any other services related to or affiliated with the above

Organization



TRIM's Decision-Making Process of Investment Management

The Investment Committee (including the Due Diligence Subcommittee) was established to make investment management decisions and has the Investment Subcommittee and Fund Management Subcommittee below it. Members of these committees and subcommittees include the CEO, CIO, CFO, CAO. However, regarding the Due Diligence Subcommittee, a Compliance Office General 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 Chief Executive Officer (CEO)

Toshihiro Hagiwara

- Mar. 2001 Resigned as Director of Tokyo Tatemono Co., Ltd.
- Jan. 2001 Appointed as President and CEO, Tokyo Realty Investment Management, Inc.
- Jan. 2001 Appointed as Director of Tokyo Tatemono Co., Ltd.
- Apr. 1999 Appointed as Director and Head of Osaka Branch Office, Tokyo Tatemono Co., Ltd.
- Jan. 1998 Appointed as Director and Head of Development Business Department of Kinshicho Project, Tokyo Tatemono Co., Ltd.
- Mar. 1997 Appointed as Director and General Manager of Executive Secretariat and Personnel Departments, Tokyo Tatemono Co., Ltd.
- Apr. 1992 Appointed as General Manager of Executive Secretariat and Personnel Departments, Tokyo Tatemono Co., Ltd.
- Apr. 1989 Dispatched to JR East Urban Development Corporation
- Apr. 1989 Appointed as Assistant General Manager of Urban Development Department, Tokyo Tatemono Co., Ltd.
- Apr. 1968 Joined Tokyo Tatemono Co., Ltd. and assigned to the Osaka Branch Office

Director and Chief Administrative Officer (CAO)

Kazuo Kitami

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

Director and Chief Investment Officer (CIO)

Seiji Miwa

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

Director and Chief Financial Officer (CFO)

Yasuo Furuya

- Jun. 2006 Appointed as Director and Chief Financial Officer, Tokyo Realty Investment Management, Inc.
- Apr. 2006 Appointed as Chief Financial Officer
- Apr. 2006 Dispatched to Tokyo Realty Investment Management, Inc.
- Jan. 2004 Appointed as Manager of Risk Management Group, Investment Assessment Department, Meiji Yasuda Life Insurance Company
- Apr. 2000 Appointed as Manager of Investment Risk Management Section, Investment Management Department
- Apr. 1999 Appointed as Manager of Investment Administration Section, Investment Planning & Research Department
- Oct. 1998 Appointed as Manager of Investment Planning & Research Section, Investment Planning & Research Department
- Apr. 1997 Appointed as Manager of Investment Administration Section, Investment Planning & Research Department
- Apr. 1995 Appointed as Manager of Investment Planning & Research Department
- Apr. 1993 Appointed as Manager of Fund Investment Office, Investment Securities Department
- Apr. 1980 Joined Yasuda Mutual Life Insurance Company (currently Meiji Yasuda Life Insurance Company) and assigned to the Training Institute, Education Division

Overview of Asset Management

(1) Operational Performance of JPR

	Unit	9th Fiscal Period (Jan. 1, 2006 - June 30, 2006)	10th Fiscal Period (July 1, 2006 - Dec. 31, 2006)	11th Fiscal Period (Jan. 1, 2007 - June 30, 2007)	12th Fiscal Period (July 1, 2007 - Dec. 31, 2007)	13th Fiscal Period (Jan. 1, 2008 - June 30, 2008)	
Operating Performance	Operating Revenues		8,588	9,088	10,056	10,449	10,830
	Real estate rental revenues	Million yen	8,552	9,056	9,496	10,415	10,830
	Gain on sale of real estate		—	—	530	—	—
	Dividends received		35	31	30	34	—
	Operating Expenses		4,564	4,714	4,948	5,443	5,550
	Real estate rental expenses	Million yen	4,013	4,151	4,315	4,816	4,909
	Loss on sale of real estate		—	—	—	—	—
	Operating Profits		Million yen	4,024	4,373	5,108	5,006
	Recurring Profits	Million yen	3,450	3,643	4,373	4,170	4,452
	Net Income	Million yen	3,449	3,642	4,372	4,169	4,451
Assets, etc.	Total Assets	Million yen	231,523	244,691	271,398	278,842	303,459
	(% Change)	%	(+2.5)	(+5.7)	(+10.9)	(+2.7)	(+8.8)
	Interest-bearing Debt	Million yen	97,466	109,466	92,966	99,683	123,475
	Total Unitholders' Equity	Million yen	118,881	119,074	161,098	160,895	161,177
	(% Change)	%	(+0.0)	(+0.2)	(+35.3)	(-0.1)	(+0.2)
Unitholders' Capital	Million yen	115,431	115,431	156,725	156,725	156,725	
Cash Distribution per Unit, etc.	Total Cash Distributions	Million yen	3,449	3,642	4,372	4,169	4,451
	Dividend payment ratio	%	100.0	100.0	99.9	99.9	100.0
	Number of Units Outstanding	Units	530,000	530,000	625,000	625,000	625,000
	Total Unitholders' Equity per Unit	Yen	224,304	224,668	257,757	257,432	257,883
	Cash Distribution per Unit	Yen	6,509	6,873	6,996	6,671	7,122
	Distribution amount		6,509	6,873	6,996	6,671	7,122
Exceeding profit distribution amount	—		—	—	—	—	
Financial Indices	Recurring Profits on Total Assets (Note 1)	%	1.5	1.5	1.7	1.5	1.5
	Annualized (Note 10)		3.0	3.0	3.4	3.0	3.1
	Return on Total Unitholders' Equity (Note 2-1)	%	2.9	3.1	3.1	2.6	2.8
	Annualized (Note 10)		5.9	6.1	6.3	5.1	5.5
	Total unitholders' equity at beginning of period (Note 2-2)	Million yen	118,829	118,881	119,074	161,098	160,895
	Unitholders' Equity Ratio at End of Period (Note 3)	%	51.3	48.7	59.4	57.7	53.1
	(Year-on-year increase/decrease)		(-1.3)	(-2.7)	(+10.7)	(-1.7)	(-4.6)
	Interest-Bearing Debt to Total Assets at End of Period (Note 4)	%	42.1	44.7	34.3	35.7	40.7
	DSCR (Note 5)	—	9.7	8.8	8.8	8.4	8.0
	Net income before interest and amortization	Million yen	5,585	5,891	6,230	6,789	7,168
	Interest paid (Notes 6)		574	668	705	809	897
	NOI from Leasing (Note 7)	Million yen	6,100	6,485	6,863	7,407	7,739
	Annualized NOI yield (Notes 9 and 10)	%	5.9	5.8	5.5	5.8	5.6
NCF from Leasing (Note 8)	Million yen	5,785	6,053	6,476	6,826	6,917	
Annualized NCF yield (Notes 9 and 10)	%	5.6	5.4	5.2	5.4	5.0	
Reference Information	Properties Owned (Note 11)		44	46	48	49	50
	Number of Tenants		462	479	491	517	537
	Total Leasable Floor Space	m ²	315,156.84	337,382.05	361,574.77	373,609.99	383,491.03
	Occupancy Rate	%	98.0	98.6	99.0	98.4	97.5

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

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

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

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

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

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

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

(Note 8) NOI from leasing - capital expenditures

(Note 9) Annualized NOI from purchase price of property (9th fiscal period: ¥209.22 billion, 10th fiscal period: ¥222.48 billion, 11th fiscal period: ¥250.56 billion, 12th fiscal period: ¥251.90 billion and 13th fiscal period: ¥275.10 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: 9th fiscal period: 181 days, 10th fiscal period: 184 days,

11th fiscal period: 181 days, 12th fiscal period: 184 days and 13th fiscal period: 182 days

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

(Note 12) In the event that the contracted area and the area based on which the rent is calculated differ, the situation was handled by making the latter the leased floor space through the fiscal period ended December 2006. Since the period ended June 2007, the contracted area has been made the leased area.

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

(2) 12th Fiscal Period Asset Management

1) Milestones of JPR

Japan Prime Realty Investment Corporation (JPR) was established on September 14, 2001 under the Investment Trusts and Investment Corporations Law (hereafter, the Investment Trusts Law), and was listed on the Tokyo Stock Exchange Real Estate Investment Trust Section (securities code: 8955) on June 14, 2002, with 289,600 outstanding investment units. JPR made its third additional public offering in February 2007 bringing the number of investment units issued and outstanding to 625,000 units. JPR has assigned the asset management of its portfolio to Tokyo Realty Investment Management Inc., through which JPR aims to maximize unitholder value by efficiently managing the portfolio of office buildings and retail properties.

2) Management Environment

The Office Building Leasing Market

A sense of uncertainty hangs over the future of the world economy, given the financial turmoil triggered by the subprime issue, soaring raw material prices accompanying the inflow of capital into the commodity market and resulting concerns of inflation. The outlook of the Japanese economy has also become increasingly severe. Although the office market in Tokyo and major regional cities remained strong during the fiscal period, it is difficult to make bullish forecasts for the future, considering the worsening business sentiment and the changed tide to increasing vacancy rates.

The Retail Property Leasing Market

With a drifting sense of uncertainty over the future of the economy, the soaring raw material prices are now impacting households, leading to a weakening tone in personal consumption. Under such circumstances, diverse changes have continued in the retail market in recent years, including reviewing of nationwide expansion of stores and retreating from suburban stores, while the preference for urban stores strengthened and demand rose for stores in good locations in the central parts of major cities.

The For-Sale Real Estate Market

The situation in the for-sale market has changed significantly in recent months, in accordance with the changes in the financial environment both in Japan and abroad triggered by the subprime issue. The market has seen a further acceleration in the polarization among the players depending on their fund raising capabilities.

3) Portfolio Management Status

New Property Acquisitions by JPR

JPR has continued to acquire properties based on a rigorous standard for selecting excellent office buildings and retail properties that can generate stable cash flow and have the potential of 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 in terms of 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 13th fiscal period, we acquired Shinjuku Center Building (acquisition price of 21,000 million yen) and Shinjuku Sanchoe East Bldg. (additional acquisition at 2,200 million yen). As a result, the balance of assets under management now totals 50 properties, or 275.1 billion yen on an acquisition price basis as of the end of June 2008. The total leasable floor space is now 383,491.03m² and the number of tenants is 537.

Entering the 14th fiscal period, JPR acquired Minami Azabu Building for 3,760 million yen on July 14, 2008, and Yurakucho Ekimae Building (Yurakucho Itocia) for 3,400 million yen on August 27, 2008.

In addition, JPR focused on acquiring projects in development, and concluded a purchase agreement in the 13th fiscal period for the Sendagaya Yonchoe Building (tentative name), which is scheduled for completion in May 2009, at a planned acquisition price of 15,050 million yen. The planned acquisition date is May 2010.

Operational Management of Portfolio

After enjoying continued favorable conditions in recent years, the office building leasing market has started to sense some uncertainty regarding the future prospects. Under such circumstances, as in the previous fiscal period, JPR has sought to firmly materialize internal growth of the overall portfolio by focusing on measures to maintain high occupancy rates and enhance rents. During this fiscal period, JPR worked to raise contracted rents with new tenants and existing tenants at the time of renewal, while enhancing tenant services.

- **Occupancy Rate**

JPR improved the levels of the actual properties and services, by reflecting feedback from tenant satisfaction surveys and other measures based on its brand strategy. As a result, JPR successfully maintained an overall high occupancy rate of 97.5% for the portfolio at the end of the 13th fiscal period.

- **Rent Renewals**

JPR has continuously sought increased rents upon the renewal of rental contracts mainly in Tokyo CBDs and Greater Tokyo with the objective of narrowing the gap with the rent levels of new rental contracts. Consequently, JPR successfully achieved rent increases upon renewals of rental contracts in 63 cases at 15 of its buildings this fiscal period.

- **Renovations**

As part of its brand strategy that aims to enhance the asset values and improve tenant satisfaction, JPR has been conducting construction to renew common areas at two properties and renovations of air conditioning systems at three properties for individual control, better convenience and more comfort.

Fund Procurement

In the expansion of our portfolio, JPR continued to practice dynamic borrowings accompanying property acquisitions during this fiscal period. Moreover, JPR has continued to maintain financial stability through long-term borrowings and new issuance of corporate bonds, with an eye on avoiding future interest rate hike risks and being attentive to spreading out of repayment and redemption maturity dates.

As a result, the balance of total outstanding borrowings as of the end of the fiscal period was 68.975 billion yen, with unsecured corporate bonds of 54.5 billion yen. With regards to JPR's overall interest-bearing debt, the average interest rate as of the end of the fiscal period (Note 1) was 1.6%, the interest-bearing debt ratio (Note 2) was 44.1% and the LTV (interest-bearing debt to total assets ratio) at the end of the period (Note 3) was 40.7%.

Of these, long-term interest-bearing debt with repayment or redemption periods of more than one year that are hedged against risk of future interest rate hikes now comprises 88.0% of all interest-bearing debt and the average maturity (Note 4) is 4.4 years. JPR has no current portion of long-term interest-bearing debt.

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

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

Details of Corporate Credit Ratings as of June 30, 2008

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

(Note 1) Average interest is arrived at by calculating a weighted average of interest rates as of the end of the 13th fiscal period based on the balance of each debt.

(Note 2) Interest-bearing debt ratio (%): $\text{interest-bearing debt} / (\text{interest-bearing debt} + \text{unitholders' capital}) \times 100$ (unitholders' capital: 156.72 billion yen)

(Note 3) 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 13th fiscal period: 303.45 billion yen)

(Note 4) Average maturity of long-term interest-bearing debt is arrived at by calculating a weighted average of maturities from the end of the 13th fiscal period to the repayment deadlines for long-term interest-bearing debt with repayment periods of more than one year, based on the balance of each debt.

(3) Additional Offerings, etc.

The table below indicates additional offerings, etc. in the 12th fiscal period and prior to the 11th fiscal period.

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

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

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

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

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

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

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

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

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

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

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

(4) Cash Distributions

Under the Special Taxation Measures Law of Japan, an investment corporation is allowed to deduct dividends of profits paid to investors from its taxable income. In order to have the maximum amount of dividend distribution deducted, JPR decided to distribute all the retained earnings for the 13th 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 13th fiscal period was set at 7,122 yen.

(Thousands of yen unless otherwise indicated)

Date	9th Fiscal Period (as of June 30, 2006)	10th Fiscal Period (as of December 31, 2006)	11th Fiscal Period (as of June 30, 2007)	12th Fiscal Period (as of December 31, 2007)	13th Fiscal Period (as of June 30, 2008)
Retained Earnings at End of Period	3,449,967	3,642,765	4,372,752	4,169,727	4,451,575
Internal Reserves	197	75	252	352	325
Total Cash Distributions (cash distribution per unit)	3,449,770 (6,509 yen)	3,642,690 (6,873 yen)	4,372,500 (6,996 yen)	4,169,375 (6,671 yen)	4,451,250 (7,122 yen)
Total Cash Distributions from Net Income (cash distribution from net income per unit)	3,449,770 (6,509 yen)	3,642,690 (6,873 yen)	4,372,500 (6,996 yen)	4,169,375 (6,671 yen)	4,451,250 (7,122 yen)
Repayment of Paid-in Capital (repayment of paid-in capital per unit)	- (- yen)	- (- yen)	- (- yen)	- (- yen)	- (- yen)

5) Future Management Policy and Vital Issues

Steering the management of the portfolio is becoming increasingly difficult, faced with the prolonged uncertainty over the future course of the Japanese economy, triggered by the subprime issue.

In terms of the office leasing market, we need to carefully discern how the worsened business sentiment impacts the demand for office space. For the moment, demand for office space still remains high. However, we will be required to make even more careful judgment on management concerning such factors as the demand trend breakdown by location, property size and specification, to say nothing of the overall demand trend, and the new supply trend breakdown by city and region.

As for the for-sale real estate market, we must carefully discern how the capital supply to the market will change in the future. Opportunities to acquire blue-chip properties are increasing, as the number of available buyers is decreasing. Given this background, we are getting into a circumstance where our comprehensive management capabilities are tested, including investment judgment and fund raising ability, in the downward phase of the market.

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

1. Acquisition of New Properties

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

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

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

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

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

2. Management of Portfolio

JPR will work to enhance asset value and profitability in property through the following measures, including our brand strategy, in an effort to maintain our competitiveness in the changing market and differentiate ourselves from others.

• Brand strategy

In order to provide comfortable spaces and improve tenant satisfaction, JPR has hoisted “A/3S (Amenity/Service, Safety and Save Energy)” as our brand concept. JPR will work to grasp the latest tenant needs by continuously implementing tenant satisfaction studies and proactively feeding back the results in terms of operations and facilities to tenants, so that we can secure steady provision of high quality services in both operations and facilities.

Meanwhile, JPR will endeavor to implement comprehensive energy management from the viewpoint of energy-saving initiatives.

• Renovations

JPR has established maintenance and renovation work programs for each property, based on the property lifecycle, in the medium- to long-term maintenance and repair plan. Furthermore, JPR will proactively implement renovations of entrances, restrooms and other areas seeking to create highly competitive buildings that can compete against new properties, as well as the renewal of air conditioning systems and other construction that helps enhance customer satisfaction. In doing so, as the plan is being shifted to a full fiscal year basis, JPR will endeavor to grasp changes in social trends as presented in tenant needs and newly-built properties.

• Measure to increase rents

Although increases in newly contracted rents have come to a stop, there still exists a disparity with the rent levels of existing contracts. Thus, JPR will continue to work to raise rents with existing tenants upon the renewal of rental contracts, in an effort to reduce the gap. Moreover, in order to maintain high occupancy rates, JPR will cooperate with property managers and do our utmost to secure tenants at an early stage before vacancy arises.

(6) Fund Procurement

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

(7) Information Disclosure

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

(8) Important Facts Arising after the Settlement

There are no material subsequent events for this fiscal period.

< Reference Information >

Property Acquisition

JPR has acquired the following properties.

Minami Azabu Building

Property Overview

Address:	12-3, Minami Azabu 2-chome, Minato-ku, Tokyo
Type of ownership:	Land: Ownership
Building:	Ownership (Note)
Site area:	778.09m ²
Gross total floor area:	4,570.63m ²
Type of structure:	S 9F
Completion date:	June 1992
Number of tenants:	1
Total leasable floor space:	3,405.73m ²
Total leased floor space:	3,405.73m ²
Occupancy rate:	100%

*The number of tenants, total leasable floor space, total leased floor space and the occupancy rate are figures as of August 18, 2008.

(Note) All of the unit ownership has been acquired after the acquisition and the registration by which all of the unit ownership and other part of the building is consolidated.

Acquisition Terms

Acquisition price:	3,760 million yen
Asset type:	Real estate
Acquisition date:	July 14, 2008

Yurakucho Ekimae Building (Yurakucho Itocia)

Property overview

Address:	7-1, Yurakucho 2-chome, Chiyoda-ku, Tokyo
Type of ownership:	Land: Co-ownership (ownership portion: 1.9%)
Building:	Co-ownership of unit ownership (co-ownership portion: 4.3%)
Site area:	6,808.12m ² (ownership portion: 130.79m ²)
Gross total floor area:	71,957.65m ² (proprietary portion to be acquired: 1,087.63m ²)
Type of structure:	S, SRC B4/20F
Completion date:	October 2007
Number of tenants:	1
Total leasable floor space:	1,101.92m ²
Total leased floor space:	1,101.92m ²
Occupancy rate:	100%

*The number of tenants, total leasable floor space, total leased floor space and the occupancy rate are figures as of August 18, 2008.

Acquisition Terms

Acquisition price:	3,400 million yen
Asset type:	Real estate
Acquisition date:	August 27, 2008

Overview of Investment Corporation

(1) Unitholders' Capital

	9th Fiscal Period as of June 30, 2006	10th Fiscal Period as of December 31, 2006	11th Fiscal Period as of June 30, 2007	12th Fiscal Period as of December 31, 2007	13th Fiscal Period as of June 30, 2008
Total number of authorized units	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total number of units issued and outstanding	530,000	530,000	625,000	625,000	625,000
Unitholders' capital (millions of yen)	115,431	115,431	156,725	156,725	156,725
Total number of unitholders	17,316	15,604	17,002	15,089	14,921

(2) Primary Investors

The following table shows the 10 largest investors according to the percentage of their owned investment units to the total number of units outstanding as of the end of the 13th fiscal period.

Name	Address	Number of Owned Units	Percentage of Total Units Outstanding (%)
Nikko Citi Trust and Banking Corporation	Shinagawa Ward, Tokyo	46,956	7.51
Japan Trustee Services Bank, Ltd.	Chuo Ward, Tokyo	45,572	7.29
Trust & Custody Services Bank, Ltd.	Chuo Ward, Tokyo	35,972	5.76
Tokyo Tatemono Co., Ltd.	Chuo Ward, Tokyo	29,300	4.69
Northern Trust Company (AVFC) Account Shingapore Clients (Standing proxy: Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	London, UK (Chuo Ward, Tokyo)	27,376	4.38
Kawasaki Gakuen	Kurashiki City, Okayama	25,000	4.00
The Master Trust Bank of Japan, Ltd.	Minato Ward, Tokyo	24,383	3.90
Meiji Yasuda Life Insurance Company	Chiyoda Ward, Tokyo	24,000	3.84
North Pacific Bank, Ltd.	Sapporo City, Hokkaido	14,559	2.33
Nomura Securities Co., Ltd.	Chuo Ward, Tokyo	13,396	2.14
	Total	286,514	45.84

(3) Items Related to Directors

A. The Executive Officer, Supervising Officers and Independent Auditors as of the end of the 13th fiscal period are as follows.

Position	Name	Other Current Assignments	Total Directors' Fee during the 13th Fiscal Period (thousands of yen)	Number of Owned Units
Executive Officer	Hirohito Kaneko	Representative Counsel, Hirohito Kaneko Law Office	2,400	—
Supervising Officers (Note 1)	Sosuke Yasuda	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. Outside Auditor, Mitsui Sumitomo Insurance Group Holdings	4,200	—
	Masato Denawa	Partner Attomey, Spring Partners		—
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC (Note 3)	—	15,300	—

(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.

(Note 3) As of July 1, 2008, Ernst & Young ShinNihon was changed to Ernst & Young ShinNihon LLC because of the change in classification of audit firms.

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

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

(4) Asset Manager, Asset Custodian and Administrative Agent

The asset manager, asset custodian and administrative agents of JPR at the end of the 13th fiscal period are as follows.

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

Status of JPR's Assets under Management

(1) JPR's Asset Structure

Asset Type	Area	12th Fiscal Period (as of December 31, 2007)		13th Fiscal Period (as of June 30, 2008)	
		Assets owned by JPR (thousands of yen)	Percentage of total assets (%)	Assets owned by JPR (thousands of yen)	Percentage of total assets (%)
Real estate	Tokyo CBDs	16,562,518	5.9	40,036,023	13.2
	Greater Tokyo	28,384,976	10.2	28,357,015	9.3
	Other Cities	15,843,873	5.7	15,722,318	5.2
Real estate in trust	Tokyo CBDs	76,671,239	27.5	76,366,073	25.2
	Greater Tokyo	47,521,071	17.0	47,187,751	15.5
	Other Cities	61,018,608	21.9	60,837,516	20.0
Preferred securities	—	344,651	0.1	344,651	0.1
Deposits and other assets	—	32,495,148	11.7	34,608,624	11.4
	—	(—)	(—)	(—)	(—)
Total assets	—	278,842,087	100.0	303,459,974	100.0
	—	(246,002,287)	(88.2)	(268,506,698)	(88.5)

(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 11

(Note 4) Various survey expenses (479,755 thousand yen for the 12th fiscal period and 490,575 thousand yen for the 13th Fiscal Period) are appropriated in deposits and other assets as construction in progress in this table.

(Note 5) JPR owns 6,120 units of 132,093 units of preferred securities issued by Meieki Nichome Kaihatsu SPC (with preferred securities of 4.63%). Furthermore, the value arrived at by multiplying the amounts of real estate and others on Meieki Nichome Kaihatsu SPC's balance sheet on 12th Fiscal Period was 725,852 thousand yen and on 13th Fiscal Period was 871,540 thousand yen.

(2) Major Assets Owned by JPR

The following is an overview of the major assets (ten largest properties by book value at end of period) owned by JPR as of the end of the 13th fiscal period.

Property Name	Book Value (thousands of yen)	Leasable Floor Space (m ²)	Leased Floor Space (m ²)	Occupancy Rate (%)	Rate of Monthly Contracted Rent at End of Period (%)	Asset Class
Shinjuku Center Bldg.	21,172,622	8,041.63	7,829.35	97.4	4.7	Office
Kawasaki Dice Bldg.	15,387,903	13,089.96	12,981.11	99.2	3.7	Retail
Kanematsu Bldg.	15,335,584	7,994.02	7,994.02	100.0	4.5	Office
JPR Umeda Loft Bldg.	12,789,356	18,586.97	18,586.97	100.0	4.0	Retail
BYGS Shinjuku Bldg.	11,993,831	11,357.50	11,026.95	97.1	4.5	Office
JPR Shibuya Tower Records Bldg.	11,773,944	8,076.85	8,076.85	100.0	3.5	Retail
MS Shibaura Bldg.	11,165,189	14,429.09	14,429.09	100.0	5.3	Office
Shinjuku Square Tower	9,594,068	10,982.03	10,602.59	96.5	3.2	Office
Tanashi ASTA	8,615,863	31,121.71	31,121.71	100.0	6.0	Retail
Kawaguchi Center Bldg.	7,673,666	15,461.98	15,225.04	98.5	4.3	Office
Total	125,502,031	139,141.74	137,873.68	99.1	43.5	

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

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

(Note 3) Each sectional owner of Shinjuku Square Tower leases its portions to Shinjuku Square Tower Management Co., Ltd. collectively, and the firm subleases them to sub-lessees. 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 June 30, 2008) (thousands of yen)	Appraisal Value (as of June 30, 2008) (thousands of yen)
Tokyo CBDs	Office	Kanematsu Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	15,335,584	17,000,000
		Kanematsu Bldg. Annex	Chuo Ward, Tokyo	Beneficiary Interest	2,587,741	3,300,000
		JPR Ningyo-cho Bldg.	Chuo Ward, Tokyo	Beneficiary Interest	1,980,788	2,850,000
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	Chiyoda Ward, Tokyo	Beneficiary Interest	1,650,737 573,661 204,037	3,420,000
		JPR Crest Takebashi Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	3,694,537	4,100,000
		MS Shibaura Bldg.	Minato Ward, Tokyo	Beneficiary Interest	11,165,189	19,100,000
		Gotanda First Bldg.	Shinagawa Ward, Tokyo	Beneficiary Interest	2,768,091	4,000,000
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	Chuo Ward, Tokyo	Beneficiary Interest Real Estate	1,796,789 1,153,798	3,140,000
		JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Beneficiary Interest	5,271,087	5,590,000
		Oval Court Ohsaki Mark West	Shinagawa Ward, Tokyo	Beneficiary Interest	3,384,514	4,570,000
		Shinjuku Square Tower	Shinjuku Ward, Tokyo	Beneficiary Interest	9,594,068	14,000,000
		BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Real Estate	11,993,831	12,600,000
	Across Shinkawa Bldg. Annex	Chuo Ward, Tokyo	Real Estate	668,832	1,090,000	
	Shinjuku Center Bldg.	Shinjuku Ward, Tokyo	Real Estate	21,172,622	20,900,000	
	Retail	JPR Shibuya Tower Records Bldg.	Shibuya Ward, Tokyo	Real Estate	11,773,944	15,200,000
		JPR Daikanyama	Shibuya Ward, Tokyo	Real Estate	2,225,621	1,740,000
JPR Jingumae 432		Shibuya Ward, Tokyo	Beneficiary Interest	4,585,299	4,630,000	
Shinjuku Sanhome East Bldg.		Shinjuku Ward, Tokyo	Real Estate	2,821,317	2,590,000	
Greater Tokyo	Office	Arca East	Sumida Ward, Tokyo	Beneficiary Interest	5,120,911	7,790,000
		JPR Chiba Bldg.	Chiba City, Chiba	Beneficiary Interest	2,479,457	1,930,000
		JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Beneficiary Interest	2,675,705	2,770,000
		Shinyokohama 2nd Center Bldg.	Yokohama City, Kanagawa	Real Estate	892,956	1,670,000
		Kawaguchi Center Bldg.	Kawaguchi City, Saitama	Beneficiary Interest	7,673,666	10,800,000
		JPR Ueno East Bldg.	Taito Ward, Tokyo	Real Estate	3,187,432	5,690,000
		Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)	Tachikawa City, Tokyo	Beneficiary Interest Real Estate	837,920 2,287,096	3,990,000
		Rise Arena Bldg.	Toshima Ward, Tokyo	Real Estate	5,803,969	8,290,000
	Yume-ooka Office Tower	Yokohama City, Kanagawa	Real Estate	6,692,102	6,720,000	
	Retail	Tanashi ASTA	Nishitokyo City, Tokyo	Beneficiary Interest	8,615,863	13,300,000
		Cupo-la Main Bldg.	Kawaguchi City, Saitama	Real Estate	2,046,534	2,810,000
		JPR Musashikosugi Bldg.	Kawasaki City, Kanagawa	Real Estate	7,446,923	7,090,000
		Musashiurawa Shopping Square	Saitama City, Saitama	Beneficiary Interest	4,396,323	4,410,000
		Kawasaki Dice Bldg.	Kawasaki City, Kanagawa	Beneficiary Interest	15,387,903	15,184,000
Other Cities	Office	Niigata Ekinan Center Bldg.	Niigata City, Niigata	Beneficiary Interest	1,842,896	2,260,000
		Meiji Yasuda Life Osaka Umeda Bldg.	Osaka City, Osaka	Beneficiary Interest	7,425,072	11,600,000
		Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Beneficiary Interest	4,201,893	4,280,000
		JPR Hakata Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	3,289,281	3,250,000
		JPR Naha Bldg.	Naha City, Okinawa	Beneficiary Interest	1,455,403	1,720,000
		NORTH 33 Bldg.	Sapporo City, Hokkaido	Beneficiary Interest	3,517,673	2,960,000
		Sompo Japan Sendai Bldg.	Sendai City, Miyagi	Beneficiary Interest	2,679,126	4,320,000
		Sompo Japan Wakayama Bldg.	Wakayama City, Wakayama	Beneficiary Interest	1,448,963	1,970,000
		Tenjin 121 Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	2,523,907	3,180,000
		JPR Nagoya Sakae Bldg.	Nagoya City, Aichi	Real Estate	4,515,772	6,190,000
		JPR Dojima Bldg.	Osaka City, Osaka	Beneficiary Interest	2,150,781	3,210,000
		JPR Hakata-chuo Bldg.	Fukuoka City, Fukuoka	Beneficiary Interest	1,876,841	2,360,000
	Mistubishi UFJ Lease & Finance Nagoya Head Office Bldg.	Nagoya City, Aichi	Real Estate	4,009,752	4,600,000	
	Retail	JPR Umeda Loft Bldg.	Osaka City, Osaka	Beneficiary Interest	12,789,356	16,300,000
		Strasse Ichibancho	Sendai City, Miyagi	Beneficiary Interest	4,012,509	3,180,000
		Benetton Shinsaibashi Bldg.	Osaka City, Osaka	Beneficiary Interest	5,487,584	5,660,000
Housing Design Center Kobe		Kobe City, Hyogo	Real Estate	7,196,794	8,100,000	
JPR Chayamachi Bldg.	Osaka City, Osaka	Beneficiary Interest	6,136,224	5,580,000		
Total					268,506,698	322,984,000

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

(Note 2) Aside from properties indicated in the table above, JPR owns 6,120 units of 132,093 units of preferred securities issued by Meieki Nichome Kaihatsu SPC (with preferred securities of 4.63%). Furthermore, the value arrived at by multiplying the amounts of real estate and others on Meieki Nichome Kaihatsu SPC's balance sheet on its latest settlement period was 871,540 thousand yen.

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

Location Category	Asset Class	Property Name	12th Fiscal Period (from July 1, 2007 to Dec. 31, 2007)				13th Fiscal Period (from Jan. 1, 2008 to June 30, 2008)			
			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.	9	97.5	470,728	4.5	8	100.0	465,038	4.3
		Kanematsu Bldg. Annex	1	100.0	108,950	1.0	1	100.0	109,601	1.0
		JPR Ningyo-cho Bldg.	4	100.0	104,980	1.0	4	100.0	107,555	1.0
		Shin-Kojimachi Bldg. (additional acquisition in 2nd fiscal period) (additional acquisition in 6th fiscal period)	11	100.0	75,543 32,159 12,260	0.7 0.3 0.1	11	100.0	75,051 32,087 12,198	0.7 0.3 0.1
		JPR Crest Takebashi Bldg.	9	100.0	143,592	1.4	9	100.0	143,301	1.3
		MS Shibaura Bldg.	8	100.0	581,455	5.6	8	100.0	582,419	5.4
		Gotanda First Bldg.	1	100.0	140,877	1.4	2	100.0	139,327	1.3
		Fukuoka Bldg. (additional acquisition in 7th fiscal period)	1	100.0	64,667 41,468	0.6 0.4	1	100.0	64,667 41,468	0.6 0.4
		JPR Ichigaya Bldg.	9	100.0	193,250	1.9	9	100.0	191,514	1.8
		Oval Court Ohsaki Mark West	4	100.0	188,276	1.8	4	100.0	195,762	1.8
		Shinjuku Square Tower	23	96.3	300,738	2.9	22	96.5	319,454	2.9
		BYGS Shinjuku Bldg.	25	98.5	484,198	4.6	24	97.1	491,804	4.5
		Across Shinkawa Bldg. Annex	4	100.0	51,070	0.5	4	100.0	51,135	0.5
	Shinjuku Center Bldg.	—	—	—	—	24	97.4	263,846	2.4	
	Retail	JPR Shibuya Tower Records Bldg.	1	100.0	345,576	3.3	1	100.0	345,576	3.2
		JPR Daikanyama	3	76.6	43,505	0.4	3	72.1	58,968	0.5
		JPR Jingumae 432	5	100.0	88,879	0.9	5	100.0	97,091	0.9
		Shinjuku Sanchoe East Bldg.	1	100.0	15,959	0.2	1	100.0	39,166	0.4
	Greater Tokyo	Office	Arca East	6	100.0	296,103	2.8	6	100.0	296,516
JPR Chiba Bldg.			29	91.1	145,454	1.4	29	89.1	137,059	1.3
JPR Yokohama Nihon Odori Bldg.			10	97.2	144,358	1.4	12	100.0	143,648	1.3
Shinyokohama 2nd Center Bldg.			13	100.0	75,338	0.7	13	100.0	75,586	0.7
Kawaguchi Center Bldg.			39	97.1	466,918	4.5	39	98.5	486,508	4.5
JPR Ueno East Bldg.			8	90.9	193,514	1.9	8	90.9	191,255	1.8
Tachikawa Business Center Bldg. (additional acquisition in 11th fiscal period)			20	100.0 96.1	59,106 91,501	0.6 0.9	19	100.0 89.9	58,925 102,527	0.5 0.9
Rise Arena Bldg.			1	100.0	244,442	2.3	1	100.0	238,836	2.2
Yume-ooka Office Tower		35	91.1	320,142	3.1	35	94.5	324,244	3.0	
Retail		Tanashi ASTA	1	100.0	596,400	5.7	1	100.0	596,400	5.5
		Cupo-la Main Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		JPR Musashikosugi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
		Musashiurawa Shopping Square	3	100.0	129,061	1.2	3	100.0	129,061	1.2
		Kawasaki Dice Bldg.	20	99.2	486,880	4.7	20	99.2	484,488	4.5
Other Cities	Office	Niigata Ekinan Center Bldg.	10	100.0	133,971	1.3	10	98.2	132,717	1.2
		Meiji Yasuda Life Osaka Umeda Bldg.	27	98.4	379,879	3.6	27	98.4	378,506	3.5
		Tokyo Tatemono Honmachi Bldg.	9	98.9	245,457	2.4	9	98.7	244,289	2.3
		JPR Hakata Bldg.	26	96.0	168,446	1.6	27	97.7	162,084	1.5
		JPR Naha Bldg.	19	100.0	112,869	1.1	18	97.6	111,018	1.0
		NORTH 33 Bldg.	26	98.9	161,985	1.6	26	98.9	168,444	1.6
		Sompo Japan Sendai Bldg.	17	99.9	207,452	2.0	16	100.0	206,879	1.9
		Sompo Japan Wakayama Bldg.	18	96.8	121,689	1.2	16	91.6	117,987	1.1
		Tenjin 121 Bldg.	13	100.0	120,023	1.2	13	100.0	119,990	1.1
		JPR Nagoya Sakae Bldg.	19	87.8	229,591	2.2	21	100.0	225,190	2.1
		JPR Dojima Bldg.	9	87.0	116,328	1.1	8	83.4	115,999	1.1
		JPR Hakata-chuo Bldg.	5	92.5	87,354	0.8	5	92.5	85,291	0.8
	Mistubishi UFJ Lease & Finance Nagoya Head Office Bldg.	1	100.0	192,692	1.9	1	100.0	190,863	1.8	
	Retail	JPR Umeda Loft Bldg.	1	100.0	402,411	3.9	1	100.0	402,411	3.7
		Strasse Ichibancho	1	100.0	128,388	1.2	0	0.0	221,089	2.0
		Benetton Shinsaibashi Bldg.	1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)
Housing Design Center Kobe		1	100.0	(Note 2)	(Note 2)	1	100.0	(Note 2)	(Note 2)	
JPR Chayamachi Bldg.	8	100.0	141,744	1.4	8	100.0	138,213	1.3		
Total			517	98.4	10,415,033	100.0	537	97.5	10,830,941	100.0

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

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

B. Details of Investment Securities Acquired as Properties

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

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

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

Furthermore, the value arrived at by multiplying the amounts of real estate and others on Meieki Nichome Kaihatsu SPC's balance sheet on it's latest settlement period was 871,540 thousands of yen.

(4) Status of Other Properties

Beneficiary interests with real estate as major entrusted properties have been entered under Real Estate and other Acquired Properties in P36.

There is no incorporation of main specific assets which are main investment targets of JPR other than listed on P36 as of the end of 13th period.

Capital Expenditures of Owned Real Estate

(1) Planned Capital Expenditures

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

Property Name	Location	Purpose	Schedule	Planned (millions of yen)		
				Total Value	Payment during the 13th Fiscal Period	Amount Already Paid
JPR Chiba Bldg.	Chiba City, Chiba	Replacement of 2nd - 5th floor air conditioning units	Jul. 2008~ Dec. 2008	87	—	—
JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Replacement of 3rd - 6th floor air conditioning units	Jul. 2008~ Dec. 2008	84	—	—
JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Replacement of 7th - 10th floor air conditioning units	Jul. 2008~ Dec. 2008	81	—	—
JPR Hakata Bldg.	Fukuoka City, Fukuoka	Renewal of 6th - 10th common areas	Jul. 2008~ Dec. 2008	78	—	—
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of interior of 2nd basement - 1st floor common areas	Apr. 2008~ Sep. 2008	76	—	—
JPR Ueno East Bldg.	Taito Ward, Tokyo	Renewal of 1st basement exclusive area into office specification	Sep. 2008~ Dec. 2008	50	—	—
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of interior of 2nd - 5th floor common areas	Jun. 2008~ Sep. 2008	37	—	—

(2) Capital Expenditures during the 13th Period

The following are the capital expenditure amounts JPR invested in real estate and entrusted real estate during the 13th period. Among major capital expenditures, conversion work and renewal of mechanical parking lot in an effort to enhance profitability and replacement work to enhance tenant satisfaction as well as improvements to common-use areas and the installation of office automation floors for leased offices with the aim of attracting new tenants. Besides, JPR conducted construction of 271 million yen (Note), which was appropriated as expenditures for repair and maintenance, aside from these constructions.

Property Name	Location	Purpose	Period	Construction Expenses (millions of yen)
Yume-ooka Office Tower	Yokohama City, Kanagawa	Conversion work at 24th floor	Oct. 2007~ Feb. 2008	143
Tokyo Tatemono Honmachi Bldg.	Osaka City, Osaka	Renewal of mechanical parking lot	Aug. 2007~ Mar. 2008	89
JPR Chiba Bldg.	Chiba City, Chiba	Replacement of 6th - 10th floor air conditioning units	Jan. 2008~ Jun. 2008	56
North 33 Bldg.	Sapporo City, Hokkaido	Replacement of 1st - 4th, 6th and 7th floor air conditioning units	Nov. 2007~ Mar. 2008	47
JPR Hakata Bldg.	Fukuoka City, Fukuoka	Renewal work of 11th and 12th floor common areas	Apr. 2008~ Jun. 2008	39
JPR Yokohama Nihon Odori Bldg.	Yokohama City, Kanagawa	Replacement of 11th floor air conditioning unit	Apr. 2008~ Jun. 2008	37
JPR Ichigaya Bldg.	Chiyoda Ward, Tokyo	Replacement of 7th floor air conditioning unit	Apr. 2008~ Jun. 2008	32
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of interior of 9th - 11th floor common areas	Dec. 2007~ Mar. 2008	27
BYGS Shinjuku Bldg.	Shinjuku Ward, Tokyo	Replacement of interior of 6th - 8th floor common areas	Mar. 2008~ Jun. 2008	27
Other Properties	Repairs of common area, installation of office automation floors, preparation of parking lots, air conditioners and disaster prevention facilities			319
Total				821

(Note) Expenditures for repair and maintenance included 6,000,000 yen of construction management fees paid to construction management companies as well as the amounts for repair and maintenance constructions themselves.

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

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

(Millions of yen)

Operation Period	9th Fiscal Period (Jan. 1, 2006 ~ June 30, 2006)	10th Fiscal Period (July 1, 2006 ~ Dec. 31, 2006)	11th Fiscal Period (Jan. 1, 2007 ~ June 30, 2007)	12th Fiscal Period (July 1, 2007 ~ Dec. 31, 2007)	13th Fiscal Period (Jan. 1, 2008 ~ June 30, 2008)
Balance of deposits at end of previous period	667	678	698	681	737
Deposits during the period	141	297	488	803	604
Amounts used from deposits during the period	130	277	505	747	545
Deposits carried forward to the next period	678	698	681	737	796

Expenses and Liabilities

(1) Details of Expenses Related to Management

(Thousands of yen)

Item	12th Fiscal Period (July 1, 2007 - Dec. 31, 2007)	13th Fiscal Period (Jan. 1, 2008 - June 30, 2008)
(a) Asset Management Fees (Note)	400,929	416,576
Fixed compensation	75,000	75,000
Incentive-based compensation 1	196,963	203,893
Incentive-based compensation 2	128,965	137,682
(b) Administrative Service and Custodian Fees	69,035	66,218
(c) Directors' Fee	6,300	6,600
(d) Trust Fees	55,879	55,758
(e) Other Expenses	94,594	95,297
Total	626,739	640,451

(Note) Aside from the amounts of the asset management fees entered above, a total 58,000 thousand yen has been paid for asset management of the acquired properties. JPR started to implement including management fees for property acquisitions in the book values of individual properties in the 13th fiscal period.

(2) Status of Borrowings

As of June 30, 2008 JPR has the following borrowings.

Category	Lender	Drawdown Date	Balance as of December 31, 2007 (millions of yen)	Balance as of June 30, 2008 (millions of yen)	Average Interest Rate (%) (Note 1) (Note 2)	Repayment Date	Repayment Method	Use	Remarks
Short-Term Borrowings	Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 4)	Feb. 5, 2008	—	1,800	0.949	Jul. 5, 2008	Principal lump sum repayment on maturity	(Note 3)	Unsecured/ Unguaranteed/ Non-subordinated
		Mar. 26, 2008	—	—	0.994	Jul. 5, 2008			
		Apr. 23, 2008	—	1,200	0.935	Jul. 5, 2008			
	Resona Bank, Limited	Feb. 5, 2008	—	2,000	0.949	Jul. 5, 2008			
		Mar. 26, 2008	—	2,000	0.998	Jul. 5, 2008			
	Mizuho Corporate Bank, Ltd. (Note 4)	Mar. 26, 2008	—	1,872	0.996	Jul. 5, 2008			
		Apr. 23, 2008	—	1,100	0.935	Jul. 5, 2008			
	Mitsubishi UFJ Trust and Banking Corporation	Mar. 26, 2008	—	3,800	0.998	Jul. 5, 2008			
	Shinsei Bank, Limited (Note 4)	Mar. 26, 2008	—	1,020	0.995	Jul. 5, 2008			
	Total				14,792				

Category	Lender	Drawdown Date	Balance as of December 31, 2007 (millions of yen)	Balance as of June 30, 2008 (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
		Mar. 26, 2008	—	2,000	1.725	Mar. 26, 2015			
	Mitsubishi UFJ Trust and Banking Corp.	Aug. 29, 2006	6,000	6,000	1.734	Aug. 29, 2011			
	Shinsei Bank, Ltd.	Sep. 26, 2006	3,000	3,000	1.356	Sep. 24, 2010			
	The Bank of Fukuoka, Ltd.	Sep. 26, 2006	1,000	1,000	1.356	Sep. 24, 2010			
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Chugoku Bank, Ltd.	Sep. 26, 2006	1,000	1,000	1.356	Sep. 24, 2010			
		Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012			
	The Hachijuni Bank, Ltd.	Sep. 26, 2006	1,000	1,000	1.356	Sep. 24, 2010			
		Dec. 26, 2006	1,000	1,000	1.642	Apr. 11, 2012			
	Daido Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013			
		Feb. 5, 2008	1,000	1,000	1.666	Feb. 5, 2015			
	Taiyo Life Insurance Company	Dec. 26, 2006	1,000	1,000	1.858	Dec. 27, 2013			
		Jun. 4, 2008	—	1,000	2.035	Jun. 4, 2013			
	Sumitomo Life Insurance Company	Dec. 27, 2006	2,000	2,000	1.858	Dec. 27, 2013			
		Jun. 4, 2008	—	2,000	2.257	Jun. 4, 2015			
Sompo Japan Insurance Inc.	Apr. 11, 2007	2,000	2,000	1.676	Apr. 11, 2012				
The Iyo Bank, Ltd.	Apr. 11, 2007	1,000	1,000	1.676	Apr. 11, 2012				
Mizuho Corporate Bank, Ltd.	Feb. 5, 2008	—	5,000	1.181	Feb. 4, 2011				
Bank of Tokyo-Mitsubishi UFJ, Ltd.	Mar. 26, 2008	—	5,000	1.380	Mar. 26, 2011				
Meiji Yasuda Life Insurance Company	Jun. 21, 2002	4,783	4,783	2.050	Jun. 21, 2011				
	Mar. 28, 2003	4,400	4,400	1.750	Mar. 28, 2015				
	Total		38,183	54,183					

(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) JPR repaid the following short-term borrowings on June 5, 2008 ahead of the maturity dates: 200 million yen out of the 2 billion yen from Bank of Tokyo-Mitsubishi UFJ, Ltd. undertaken on February 5, 2008; and 1.8 billion yen from Bank of Tokyo-Mitsubishi UFJ, Ltd., 2.028 billion yen out of the 3.9 billion yen from Mizuho Corporate Bank, Ltd. and 1.98 billion yen out of the 3 billion yen from Shinsei Bank, Ltd., all of which were undertaken on March 26, 2008.

(3) Corporate Bonds

Details of corporate bonds outstanding as of June 30, 2008 are as follows.

Name	Issue Date	Balance as of December 31, 2007 (millions of yen)	Balance as of June 30, 2008 (millions of yen)	Coupon Rate (per annum)	Maturity Date	Redemption	Use	Remarks	
First Series of Corporate Bonds	Feb. 12, 2004	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			Repayment of borrowings	(Note 3)
Seventh Series of Corporate Bonds	Dec. 14, 2006	4,500	4,500	2.90	Dec. 14, 2026				
Eighth Series of Corporate Bonds	July 23, 2007	9,000	9,000	1.85	July 23, 2012				
Ninth Series of Corporate Bonds	July 23, 2007	6,000	6,000	2.10	July 23, 2014				
Tenth Series of Corporate Bonds	May 30, 2008	—	3,000	1.71	May 30, 2011				
Total		61,500	54,500						

(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 13th Fiscal Period

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

Type of Asset	Real Estate Name	Acquisition		Sale					
		Acquired Date	Acquisition Price (thousands of yen) (Note)	Sale Date	Sale Price (A) (thousands of yen) (Note)	Book Value (B) (thousands of yen)	Difference (C) (A) - (B) (thousands of yen)	Sale Expenses (D) (thousands of yen)	Sale Profit and Loss (C) - (D) (thousands of yen)
Real Estate	Shinjuku Center Bldg.	Mar. 27, 2008	21,000,000	—	—	—	—	—	—
Real Estate	Shinjuku Sanchome East Bldg. (additional ownership)	Apr. 24, 2008	2,200,000	—	—	—	—	—	—
Total			23,200,000						

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

(2) Acquisition and Sale of Other Assets

There were no acquisitions or sales of other assets.

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

A. Real Estate Transactions

Acquisition or Sale	Real Estate Name	Transaction Date	Acquisition Price or Sale Price (Note 1) (thousands of yen)	Survey Value of Specified Assets (Note 2) (thousands of yen)
Acquisition	Shinjuku Center Bldg.	Mar. 27, 2008	21,000,000	20,900,000
Acquisition	Shinjuku Sanchome East Bldg. (additional ownership)	Apr. 24, 2008	2,200,000	2,000,000

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

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

(4) Transactions with Interested Parties and Major Shareholders

A. Transaction Status

There were no transaction with interested parties or major shareholders.

B. Value of Fee Expenses

(Thousands of yen)

Category	Total Paid Fees (A)	Breakdown of Transactions with Interested Parties		Ratio to Total Amount (B/A) (% of total)
		Paid Party	Paid Amount (B)	
Management Fees (Note 2)	241,386	Tokyo Tatemono Co., Ltd.	174,686	72.4
		Yasuda Real Estate Co., Ltd.	11,129	4.6
		Meiji Yasuda Building Management, Co., Ltd.	24,156	10.0
		Yuraku Real Estate Co., Ltd.	3,361	1.4
Outsourcing Fees	498,084	Tokyo Tatemono Co., Ltd.	342,946	68.9
		Yasuda Real Estate Co., Ltd.	23,734	4.8
		Meiji Yasuda Building Management, Co., Ltd.	45,200	9.1
Tenant Brokerage Fees, etc.	16,694	Tokyo Tatemono Co., Ltd.	14,782	88.5

(Note 1) Interested parties and major shareholders refers to the interested parties of the asset management company who has concluded an asset management agreement with JPR and is regulated as designated in Article 123 of the Enforcement Order of as the Investment Trusts and Investment Corporations Law and the major shareholders of the asset management company regulated defined in Article 29-4-2 of the Financial Instruments and Exchange Law.

(Note 2) The management fees indicated in the above table include construction management fees (total of 21,841 thousand yen for JPR) appropriated as assets and not handled as expenses.

(Note 3) Aside from transactions indicated in the above table, JPR paid the following amounts for repairs, etc. conducted by below parties during the 13th fiscal period.

Tokyo Tatemono Co., Ltd.	319,958 thousand yen
Tokyo Tatemono Techno-build Co., Ltd.	76,270 thousand yen
Yasuda Real Estate Co., Ltd.	13,340 thousand yen
Meiji Yasuda Building Management Co., Ltd.	25,285 thousand yen

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

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

Overview of Accounting

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

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

(2) Changes in Calculation Method of Depreciation

No change has been made.

(3) Changes in Valuation Method of Real Estate

No change has been made.

Other

(1) Notice

Outlines of major issues related to the conclusion or changes of major contracts approved by JPR's Board of Directors meeting during the fiscal period are as follows.

Date of the Meeting	Approved Issues	Outline
March 26, 2008	Conclusion of memorandum for revising asset management consignment agreement	The regulations concerning the coverage and policies of asset management, which are attached to the asset management consignment agreement, were partially changed. In addition, descriptions of the management fees were partially changed, and descriptions of provisions were changed in accordance with the changes of laws and regulations.
May 13, 2008	Consignment of general administration work accompanying the issuance of the Tenth Series of Unsecured Corporate Bonds	JPR consigned administration work concerning the Tenth Series of Unsecured Corporate Bonds to Mizuho Securities Co., Ltd. and Mizuho Corporate Bank, Ltd., with the decision on the issuance of the said corporate bonds by the Executive Officer set as the termination condition.

(Note) A comprehensive resolution concerning the issuance of the corporate bonds was approved by the Board of Directors meeting held on December 26, 2007. Based on this, JPR issued the Tenth Series of Unsecured Bonds on May 30, 2008.

(2) Other

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

Balance Sheets

(As of June 30, 2008 and December 31, 2007)

(Thousands of yen)

	End of 13th Fiscal Period (as of June 30, 2008)	End of 12th Fiscal Period (information only) (as of December 31, 2007)	% Change
ASSETS			
CURRENT ASSETS:			
Cash and bank deposits	¥ 18,461,764	¥ 16,307,505	
Entrusted cash and deposits	15,126,982	14,990,073	
Rental receivables	222,607	174,320	
Prepaid expenses	118,836	150,911	
Deferred tax assets	32	67	
Other current assets	27,925	251,563	
Total Current Assets	33,958,148	31,874,441	6.5%
FIXED ASSETS: PROPERTY AND EQUIPMENT:			
Buildings	28,136,636	25,721,274	
Entrusted buildings	79,874,090	79,462,451	
Structures	17,558	6,376	
Entrusted structures	88,279	82,640	
Machinery and equipment	335,716	304,863	
Entrusted machinery and equipment	1,435,934	1,340,537	
Tools, furniture and fixtures	18,077	15,624	
Entrusted tools, furniture and fixtures	86,310	78,086	
Land	56,542,608	36,600,710	
Entrusted land	117,128,148	117,128,148	
Construction in progress	490,575	622,755	
Less : accumulated depreciation	(16,702,970)	(14,884,608)	
Net Property and Equipment	267,450,965	246,478,860	8.5%
Intangible Assets:			
Leasehold right	1,542,818	—	
Other intangible assets	9,604	10,368	
Total Intangible Assets	1,552,423	10,368	14,872.8%
INVESTMENTS AND OTHER ASSETS:			
Investment securities	344,651	344,651	
Deposits	17,000	10,100	
Other	900	900	
Total Investments and Other Assets	362,551	355,651	1.9%
Total Fixed Assets	269,365,940	246,844,880	9.1%
Deferred Assets:			
Corporate bond issuance costs	135,885	122,765	
Total Deferred Assets	135,885	122,765	10.7%
TOTAL ASSETS	¥303,459,974	¥278,842,087	8.8%

(Note) See accompanying Notes to Financial Statements

(Thousands of yen)

	End of 13th Fiscal Period (as of June 30, 2008)	End of 12th Fiscal Period (information only) (as of December 31, 2007)	% Change
LIABILITIES			
CURRENT LIABILITIES:			
Trade accounts payable	¥ 1,386,300	¥ 1,143,623	
Short-term borrowings	14,792,000	—	
Current portion of corporate bonds	—	10,000,000	
Other accounts payable	572,798	536,924	
Accrued expenses	279,203	297,440	
Accrued income taxes	648	652	
Accrued consumption taxes	166,601	123,162	
Rent received in advance	1,168,758	1,140,748	
Total Current Liabilities	18,366,311	13,242,552	38.7%
LONG-TERM LIABILITIES:			
Corporate bonds	54,500,000	51,500,000	
Long-term borrowings	54,183,000	38,183,000	
Leasehold and security deposits received	4,164,487	3,975,087	
Entrusted leasehold and security deposits received	11,069,161	11,046,281	
Total Long-Term Liabilities	123,916,649	104,704,369	18.3%
TOTAL LIABILITIES	142,282,960	117,946,921	20.6%
UNITHOLDERS' EQUITY:			
Unitholders' capital 5,000,000 units authorized 625,000 units issued and outstanding	156,725,438	156,725,438	—
Retained earnings	4,451,575	4,169,727	6.8%
TOTAL UNITHOLDERS' EQUITY	161,177,014	160,895,166	0.2%
TOTAL LIABILITIES AND UNITHOLDERS' EQUITY	¥ 303,459,974	¥ 278,842,087	8.8%

(Note) See accompanying Notes to Financial Statements

Statements of Income and Retained Earnings

(For the six-month periods ended June 30, 2008 and December 31, 2007)

(Thousands of yen)

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)	% Change
OPERATING REVENUES:	¥10,830,941	¥10,449,831	3.6%
Real estate rental revenues	10,830,941	10,415,033	
Dividends received	—	34,797	
OPERATING EXPENSES:	5,550,329	5,443,585	2.0%
Real estate rental expenses	4,909,878	4,816,845	
Asset management fees	416,576	400,929	
Administrative service and custodian fees	66,218	69,035	
Directors' fees	6,600	6,300	
Trust fees	55,758	55,879	
Other operating expenses	95,297	94,594	
OPERATING INCOME	5,280,611	5,006,245	5.5%
NON- OPERATING REVENUES:	99,789	18,703	433.5%
Interest income	14,869	14,061	
Income on settlement of management association accounts	79,595	—	
Other non-operating revenues	5,323	4,642	
NON-OPERATING EXPENSES:	928,197	854,410	8.6%
Interest expense	434,963	334,466	
Loan arrangement fees	16,243	16,393	
Interest expense on corporate bonds	462,796	474,899	
Amortization of corporate bond issuance costs	9,512	8,010	
Other non-operating expenses	4,682	20,641	
ORDINARY INCOME	4,452,203	4,170,538	6.8%
INCOME BEFORE INCOME TAXES	4,452,203	4,170,538	6.8%
Current income taxes	945	981	
Deferred income taxes	34	81	
NET INCOME	4,451,222	4,169,475	6.8%
RETAINED EARNINGS BROUGHT FORWARD	352	252	40.0%
RETAINED EARNINGS AT END OF PERIOD	¥ 4,451,575	¥ 4,169,727	6.8%

(Note) See accompanying Notes to Financial Statements

Statements of Changes in Unitholders' Equity

(For the six-month periods ended June 30, 2008 and December 31, 2007)

(Thousands of yen)

	Unitholders' capital	Retained earnings	Total
BALANCE AS OF JUNE 30, 2007	¥156,725,438	¥4,372,752	¥161,098,190
Changes during the period	—	(203,024)	(203,024)
Cash distributions paid	—	(4,372,500)	(4,372,500)
Net Income	—	4,169,475	4,169,475
BALANCE AS OF DECEMBER 31, 2007	156,725,438	4,169,727	160,895,166
Changes during the period	—	281,847	281,847
Cash distributions paid	—	(4,169,375)	(4,169,375)
Net Income	—	4,451,222	4,451,222
BALANCE AS OF JUNE 30, 2008	¥156,725,438	¥4,541,575	¥161,177,014

(Note) See accompanying Notes to Financial Statements

Notes to Financial Statements

Basis of Presenting Financial Statements

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

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

JPR's accounting period ends at the end of June and December. JPR's 13th accounting period began on January 1, 2008 and ended on June 30, 2008.

Significant Accounting Policies

1. Assets Valuation Standards and Methods

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

2. Depreciation Method for Property and Equipment

(1) Property and Equipment (including entrusted properties)

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

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

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

4. Standards for Recording Revenues and Expenses

Accounting treatment of Taxes on Properties and Equipment

In connection with property taxes, city planning taxes and depreciated asset taxes, JPR adopt the method of charging the corresponding amounts of assessed taxes to the current fiscal period as real estate rental expenses. Furthermore, JPR included an amount equivalent to the property taxes paid to the sellers during the first fiscal period as an acquisition cost, not as expenses, in connection with the acquisition of real estate or entrusted beneficiary interest with real estate as entrusted property. During the 13th fiscal period, the amount equivalent to the property taxes included as an acquisition cost of real estate totaled 73,269 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 sheets and statements of income.

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

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

(2) Accounting for Consumption Taxes

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

Notes to Balance Sheets

1. Assets Pledged as Collateral and Secured Liabilities

(Thousands of yen)

	End of 13th Fiscal Period (as of June 30, 2008)	End of 12th Fiscal Period (information only) (as of December 31, 2007)
Assets pledged as collateral are as follows		
Entrusted deposits	¥ 2,260,913	¥ 2,263,462
Buildings	140,352	142,214
Entrusted buildings	7,172,123	7,278,456
Entrusted structures	4,192	4,055
Machinery and equipment	5,307	5,478
Entrusted machinery and equipment	15,143	16,676
Entrusted tools, furniture and fixtures	2,374	2,181
Land	398,201	398,201
Entrusted land	8,536,013	8,536,013
Total	¥18,534,622	¥18,646,741

	End of 13th Fiscal Period (as of June 30, 2008)	End of 12th Fiscal Period (information only) (as of December 31, 2007)
Secured liabilities are as follows		
Long-term borrowings	¥ 9,183,000	¥ 9,183,000
Leasehold and security deposits received	15,536	15,536
Total	¥ 9,198,536	¥ 9,198,536

2. Balance of Unused Commitment Line

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

	End of 13th Fiscal Period (as of June 30, 2008)	End of 12th Fiscal Period (information only) (as of December 31, 2007)
Contract execution date	December 1, 2006	December 1, 2006
Credit limit	¥20,000,000	¥20,000,000
Outstanding debt at end of period	—	—
Unused commitment line at end of period	¥20,000,000	¥20,000,000

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

	End of 13th Fiscal Period (as of June 30, 2008)	End of 12th Fiscal Period (information only) (as of December 31, 2007)
	¥50,000	¥50,000

Notes to Statements of Income and Retained Earnings

1. Breakdown of Real Estate Rental Revenues and Expenses

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
(Thousands of yen)		
A. Real Estate Rental Revenues		
Rental revenues		
Rents	¥8,127,839	¥7,840,275
Common charges	1,609,384	1,560,105
Parking revenues	215,881	214,147
Advertising expenses	16,818	16,347
Antenna use fees	10,788	11,049
Other	21,310	20,979
Sub total	10,002,022	9,662,904
Other rental revenues		
Incidental income	594,121	704,675
Time-based parking revenues	7,466	7,442
Cancellation charges	191,835	5,353
Income equivalent to expenses for restoration to as is condition	10,700	22,983
Other miscellaneous income	24,794	11,674
Sub total	828,918	752,129
Total real estate rental revenues	¥10,830,941	¥10,415,033
B. Real Estate Rental Expenses		
Rental expenses		
Outsourcing expenses	¥ 498,084	¥ 477,158
Utilities expenses	662,718	740,835
Property and other taxes	859,818	764,570
Casualty insurance	33,328	35,005
Repairs and maintenance	265,074	251,562
Property management fees	219,545	207,033
Management association accounts	457,773	461,431
Depreciation	1,818,454	1,809,469
Other	95,081	69,778
Total real estate rental expenses	¥4,909,878	¥4,816,845
C. Profits (A-B)	¥5,921,062	¥5,598,188

Notes to Statements of Changes in Unitholders' Equity

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
The number of units outstanding	625,000 units	625,000 units

Tax Effect Accounting

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
(Thousands of yen)		
1. Breakdown of Main Causes for Deferred Tax Assets and Deferred Tax Liabilities (Deferred tax assets)		
Enterprise tax not deductible for income tax purposes	¥ 16	¥ 18
Lump-sum depreciated assets not deductible for tax purposes	15	48
Total deferred tax assets	32	67
Net deferred tax assets	¥32	¥67

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

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
Effective statutory tax rate (Adjustment)	39.39%	39.39%
Deductible cash distributions	(39.38%)	(39.38%)
Other	0.01%	0.02%
Effective tax rate after applying tax effect accounting	0.02%	0.03%

Property and Equipment Leased to JPR

13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
No property and equipment leased to JPR	No property and equipment leased to JPR

Transactions with Interested Parties

13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
No transactions with interested parties	No transactions with interested parties

Per Unit Information

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
Total unitholders' equity per unit	¥257,883	¥257,432
Net income per unit	¥7,121	¥6,671

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:

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
Net income	¥4,451,222	¥4,169,475
Amounts not attributable to ordinary unitholders	—	—
Net income attributable to ordinary investment units	¥4,451,222	¥4,169,475
Average number of units	625,000 units	625,000 units

Distribution Information

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	(Yen) 12th Fiscal Period (information only) (July 1, 2007 - December 31, 2007)
1. Retained earnings at end of period	¥4,451,575,413	¥4,169,727,716
2. Cash distributions	4,451,250,000	4,169,375,000
(Distribution per unit)	(7,122)	(6,671)
3. Retained earnings carried forward	325,413	352,716

In accordance with the distribution policy stipulated in Article 28-2 of the Articles of Incorporation, JPR will be able to distribute only to the extent of the profits and needs to distribute in excess of 90% of JPR's distributable income as stipulated in Article 67-15 of the Special Taxation Measures Law. Based on this policy, JPR decided on a total distribution of 4,451,250,000 yen for the 13th fiscal period (4,169,375,000 yen for the 12th fiscal period). This is the maximum value arrived at when the number of units outstanding (625,000 units) is multiplied by an integer, within the limit of retained earnings for the respective fiscal period. Furthermore, JPR does not make cash distributions in excess of the profit as stipulated in Article 28-4 of the Articles of Incorporation.

Report of Independent Auditors

Report of Independent Auditors

The Board of Directors
Japan Prime Realty Investment Corporation

We have audited the accompanying balance sheet of Japan Prime Realty Investment Corporation as of June 30, 2008, 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 June 30, 2008, and the results of its operations for the six-month period then ended in conformity with accounting principles generally accepted in Japan.

Eisaku Uemura & Co., Ltd.

August 15, 2008

Statements of Cash Flows (Information Only)

(For the six-month periods ended June 30, 2008 and December 31, 2007)

(Thousands of yen)

	13th Fiscal Period (January 1, 2008 - June 30, 2008)	12th Fiscal Period (July 1, 2007 - December 31, 2007)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income taxes	¥ 4,452,203	¥ 4,170,538
Depreciation	1,819,525	1,810,540
Amortization of corporate bond issuance costs	9,512	8,010
Interest income	(14,869)	(14,061)
Interest expense	897,760	809,365
(Increase) decrease in rental receivables	(48,286)	44,096
Decrease in accrued consumption taxes refundable	—	120,563
Decrease (increase) in prepaid expenses	32,075	(54,116)
Increase in trade accounts payable	69,216	84,456
Increase in other accounts payable	23,774	3,738
Increase in accrued consumption taxes	43,439	123,162
Increase in rental received in advance	28,010	96,623
Decrease in entrusted fixed properties due to sale	—	13,982
Decrease in investment securities	—	1,558,460
Change in other current assets/liabilities	(40,191)	(14,802)
Subtotal	7,272,168	8,760,557
Interest received	14,869	14,061
Interest paid	(915,997)	(685,883)
Income taxes refund (paid)	233,406	(230,951)
Net cash provided by operating activities	6,604,447	7,857,784
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(22,145,989)	(6,499,695)
Purchases of entrusted property and equipment	(471,016)	(418,800)
Purchases of intangible assets	(1,543,218)	(6,624)
Purchases of investment securities	—	(344,651)
Payments of leasehold and security deposits	(6,900)	—
Payments of leasehold and security deposits received	(624,781)	(139,812)
Proceeds from leasehold and security deposits received	853,372	445,027
Payments of entrusted leasehold and security deposits received	(174,842)	(108,423)
Proceeds from entrusted leasehold and security deposits received	203,720	241,415
Net cash used in investing activities	(23,909,654)	(6,831,563)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from short-term borrowings	20,800,000	10,400,000
Repayments of short-term borrowings	(6,008,000)	(13,900,000)
Proceeds from long-term borrowings	16,000,000	—
Repayments of long-term borrowings	—	(4,783,000)
Proceeds from issuance of corporate bonds	3,000,000	15,000,000
Repayment of corporate bonds	(10,000,000)	—
Payments of corporate bond issuance cost	(22,632)	(88,335)
Distributions to unitholders	(4,172,992)	(4,364,722)
Net cash provided by financing activities	19,596,375	2,263,942
NET CHANGES IN CASH AND CASH EQUIVALENTS	2,291,168	3,290,162
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	31,297,578	28,007,415
CASH AND CASH EQUIVALENTS AT END OF PERIOD	¥33,588,746	¥31,297,578

Significant Accounting Policies

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

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

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

Notes to Statements of Cash Flows

	(Thousands of yen)	
	13th Fiscal Period	12th Fiscal Period
Breakdown of cash and cash equivalents	(January 1, 2008 - June 30, 2008) As of June 30, 2008	(July 1, 2007 - December 31, 2007) As of December 31, 2007
Cash and deposits	¥18,461,764	¥16,307,505
Entrusted cash and deposits	15,126,982	14,990,073
Cash and cash equivalents	¥33,588,746	¥31,297,578

JPR Investment Policies (Reference)

A. INVESTMENT POLICIES

① Basic Policies

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

The Company will diversify investments in terms of both tenants and properties, taking into account the amount of investment per property, and will thereby seek to achieve stable medium- and long-term growth. Investment ratio targets are as shown on page 56 under "(3) Investment stance ii) Investment ratio targets."

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

② Types of Investment Assets

I) "Real estate" refers to the following:

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

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

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

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

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

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

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

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

③ Investment Stance

Portfolio Management Standards

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

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

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

JPR will determine the allocation ratio of these assets in the portfolio based on full considerations of the economic situations, real estate market trends and other factors for respective occasions. The target allocation ratio between office buildings and retail properties based on acquisition price shall generally be 8:2.
- iii) Region
JPR shall work to realize a diversification of the portfolio, not limited to Tokyo but investing in regional cities, primarily in consideration of the earthquake risks and risks associated with individual market conditions and in order to generate more cash flow.

The target allocation ratio between Tokyo (that combines Tokyo CBDs and Greater Tokyo) and other cities based on acquisition price shall generally be 6:4. JPR shall determine the allocation ratio of the portfolio by location based on full considerations of the economic situations, real estate market trends and other factors of respective regions.

The table below indicates the definitions of the regions.

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

iv) Tenants

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

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

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

vi) Investment policies for development projects

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

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.

vii) Equipment and fixtures investment policies

The Company will invest in equipment and fixtures in accordance with an efficient upkeep plan created for each property and designed to maintain and improve the competitiveness of the property from medium- and long-term perspectives. In 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.

viii) 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.

ix) Sales policy

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

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

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

x) Value-up properties

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

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

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

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

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

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

xi) Core properties

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

④ Investment Standards

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

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

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

i) Geographical location

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

- a) Major urban areas: CBDs in Tokyo, Yokohama, Kawasaki, Chiba, Saitama, Nagoya, Osaka, Kyoto and Kobe
- b) Other government-designated cities: CBDs in Sapporo, Sendai, Hiroshima, Fukuoka, Kitakyushu and others
- c) Other core cities such as prefectural capitals with populations of 300,000 or more

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

ii) Size

a) Office buildings

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

b) Retail properties

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

iii) Facilities and equipment

a) Office buildings

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

b) Retail properties

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

iv) Earthquake resistance

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

v) Tenants

a) Office buildings

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

b) Retail properties

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

vi) Rights

a) Co-ownership

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

b) Unit ownership

- The Company will, in principle, reserve for itself at least 75% of the voting rights in meetings attended by unit owners in order to assure sufficient latitude in improvements. However, it may make individual decisions based on a general evaluation of the nature and creditworthiness of other unit owners.
- The Company shall, in order to assure sufficient latitude in disposal of the property, confirm whether special contracts or other agreements providing for preferential purchasing rights or options among the other owners will be executed, and whether restrictions will be placed on the transfer of rights, and if so, the nature of these restrictions.
- The Company will attempt to ensure the stability of revenues by confirming the operations of the management union (reserves, liability ratios, insurance, etc.) and will take such individual measures as are required. (This may include, but is not limited to, increasing accumulated amounts within the Company itself, or providing for insurance on the joint areas and registration of land rights separately from the management union.)

c) Leaseholds

- The Company will, in principle, invest in leaseholds as specified in the old Leasehold Law (Law No. 49 of 1921, including all subsequent amendments) and the Land and Building Leasing Law (Law No. 90 of 1991, including all subsequent amendments).
- The Company will carefully study the nature of the proprietary right holder of land and will make its decision after fully investigating the impact of the provisions for rent revisions, charges for renewing the leasing contract, charges for approval of rebuilding proposals, charges for the approval of sales proposals and other factors in concerning profitability.

d) Collateral rights and usufructuary rights

- The Company will confirm the existence of mortgages or other collateral rights on the proposed property at the time of purchase, and the possibility of extinguishing such rights on closing.
- The Company will make its decision after confirming the existence of usufructuary rights (for example, surface rights or easements) set forth by third parties and the impact that such rights will have on profitability.

vii) Investment amount

a) Minimum investment per property

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

- When acquiring part of a property valued in total at over 1 billion yen
- When acquiring a property with an appraisal value of more than 1 billion yen, but acquired after negotiation for a lesser amount
- In cases where several properties are being acquired together as a package and the concerned property is a subordinate asset

b) Maximum investment per property

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

c) Restrictions on acquisition price

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 above:

- Reinvestment (refers to a use in purchasing properties or capital expenditures)
- Cash distribution to investors (however, no cash distributions will be made to investors in excess of profits 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.

D. OTHER INVESTMENT POLICIES

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

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

③ Lending of assets in the portfolio

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

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

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

E. DISTRIBUTION POLICIES

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

① Distributable Amount

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

② Determining Amount of Distribution

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

③ Retained Earnings

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

④ Distribution of Cash Exceeding Earnings

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

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

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

⑤ Method of Distribution

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

⑥ Extinctive Prescription

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

Investor Information

Address of Japan Prime Realty Investment Corporation (JPR)

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

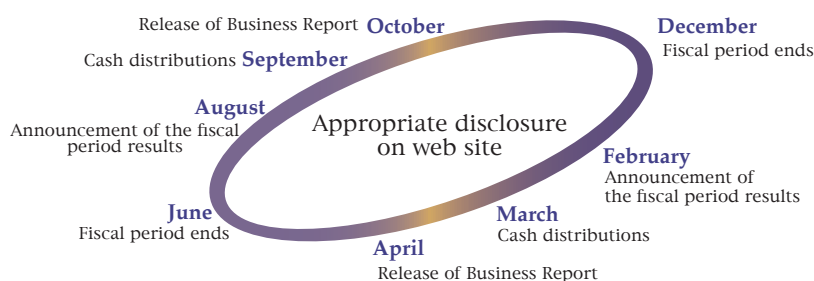
Web Site

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

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Annual Schedule (Provisional)



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